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ONTARIO SECURITIES COMMISSION
LA COMMISSION DES VALEURS MOBILIÈRES DE L'ONTARIO

ROUNDTABLE DISCUSSION RE
PROGRESS ON REPRESENTATION OF WOMEN ON BOARDS
AND IN EXECUTIVE OFFICER POSITIONS

DATE: Wednesday, September 29th, 2015
HELD AT: Ontario Securities Commission
22nd Floor, 20 Queen Street West
Toronto, Ontario

BEFORE:
Howard Wetston (OSC Chair)
Maureen Jensen (OSC Executive Director)
Monica Kowal (OSC Vice-Chair)

ALSO PRESENT:
Huston Loke (Director of Corporate Finance)
Sandra Heldman (Senior Accountant, Corporate Finance)

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PANELLISTS:

Aaron Dhir (Osgoode Hall Law School)

Victor C. Dodig (CIBC)

Pamela Jeffery (Canadian Board Diversity Council)

Alex Johnston (Catalyst Canada)

Fiona Macfarlane (Ernst & Young LLP)

Katherine Rabin (Glass, Lewis & Co.)

Kathleen Taylor (Royal Bank of Canada)

1 --- Upon commencing at 9:00 a.m.

2 MR. WETSTON: Victor is not here and we
3 regulate Victor. I just don't know about this. I
4 think we're going to have to put a little note on the
5 side here. No, he's a great guy. I'm sure he'll be
6 here shortly.

7 Why don't we begin and I'm sure Victor
8 will arrive in a moment. I want to welcome everybody,
9 thanks for joining us today. It's been a year. I
10 didn't make any comments.

11 MR. DODIG: Sorry I'm late.

12 MR. WETSTON: I said nothing, but
13 probably you'll get some feedback.

14 So thanks again for coming, and as I was
15 saying, it's been a year since our comply or explain
16 disclosure requirements went into effect. I can't
17 believe how fast time flies, and so it's been a year
18 since we've done this obviously.

19 We're here today obviously to discuss
20 the findings from the CSA staff notice. Some people
21 are calling it a report. I'm not at a report stage
22 yet, it's getting close. My view of a report is about
23 that thick, but the notice on the first disclosure
24 review of the new requirement published yesterday, and
25 I have to take a second and really thank staff for

1 doing a fabulous job.

2 We don't often do over 700 reviews in a
3 short period of time. It's really taken a huge effort
4 to do this and they were very committed to doing this
5 and it's really part of the commitment of the OSC to do
6 this in such a short period of time and to provide you
7 all some information in respect to the disclosure
8 requirements.

9 We also are here for obvious reasons to
10 advance the dialogue on achieving greater
11 representations of women on boards and in executive
12 officer positions.

13 I was reading an article the other day
14 and I found it caught my attention. I was mentioning
15 to Maureen and Monica -- am I supposed to introduce
16 you? Everybody knows Maureen and Monica.

17 MS. KOWAL: Welcome.

18 MR. WETSTON: Anyway, they're fabulous
19 colleagues.

20 One headline described the issue as,
21 "The Ultimate Glass Ceiling Revisited". I wasn't sure
22 if I was going to say that or not. I asked Maureen and
23 she said, yes, say it, so I said it. It's her
24 responsibility if you don't like the comment, but it
25 caught my attention when I read the article because it

1 meant a lot to me.

2 So today it's beyond question, I
3 believe, there's a strong societal and business case
4 for achieving greater gender diversity. Regulators and
5 governments have a role to play in promoting values
6 that are important to society and in removing or
7 reducing obstacles to fairness where they exist.

8 I'm mentioning this because in my role
9 as Chair of the OSC and in our development of policy,
10 it's often stated to me that why are you doing this.
11 Why are you using a comply and explain approach? Why
12 are you using 58-101, our corporate governance rules,
13 to do this?

14 I think basically it was well captured
15 by our Minister Responsible for Women's Issues, as well
16 as our Minister of Finance, Charles Sousa, who put out
17 a press release yesterday with respect to our report.
18 I'll call it report, notice, et cetera.

19 The final paragraph of this said,
20 "Increasing the number of women on boards and senior
21 management positions is good for the economy, good for
22 business and critical for Ontario women seeking full
23 workplace equality. We urge all Ontarians to continue
24 their collective effort to ensure our boardrooms and
25 executive suites reflect a fair and equal society."

1 Basically a role for government to
2 address on fairness in society and address the
3 obstacles, and basically I think what the ministers are
4 saying is that it's time that we did this. And our
5 comply and explain approach to this by the OSC is part
6 of that government response to this particular issue.
7 I was very appreciative of the Ministers' press release
8 yesterday.

9 From the perspective of corporate
10 Canada, public companies are critically important to
11 Ontario's economy, to Canada's economy. They're
12 important to our capital markets and they're important
13 to society in general, and good corporate governance is
14 essential to the performance of these public companies.

15 I strongly believe that corporate
16 decision making is enhanced when boards have greater
17 gender diversity. Diversity of opinion has been a
18 catalyst for constructive dialogue, better decision
19 making, and more competitive companies. I know this
20 because of these two on my left and right. So proof is
21 in the pudding. Can I call you pudding?

