October 4, 2013

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

Re: Proposed Regulations regarding Women on Boards

Dear Sir/Madam:

Please accept this letter in support of the regulations proposed for the Ontario Securities Commission to increase the participation of women on boards and within the senior and executive ranks of companies. I would like to commend the commission for addressing the important issue of women in corporate management and board leadership.

I am the former President of Canadian Women in Communications (CWC), a post I held for 16 years and a Past President of the Board of The International Alliance for Women. In both organizations, I led campaigns to promote the inclusion of women on corporate boards and undertook significant research to that end. Under the CWC initiative, the companies in our sample group advanced at 2.5 times the rate of the FP500 in improving the representation of women on their boards. The initiative took a three-pronged approach of raising awareness of the issues and the business case, measuring progress and informally connecting boards with highly qualified women candidates.

The increased participation of women on boards and in the senior ranks of Canada's corporations is critically important to the economic well being of our country. Canada excels at education and, indeed, many provinces have a higher proportion of women than men with post secondary degrees. Nonetheless, statistics show that we have had limited success in corporate Canada at retaining, developing and promoting these talented women.

There is now an abundance of research from around the world that illustrates a clear correlation between positive financial performance and senior female executive and board representatives. Recent research strongly suggests that those organizations having predominantly more women in senior roles maintained significantly better financial results, especially through the recent financial crises. Here are but a few examples:

- A 19-year examination of 215 Fortune 500 companies[1] showed that the 25 best firms for women out-performed industry medians on all three measures of profitability:
    - 34% higher profit margin
    - 18% higher asset value
    - 69% higher stockholder equity

- In 2007, Catalyst found that companies with more women board directors outperformed those with the least on three financial measures: return on equity (53

- percent higher), return on sales (42 percent higher), and return on invested capital (66 percent higher). Catalyst also showed that stronger-than-average results prevailed at companies with three or more women on their corporate boards[2].

- McKinsey found that the 89 European-listed companies with the highest proportions of women in senior leadership positions and at least two women on their boards outperformed industry averages for teh Stoxx Europe 600, eith 10 % higher return on equity, 48% higher EBIT (operating result) and 1.7 times teh stock price growth.[3]

- Catalyst found in 2004 that companies with the highest representation of women in senior leadership had better financial performance than companies with the lowest representation of women: the companies with the highest representation of women had 35% higher return on equity and a 34% higher total return to shareholders. [4]

The progress to include women has been painfully slow and now requires intervention. It is clear that the OSC must now enact the proper policy framework which will achieve these goals.

In other respects, Canada is a role model for good governance practices and I believe that a “comply or explain” approach is a good first step towards achieving the levels of participation of women at the leadership level that will positively impact not only individual companies but also Canada’s overall business leadership capacity and competitiveness in the world arena.

Beyond “comply or explain”, there are a number of additional measures that I believe need to be put into place to ensure that progress is made.

1. Establishing standards that articulate what the goal should be for the minimum proportion of EITHER gender on boards for non-venture issuers is essential to ensure clarity. Companies need to know that, for example, having 10% of board seats held by women does not represent adequate gender diversity, in other words that it is not up to standard. By the same token, there should be discussion as to whether 50% is the goal, as it is with public companies in Quebec, whether it should be 40% as has been identified by Norway in its quota laws or whether it should be 33% or a minimum absolute number of three, as is recognized in studies about what constitutes the “critical mass” necessary to have a positive impact[5]. Without this clarity, there is too much room to declare victory with numbers below the rates which best promote the business case.

2. There should be a time limit to see achievement of those standards, or at a minimum a measureable degree of improvement. If sufficient progress is not made within that time frame, the institution of quotas should be the next step.

The above points are necessary to ensure that pursuit of great gender diversity on boards and in senior management follows the same methodologies that businesses use to set and meet

other types of business goals. I have yet to hear of a successful company that sent its employees forward with a plan to ask them to "do better" in the coming year because management was reluctant to set actual sales quotas or revenue targets in case they might not achieve them. If we are serious about driving change, setting targets should not be in any way objectionable or out of the ordinary and they should be publicly reported upon with clear accountability for results.

There are real challenges to accomplishing these goals, especially in sectors that are historically populated largely by men. Finding the right board candidates is acknowledged to be, in any circumstance, a complex undertaking. But in my opinion, the biggest obstacle to Canada achieving progress on this issue is simply the lack of collective will that has characterized our efforts to date. Companies that have addressed this issue and balanced their boards have done so without, to my knowledge, dire repercussions and research would say in fact to their great benefit.

An environment in which all individuals can reach their full potential is an element critical to business success. Strong business means a strong Canadian economy. The proposed regulation is a sensible first step. I would urge the OSC to consider looking beyond the excellent measures that have been proposed in their staff consultation paper to measures that look beyond "comply or explain". To summarize, these would be to consider (1) establishing acceptable standards so that there can be no confusion around what "success" in gender diversity looks like; (2) the imposition of timelines to reach benchmarks of performance in achieving gender diversity on boards, (3) term limits to create vacancies with which to achieve change and (4) determine what further measures will be created and be ready to enact if progress is not made.

Thank you for this opportunity to provide comments on this important issue. I fully support and commend the OSC's action on this and look forward to seeing action being taken on the issue.

Yours truly,

SMacKendrick

Stephanie MacKendrick
President

[1] Adler, Roy D, "Women in the Executive Suite Correlate to Higher Profits." Glass Ceiling Research Center, 2001
[2]Catalyst **2007 -** Lois Joy, Nancy M. Carter, Harvey M. Wagner and Sriram Narayanan, "The Bottom Line: Corporate Performance and Women's Representation on Boards.
[3]McKinsey and Company, "Women Matter: A corporate Performance Driver" (2007)
[4] Catalyst, "the Bottom Line, Connecting Corporate Performance and Gender Diversity, (2004)
5 Critical Mass on Corporate Boards –Vicki W. Kramer, Alison M. Konrad Sumru Erkut, "Why Three or More Women Enhance Governance", Wellesley Centers For Women.