22 MS. KOWAL: No, no.

23 MR. WETSTON: I didn't think that would
24 work, but they're great colleagues.

25 Simply put, gender diversity on boards

1 is good corporate governance. Indeed, companies cannot
2 afford to not have women on their boards and in
3 executive management.

4 I mentioned a moment ago we chose the
5 comply or explain model because it aligns with a
6 fundamental principle of securities regulation, and
7 that is transparency. We believe that the comply or
8 explain model can modify practices, change behaviour
9 and make gender diversity a critical component of
10 corporate governance.

11 Aaron Dhir is here. He's been doing a
12 lot of writing on this. I'm going to quote from one of
13 your papers, if you don't mind.

14 "Disclosure is attractive as a
15 regulatory tool to the extent that it moves important
16 issues into the light and catalyzes a process of
17 internal self reflection on the part of the reporting
18 party that can prompt behavioural change."

19 Regulators can impel change -- thanks
20 for that quote -- can impel change, but it does require
21 companies to take responsibility and to act by
22 developing diversity policies that are appropriate for
23 the individual company, board, management and
24 investors.

25 Our goal at the OSC is to encourage

1 credible and sustainable reform through culture change.
2 A shift in culture is not easy, it takes time, but it's
3 imperative. In our view, it's essential as well
4 because it touches on the fundamental goal of
5 securities regulation, fair and efficient capital
6 markets, and encouraging confidence in those markets.

7 So I believe we're at an inflection
8 point on the issue of gender diversity. Change is
9 occurring and we're seeing momentum. At the end of the
10 day, the OSC is committed to this initiative. It's
11 fair, it's time, and we have a role to play and we will
12 continue to reassess to ensure we see the results that
13 we are looking for. As such, I look forward to
14 discussion of these issues today.

15 Thank you for allowing me those opening
16 remarks. I want to introduce our panellists. I'm
17 doing it in alphabetical order, as I'm looking at
18 Katie. Katie and I share one thing in common, we're
19 usually at the end of the list, W, T.

20 Aaron Dhir, an Associate Professor at
21 Osgoode Hall Law School and author of a recent book. I
22 think you just launched your book. "Challenging
23 Boardroom Homogeneity: Corporate Law, Governance and
24 Diversity." I don't have the book yet, but I will get
25 it, I promise.

1 MR. DHIR: Okay.

2 MR. WETSTON: I just wanted to say a
3 little bit more about Aaron. There's too much here to
4 talk about, but I must do it because we have
5 distinguished panellists and I want to take a minute to
6 introduce them.

7 I've just indicated where Aaron is an
8 Associate Professor at Osgoode Hall Law School, but
9 he's been the recipient of the Osgoode Hall Legal and
10 Literary Society Excellence in Teaching Award, the
11 Osgoode Hall Effective Teaching Award, South Asian Bar
12 Association of Toronto Young Lawyer of the Year Award.

13 Basically I went to the awards because
14 it's a strong indication of his passion for this
15 subject and his amazing teaching ability, and we really
16 thank you for being here.

17 I'm over at Victor now, who is on the
18 other side, who I did pick on a bit before you came in.

19 MR. DODIG: It's okay.

20 MS. RABIN: Better here than in private.

21 MR. WETSTON: Very good point.

22 President and CEO of CIBC Group of Companies, one of
23 North America's largest financial services
24 institutions. Not going to get into your background
25 extensively, except to say extensive background in the

1 capital markets. Worked for a number of different
2 firms.

3 Mr. Dodig is past recipient of Canada's
4 Top 40 Under 40 Award, MBA from Harvard, Baker Scholar,
5 et cetera, et cetera, and also now chair of The
6 30 Percent Club.

7 MR. DODIG: And on the advisory board of
8 Catalyst.

9 MR. WETSTON: And on the advisory board
10 of Catalyst. Thank you very much.

11 MS. JOHNSTON: Thank you very much.

12 MR. WETSTON: Thank you, Victor, for
13 coming, and I hope you went to your spinning class
14 today.

15 MR. DODIG: No, today I went to Tabata.

16 MR. WETSTON: I don't even know what
17 that is.

18 MR. DODIG: It's very hard.

19 MR. WETSTON: Pam Jeffery is well known
20 to you all as the founder of the Women's Executive
21 Network, largest organization for women with 17,500
22 members and management executive board and professional
23 roles. 30 year career and one of the prime movers of
24 women on boards and women equality in our country. And
25 obviously we are not getting into all the details of

1 her CV, it's much too long.

2 An MBA, HBA from Richard Ivey School of
3 Business, taught in the MBA and EMBA programs at the
4 Rotman School of Management, 93 to 2001. Just a
5 terrific contributor to this subject. And obviously
6 we're thrilled to have you here again today, Pam.

7 Alex Johnston, Executive Director of
8 Catalyst Canada. Leads the Catalyst Canada office.
9 Responsible for shaping the strategy for Catalyst.
10 Fluently bilingual, lived in Montreal for quite a
11 period of your life, I guess.

12 MS. JOHNSTON: Twenty years.

13 MR. WETSTON: And a BA, LLB and BCL from
14 McGill University. Practised law, corporate law, here
15 in Toronto for a period of time.

16 As I say, grew up in Montreal, now lives
17 in Toronto. Avid athlete, loves sports, and raising
18 three wonderful children who I see from time to time
19 coming to the Queen's Club where they play tennis. So
20 thank you for coming again.

21 MS. JOHNSTON: Thank you.

22 MR. WETSTON: I'm going to Fiona
23 Macfarlane. We just met today. Thank you for coming.
24 Managing Partner of BC, Chief Inclusiveness Officer for
25 Ernst & Young. We're so happy that you could come and

1 join us today.

2 I think you were appointed Managing
3 Partner of the Canadian Tax Practice in 2005. First
4 woman in that role, Fiona, I think?

5 MS. MACFARLANE: Yes.

6 MR. WETSTON: I don't have your
7 educational background, but I assume you have an
8 education. Just kidding.

9 As I indicated when I first met you, I'm
10 glad you were able to come to Toronto and join us
11 today. It will be great to have your views on this.
12 Thank you.

13 MS. MACFARLANE: Thanks for having me.

14 MR. WETSTON: Katherine Rabin. Am I
15 pronouncing it correctly?

16 MS. RABIN: It's actually Rabin.

17 MR. WETSTON: I'm sorry.

18 MS. RABIN: That's okay.

19 MR. WETSTON: When I met you the first
20 time I just called you Katherine, so I didn't get to
21 your surname, but thank you for coming.

22 CEO of Glass Lewis, I think, since 2007?

23 MS. RABIN: Yes.

24 MR. WETSTON: And joined this leading
25 investment research and global proxy advisory firm

1 shortly after it was established in 2003.

2 Went through various senior roles in
3 that and obviously has been a tremendous contributor in
4 this area, and Glass Lewis, of course, is very
5 well-known to all of us in research and proxy advisory
6 work.

7 I have no idea where your education was.
8 It's not in your CV here.

9 MS. RABIN: UC Berkeley.

10 MR. WETSTON: I was going to say, I'm
11 assuming you have an education. Just kidding. UC
12 Berkeley. Thank you for coming today.

13 I think, have I got everybody except
14 Katie Taylor. Chair of the Board of Royal Bank of
15 Canada, a member since 2001, director since 2013, and
16 now a director of a European company, Adecco.

17 MS. TAYLOR: That's right.

18 MR. WETSTON: Adecco. And obviously CEO
19 of Four Seasons Hotels & Resorts with 24 years of
20 experience. Beginning as general counsel and moving up
21 the ladder to CFO and then president and COO.

22 Practised law in Toronto and obviously
23 spent a year in secondment at the OSC. Probably the
24 best year of your life, Katie.

25 MS. TAYLOR: No question.

1 MR. WETSTON: Honorary Doctors of Laws
2 from York University and Cornell University. So
3 phenomenal background and a great contributor to these
4 discussions and was on our panel last year. As well as
5 Alex, I think, last year was, and I think you were on
6 our panel as well. Aaron was on our panel. Sorry,
7 Aaron. I think Victor was working out. I'll give you
8 every opportunity to kick back, don't worry.

9 MR. DODIG: Work life balance.

10 MR. WETSTON: I think I've introduced
11 everybody and made a few opening remarks. I think we
12 can begin.

13 MR. LOKE: Every cause has a champion,
14 and I think our Chair, Howard Wetston, has been a huge
15 supporter of women on boards. So, Howard, thank you
16 for that.

17 I'm really looking forward to a
18 discussion, panellists, attendees. I think this is
19 going to be a tremendous time where we can go through
20 results from our findings from the first year, as well
21 as talk about the paths forward.

22 So here's what we're going to have in
23 terms of the format for today. Sandra Heldman, who is
24 a senior accountant in the Corporate Finance branch,
25 will lead us through the results and her presentation

1 is organized more or less in accordance with the staff
2 notice that you have in your package.

3 We're then going to have a panel
4 discussion. The first part will reflect on the results
5 of staff review and will be moderated by our Executive
6 Director, Maureen Jensen, and the second part of the
7 panel will be moderated by our Vice-Chair, Monica
8 Kowal, and will focus on the non-regulatory measures
9 that can support or complement the disclosure
10 requirements.

11 And at the end of the discussion we're
12 going to have an opportunity to go over some questions
13 that you may have as an audience.

14 In order to ask questions I ask that you
15 please use the cards that have been distributed and if
16 you want to submit a question, please raise your card
17 and a staff member will come by and collect it.

18 In terms of a couple of housekeeping
19 matters, if you haven't already done so, please turn
20 off your phones and please note that our discussion is
21 being transcribed and we will be posting the transcript
22 on our website, and that members of the media are in
23 attendance.

24 So I'm really looking forward to this
25 discussion, and with that I will turn the time over to

1 Sandra Heldman.

2 MS. HELDMAN: Good morning, I'm very
3 pleased to be presenting to you the CSA Multilateral
4 Staff Notice 58-307, Staff Review of Women on Boards
5 and in Executive Officer Positions, which was published
6 yesterday, and you all have a copy in your package.

7 The Staff Notice is the product of a
8 tremendous amount of work this summer, completed by an
9 OSC-led review of the disclosure relating to the
10 representation of women on boards and in executive
11 officer positions of over 700 senior Canadian issuers.

12 Back in 2013, the Minister of Finance
13 and the Minister Responsible for Women's Issues requested that the
14 OSC undertake a public consultation to determine the
15 best way for issuers to disclose their approaches to
16 gender diversity, with a view of increasing
17 participation of women on boards and in senior
18 management.

19 The result of this was rule amendments
20 made to National Instrument 58-101, Corporate
21 Governance Practices, which came into effect on
22 December 31st. The rule amendments, which follow a
23 comply or explain model, have the objective of
24 increasing transparency for investors and other
25 stakeholders and promoting the representation of women

1 on boards and in executive officer positions.

2 The OSC's statement of priorities
3 confirmed their strong support of these outcomes and a
4 desire to maintain momentum on this issue to achieve
5 better corporate decision making.

6 I'll now walk you through our staff
7 notice.

8 Staff reviewed 722 issuers, which
9 represents every issuer that was required to comply
10 with the Rule Amendments and had released their
11 corporate governance disclosure July 31st.

12 Issuers with year ends after March 31,
13 2015, were not yet required to make their corporate
14 governance disclosure and they were not part of our
15 review, but they will be able to look at our Staff
16 Notice for guidance.

17 The industries and the market
18 capitalization of the issuers in our sample are
19 generally representative of the TSX with the exception
20 of the banking industry. Most banking issuers have an
21 October year end and they fell outside the scope of our
22 review.

23 There are six areas of disclosure
24 requirements in the rule and our Staff Notice is laid
25 out to address each of them. They're director term

1 limits and other mechanisms for board renewal; adoption
2 of written policies on the identification and
3 nomination of women; consideration of the
4 representation of women in the director nomination
5 process; consideration of the representation of women
6 in the executive officer appointments; targets for
7 women on boards and in executive officer positions; and
8 disclosure of the issuer's number and percent of women
9 on the issuer's board and in executive officer
10 positions.

11 Director term limits can promote an
12 appropriate level of board renewal, and in doing so,
13 provide an opportunity for qualified board candidates,
14 including those who are women.

15 The rule requires issuers to disclose
16 whether they have implemented director term limits or
17 other mechanisms for board renewal or explain why none
18 have been adopted.

19 19 percent of the issuers adopted
20 director term limits alone or with other mechanisms.
21 Of these term limits, roughly half were age limits, a
22 quarter were tenure limits and a quarter were both age
23 and tenure limits.

24 56 percent disclosed that they had some
25 other form of board renewal mechanism, the most common

1 being annual board assessments.

2 Adoption rates for term limits varied
3 significantly by market capitalization. Almost half of
4 the issuers with market caps above two billion dollars
5 adopted director term limits; whereas only eleven
6 percent of the issuers with market caps below a billion
7 dollars adopted director term limits.

8 These issuers were much more likely to
9 adopt other board renewal mechanisms.

10 Our review found that many issuers
11 failed to describe the board renewal mechanisms that
12 have been adopted, so within our Notice you'll see many
13 examples providing guidance so that issuers may
14 understand what we're looking for and improve their
15 disclosure going forward.

16 Issuers provided many reasons for not
17 adopting director term limits. Most issuers cited more
18 than one reason. Some of the common reasons cited were
19 over half stated that they believed term limits reduce
20 continuity or experience on the board. Almost
21 40 percent believe term limits force valuable,
22 experienced and knowledgeable director to leave.

23 Other reasons were that terms limits are
24 seen as arbitrary mechanisms or not necessary since the
25 issuer regularly assesses their board members'

1 effectiveness.

2 The process of board appointments should
3 be transparent. Issuers, however, are not generally
4 disclosing whether the representation of women on the
5 board is considered in the director identification and
6 selection process.

7 The rule requires issuers to disclose if
8 they've adopted a written policy relating to the
9 identification and nomination of women on boards and
10 either provide the details of this policy or explain
11 why no policy was adopted.

12 In our sample, 100 issuers adopted a
13 compliant written policy, which means they disclosed
14 both that they had a written policy and indicated how
15 they considered the representation of women and
16 nomination of women to their board.

17 65 percent elected not to adopt a
18 written policy and the remaining issuers provided
19 either no disclosure or had some form of policy, but it
20 did not fully comply with the rule requirements.

21 We saw the adoption rates vary by market
22 capitalization. Only eight percent of issuers with
23 market caps below a billion dollars have written
24 policies, whereas 34 percent of issuers with market
25 caps above \$2 billion had written policies.

1 An encouraging piece of information,
2 though, was that 48 percent of issuers with a written
3 policy stated that their policies had been adopted or
4 updated this year.

5 We did find that eleven percent of
6 issuers reviewed had general diversity policies which
7 failed to address the specific requirements of our rule
8 relating to women. We've addressed this issue and
9 other areas where we felt disclosure could be improved
10 by providing specific examples.

11 I want to note that these specific
12 examples in the notice are derived from actual issuer
13 disclosure and they're meant to be realistic examples.

14 Investors and other stakeholders benefit
15 from having greater transparency into whether an issuer
16 considers the representation of women when making
17 appointments. The rule requires issuers to disclose
18 whether and, if so, how they consider the
19 representation of women in the director identification
20 and nomination process and in executive officer
21 appointments.

22 If the level of representation is not
23 considered, the rule requires issuers to explain why
24 not. 60 percent of the sample issuers disclosed that
25 they specifically considered the representation of

1 women on boards and 53 percent consider women in
2 executive officer appointments as part of their
3 selection process; however, in both instances less than
4 half of these issuers explained how they considered the
5 representation of women.

6 And the main reason cited for not
7 considering women for both board and executive officer
8 positions is that they said that selection was based on
9 merit, regardless of gender.

10 The rule requires issuers to disclose
11 whether they have adopted targets regarding women on
12 their board or in executive officer positions. They
13 must either disclose their progress in achieving
14 targets or explain why they have no targets adopted.

15 This was an area we saw very low
16 adoption rates; only 49 actual issuers reviewed set a
17 board target and of these, 39 percent had already
18 achieved their stated target, and only eleven of the
19 sample issuers set a target for executive officer
20 positions.

21 The reasons given for not setting
22 targets were similar for board and executive officer
23 positions. Roughly two-thirds stated they didn't adopt
24 targets because the candidates are selected based on
25 merit. Other comments were that targets would not be

1 effective or arbitrary or they're unduly restrictive.

2 Measurement is a critical component of
3 reporting and can be an indication of the effectiveness
4 of policies adopted by an issuer. This type of
5 reporting also provides greater transparency to
6 investors and other stakeholders and enables them to
7 make comparisons among issuers.

8 The rule requires issuers to report both
9 the number and proportion of women on their board and
10 in executive officer positions.

11 This was an area we saw very high
12 compliance. Over 85 percent of issuers disclosed
13 either the number or percentage of women on their board
14 and in an executive officer position.

15 The graph shows how many women are on
16 the board or in executive officer positions. Overall,
17 50 percent of the issuers reviewed have at least one
18 woman on their board, and 60 percent have at least one
19 woman in their executive officer positions.

20 The results varied significantly by
21 industry. Lowest representation was in the mining,
22 technology, oil and gas industry industries, where over
23 60 percent of these boards have no female directors,
24 and about 50 percent do not have any female executives.

25 Our highest amount was found in

1 utilities and retail; utilities leading with 57 percent
2 of the issuers reviewed having two or more female
3 directors, and almost half had more than two female
4 executives.

5 Given the fact the board composition is
6 available on board proxy circulars, we were able to
7 look at year over year change, and noted that
8 15 percent of the sampled issuers added one or more
9 women to their boards this year. We were unable to
10 conclude on the year over year analysis for executive
11 officers as this information has not traditionally been
12 reported on, but the collection of this data is going
13 to allow us to measure this and report on this year
14 over year in the coming years.

15 To improve clarity and disclosure and to
16 assist issuers, our notice also provided a simplified
17 chart, which will help issuers track the numbers for
18 board and executive positions, and how well they're
19 progressing against any targets that they may have set.

20 So this concludes my summary of Staff's
21 results. I'll now turn it over to Maureen, who will be
22 moderating our first panel.

23 MR. WETSTON: Just before we begin,
24 thanks, Sandra. A lot of sleepless nights putting this
25 together. We asked an accountant to do it, not a

1 lawyer, and now you can see why it was very beneficial
2 to have an accountant to do this. But seriously, it
3 took a lot of work and she's done a terrific job and we
4 really appreciate it.

5 One thing I would like to ask is that
6 I'd like you to think about next steps. So when we
7 have our comply or explain policy here, I think you all
8 have a good understanding of the responsibilities of a
9 regulator, the authority of a regulator, our particular
10 role as a capital markets regulator. So when we finish
11 this discussion I'd like to ask you and challenge you
12 to tell us what you think our next step -- besides what
13 Sandra just indicated for obvious reasons, the three
14 year process that we've more or less put in place. So
15 thank you, Maureen.

16 MS. JENSEN: Good morning, everyone.
17 I'm happy to see many friends, past colleagues and
18 current colleagues.

19 We're going to break this into two parts
20 now. So Sandra has effectively covered what we've
21 found. Now we'd like to have a discussion about that
22 and what we have done is I've selected a series of
23 questions for the panellists and asked a particular
24 panellist to be the lead on that and then we can
25 discuss it afterwards.

1 So I'm going to start with let's discuss
2 the results, and then Monica is going to take it
3 forward and say what should we do going forward; not
4 just what should the regulator do, but what should all
5 of us do to move the needle?

6 So the first question I'm going to ask,
7 we have approximately 35 minutes for this, it's about
8 five minutes a question. So we will have a chance to
9 have a discussion.

10 First question is to Aaron. So
11 65 percent of the issuers did not have a written
12 policy. The results indicated that issuers with market
13 caps over two billion were almost twice as likely to
14 adopt the policy rather than issuers with smaller
15 market caps. Do we expect more issuers to develop
16 policies as the disclosure regime matures?

17 I'd like to know from your point of
18 view, how does this compare with other jurisdictions
19 and what have their results been year over year?

20 MR. DHIR: Right. So, first, my sincere
21 thanks to the Commission for gathering us all together
22 today and my thanks especially to the Commission Staff
23 for doing an amazing amount of work in such a short
24 period of time. This is an absolutely incredible
25 review.

1 I think the answer to this question is
2 necessarily speculative, since with disclosure regimes
3 there are, of course, no guarantees. But that having
4 been said, I do think it's reasonable to expect that
5 more issuers will develop policies going forward. And
6 I think I'd say that for two reasons.

7 The first relates to time. With any new
8 regulatory regime there will necessarily be, sort of, a
9 period of initial regulatory adolescence followed by a
10 period of maturation. This rule is, of course, still
11 in its infancy, it's only been in effect for nine
12 months, and the information that it requires is
13 certainly new information that issuers aren't
14 accustomed to reporting.

15 What we see, I think, when we look at
16 these results is that the rule is causing firms to
17 develop a vocabulary of diversity, and I think that
18 establishing that initial foundational vocabulary is a
19 necessary precursor to a more developed conversation on
20 diversity that includes more robust policy development.

21 I said there are two reasons, and the
22 second relates to the structure of the rule itself. In
23 writing my book, I reviewed every disclosure provision
24 related to diversity that exists internationally and
25 there's no question that the OSC rule is among the best

1 in terms of both the level of information that it
2 requires, but also in terms of its focus, which is on
3 the entire governance ecosystem, the board and the
4 executive suite, not just the board in isolation.

5 That, turning our attention to what's
6 happening internationally, can be contrasted with the
7 U.S. approach and the SEC rule. So the SEC rule is not
8 comply or explain, it simply asks issuers to disclose
9 whether diversity informs their board nomination
10 process, if so, how, and additionally, it asks those
11 that have adopted a policy to describe how they
12 implement that policy and how its efficacy is assessed.
13 But the rule does not define diversity.

14 In my book I analyzed four years of
15 S&P100 disclosures, and two key takeaways from that
16 review. One, only about half of the firms define
17 diversity to include sociodemographic characteristics
18 like gender. Most firms define diversity along
19 experiential lines; diversity of background, diversity
20 of experience, et cetera. And, two, very few firms
21 disclose the existence of a formal diversity policy.
22 Many more disclose the absence of a policy or are just
23 silent on the issue.

24 Most importantly, over the four years of
25 my study, there was very little year over year change.

1 So no significant increase in the adoption of policies.

2 But we can contrast that with what's
3 happening in other comply or explain jurisdictions. so
4 most notably in Australia. Since 2011, Australia has
5 had a comply or explain rule that's very similar to our
6 rule.

7 KPMG puts out an annual report analyzing
8 the disclosures of the ASX200, and what they found is
9 that in 2011, 61 percent of issuers disclosed the
10 existence of a policy and gradually over the next few
11 years that number has increased. I think it's just
12 under a hundred percent now.

13 Now, that initial policy uptake in
14 Australia, 61 percent, is certainly higher than what
15 we're seeing from the results of this review, but that
16 also may be attributable to differences in the rules.
17 Under the Australian rule it doesn't specify that a
18 policy should be written, whereas, our rule does and I
19 think that's absolutely a positive revision.

20 But the key takeaway is that with
21 respect to raw numbers on the increase of policies, in
22 Australia, which has a very similar rule, more issuers
23 have progressively adopted policies.

24 But that's not the end of the story.
25 It's not just about the number of policies. Something

1 can also be said about the quality of the policies. In
2 addition to KPMG, BlackRock does an annual review of
3 the ASX200 disclosures and attempts to measure quality
4 as defined by certain metrics that they have set up.

5 In 2014, BlackRock concluded that about
6 40 percent of the disclosures, it ranked them as either
7 excellent or good. Now 40 percent may not be where we
8 want to be, but still, compare that with the year
9 before when BlackRock found that just about 20 percent
10 of the disclosures met that high level ranking. So we
11 also see an increase in quality.

12 Now, I certainly don't mean to suggest
13 that we can necessarily expect our trajectory to
14 follow the trajectory of, say, Australia. Each
15 marketplace, of course, has its own particulars. Much
16 depends upon the sociopolitical cultures, governance
17 cultures, et cetera. But I think in looking what's
18 happening internationally and, in particular, at other
19 comply or explain jurisdictions, versus, say, what's
20 happening in the U.S., there is at least reason to be
21 cautiously optimistic so long as we keep a sharp focus
22 on reviewing disclosures and engaging with issuers.

23 MS. JENSEN: Anyone else would like to
24 comment on that? So maybe we'll continue on with the
25 next question. So we talked a lot about the policies

1 and/or the adoption of policies. Now what about the
2 stat where 15 percent of companies added a woman to
3 their board for the very first time in this year.

4 Do you think that that is a good
5 statistic? Have we come far enough in the first year?

6 MR. DHIR: Right, okay. So, again,
7 thinking about this with a comparative lens and looking
8 to the Australian example, in 2011, so the first year
9 of Australia's comply or explain rule, again, very
10 similar rule to our rule, the average percentage of
11 women on the boards of the ASX200 was about
12 eight percent.

13 The most recent figures, as at the end
14 of the summer that just passed, is about 20 percent,
15 and that is according to the Australian Institute. So
16 what we saw was between those two years, 2011, 2015, a
17 progressive increase. So that's about 15 percent in
18 2012, 18 percent in 2013.

19 In looking to an analogous jurisdiction,
20 I think we do see an increase, and the issue for us
21 will be whether or not that increase is sort of apace
22 of the diversification that we think is happening at a
23 pace that we're comfortable with, and there's perhaps
24 much to be said on that.

25 But setting aside just sort of the raw

1 numbers, I think there's another important issue to be
2 mindful of, and this I think relates to the
3 conversation we're going to have.

4 You know, as a lawyer I have been all
5 too happy to fall into the trap of thinking that legal
6 regulation is the cure for all that ails you.

7 MS. JENSEN: It's definitely not.

8 MR. DHIR: But of course the reality is
9 a lot more complex than that.

10 So I think if we look to non-quota
11 jurisdictions like Australia, like the UK, that have
12 seen some progressive movement, what you also see is an
13 accompanying national effort to diversify the
14 leadership and governance of institutions more broadly.

15 So the Australian government is working
16 on this issue within its own ranks, it's also partnered
17 with the Australian Institute of Corporate Directors.
18 The Business Council of Australia has set up its own
19 internal target. There's the leadership of its
20 organization, there's thriving civil society
21 mobilization where NGOs themselves review, it's not
22 just the regulator, but NGOs themselves, are reviewing
23 these disclosures and putting out their own publicly
24 available reviews.

25 Similarly in the UK we see the

1 leadership that's provided through the annual Lord
2 Davies review.

3 So I think the key point is this. Other
4 jurisdictions that have had some movement have also
5 been accompanied by more broader engagement and a
6 broader approach to diversification, and I think that's
7 an important lesson for us going forward if we think
8 that the numbers and the progress that we've seen is
9 not quite at the pace that we would like it to be. And
10 I know we'll get into more detail on that later in the
11 panel.

12 MS. JENSEN: Any other comment about
13 that? What do you think about the 15 percent change?

14 MS. RABIN: Well, I actually have a
15 question because you talk about engagement, and with
16 respect to engagement that's done by institutional
17 investors with their investee companies, it's sort of a
18 black box, right, it's not widely disclosed, but I am
19 in the enviable position of being able to talk to a
20 number of our clients about these.

21 It seems to me, and it's completely
22 anecdotal, there's nothing scientific about it at all,
23 but, you know, you've got regulation that comes in,
24 it's on a comply or explain basis, a bunch of
25 disclosure starts to happen, there's a lot of attention

1 to it, investors get focused on it. That's also
2 helping to move the ball as well, right?

3 So the fact that you don't get a major
4 uptick this year, what you have done is remarkable in a
5 really short amount of time, and I guarantee you that
6 it's going to have investors focusing on what's
7 happening in Canada, looking at their policies. This
8 is going to be a factor as investors review their
9 policies going into the 2016 proxy season and it's
10 probably a factor right now as they think about, you
11 know, they're doing their engagement right now. This
12 is the engagement season leading up to the next proxy
13 season.

14 I can't imagine, I mean we've got Victor
15 here, I'm sure his organization has -- well, they were
16 probably already doing, given Victor's leadership, I
17 suspect they have been doing this for a while, but
18 other fund managers, pension funds are definitely
19 focusing on this going into the season. So you'll see
20 the impact of that next year.

21 MS. JENSEN: Definitely, the
22 conversation definitely has escalated in the last year.

23 On that note, I just wanted to add to
24 what Sandra said, that in all of this disclosure we
25 only found 30 firms that did not address it, 30 Ontario

1 issuers, and they missed it altogether. And so there
2 are letters out to them to say, hey, you missed
3 something.

4 But, nonetheless, in a very first year
5 of putting a policy in, it's only 30 that missed it.
6 So I think that is very positive and it shows just how
7 penetrating the discussion has been.

8 Alex, did you want to comment on the 15?

9 MS. JOHNSTON: No, I was actually
10 curious to hear Aaron's remarks, I think, on the rule
11 generally. I felt like it is early days. I learned a
12 lot from the report, and it was more looking at where
13 we can focus our collective energies to really start to
14 connect the momentum on the ground and the activity on
15 the ground and the disclosure, which I think is
16 important.

17 When I think of Victor, poor Victor, but
18 when I looked at the reports, the banks weren't in
19 there, and I actually felt like we need the banks and
20 the bank's CEOs, who I think are way out ahead on this,
21 to be speaking about this very visibly, very regularly,
22 because I think that is, from a culture change and
23 getting in people's heads, something that needs to
24 happen.

25 There's clearly some level of discomfort

1 with targets, which I find interesting. People clearly
2 are continuing to associate targets with quotas, which
3 is not the case. Anyone around this table who does
4 this work in their daily job will say that business
5 leaders, there's no part of your business that matters
6 to you where you wouldn't set a goal. So you're not
7 saying let's grow sales organically, let's grow our
8 brand organically. You've got a plan, you've got a
9 goal, and you're organizing yourself to meet them.

10 So I was interested to hear Aaron's
11 comments. I do feel like it's early days. What I'm
12 happy about, listening to this and little bit of the
13 questions from reporters yesterday, is we need
14 continued energy in this conversation. It's so early,
15 and my concern is that people would walk away and focus
16 on the stats and say we're not there, what does this
17 mean, the regulators are a failure.

18 Clearly people are saying what does this
19 mean, and most people are saying it's early days,
20 there's work to be done. You know, your presentation
21 was excellent. There's a lot of stuff to be built on.

22 Your book is great. A deeper analysis
23 of the impact, which I think is a positive thing, and I
24 think with this and those two pieces it's continuing
25 pressure and it's continuing to get people

1 understanding the importance of not simply doing the
2 activity, but disclosing what they're doing.

3 MS. JENSEN: Let's move on to a
4 discussion about the number of boards in Canada in this
5 issuer sample that have a single woman on the board,
6 and many of them it's the first time they have had a
7 woman on the board.

8 Do you want to talk a little bit about
9 whether you have a concern about tokenism and that
10 people are putting women on the board now simply
11 because of a rule to represent the female voice rather
12 than diversity in the boardroom as an equal partner?
13 Do you want to talk about that.

14 MS. JOHNSTON: Sure, it's a great
15 question because I really do think it's a red herring.
16 I think the report shows that there are areas where we
17 need to focus our energy and I'm not concerned that we
18 need to debunk the myth that women aren't capable of
19 sitting on boards and contributing, much like their
20 male counterparts.

21 This is not a supply issue. There are
22 many, many qualified women. This is a demand issue.
23 When we look at mining, and it's somewhat anecdotal,
24 but mining business have gone from a place five years
25 ago where they would say, "leave me alone," to a couple

1 of years ago where they'd say, "I'd love to find a
2 woman, but there aren't any," to the last year or so
3 where they're saying, "can you help me find a woman for
4 my board."

5 We saw in our last census, looking at
6 FP500 companies and boards, the highest acceleration
7 was on boards that had no women, so they were
8 increasing and finding the first woman on the board at
9 twice the rate of other companies in adding women. So
10 I think that's a positive. I think it's becoming
11 unsustainable to be an all male board.

12 I think that pressure will increase. We
13 had Helena Morrissey from the 30 Percent Club here last
14 week. The top hundred companies in the UK no longer
15 have any all male boards. That's a wonderful thing.

16 Annette Verschuren was here last year
17 and she was transparent about the fact that in her
18 early thirties she was asked to sit on a board and the
19 individual who asked here said, sort of embarrassedly,
20 I want you to know, so that it's not awkward, that
21 you're being asked because you're woman. And she said,
22 fantastic, because I'm going to knock their socks off
23 and they're going to be pretty clear that I'm just as
24 qualified as they are. She viewed it as an
25 opportunity.

1 She also says she went on a significant
2 Canadian board and said to the CEO I will sit on your
3 board as the first woman if you're prepared to get two,
4 three women in the next period of time. He said I'm
5 prepared to make that a commitment.

6 I think it's an opportunity. I don't
7 think there's a lot of angst out there about tokenism
8 and women being viewed as tokens or being tokens. I
9 don't think we should spend a lot of time there because
10 there are areas we need to focus our energies and I
11 just don't think that's one of them.

12 MS. JENSEN: Thank you. The next one is
13 for you, Victor. We saw that many of the issuers that
14 were in the sample were hesitant to set targets. So
15 how can we encourage issuers to actually set targets?

16 MR. DODIG: Well, we're one of them that
17 didn't set it last year, so we will set it this year.

18 I went through a period in my first few
19 months just thinking is this the right thing because I
20 always want everybody to know that as we advance women
21 at CIBC or in any organization that I'm associated
22 with, they're talented. I always tell them that,
23 you're there because you're talented and you're a
24 woman. Not because you're a woman. I think that's
25 very, very important.

1 are looking for expertise. In banking I know we're all
2 looking at technology. Technology is changing banking.
3 And what I can tell you now is finding talented female
4 executives in the technology sector is a challenge. I
5 think any bank will tell you that.

6 And that sort of speaks to the term
7 limit piece, because I find that if we don't have term
8 limits in place, everything becomes very sedentary.
9 People don't see what's going on in the outside world.
10 They don't identify the changes that are occurring.
11 Without those term limits in place we kind of remain
12 flatfooted.

13 As we go forward, one of the things that
14 we're looking at is what are the sort of specific
15 skills that we need on the board, on our board, and how
16 can we identify talented females within those specific
17 areas?

18 You know, there's capital markets. We
19 have Kate Stevenson. There's international experience.
20 We have Linda Hasenfratz of Linamar. There is the
21 audit governance controls, we have Jane Peverett.
22 We have Martine Turcotte, who comes from the telecom
23 industry. So we're looking at all of these sectors
24 and looking for specific areas of expertise.

25 I think what would be helpful is for

1 those sectors to identify talented females that could
2 serve on boards and other industries. You don't want
3 to come in like the Germans, where you're sort of
4 serving on everyone else's companies, that can be
5 dangerous, as we can see. But I think if the sectors
6 can work on identifying talented females who can serve
7 on boards, that will be a big deal.

8 I know it's occurring in "Silicon
9 Valley," there are non-profits that are identifying
10 those talented females who could serve on boards.
11 They're young, so they're kind of moving through that
12 pipeline that's changing so rapidly.

13 I think we hang our hat too much on
14 getting your ICD and moving forward and someone will
15 put me on a board. I think the industries that are
16 participating in the Canadian economy need to do a
17 better job of who those talented females are so we can
18 actually see who they are and put them on our board.
19 That's that process that I think needs to occur.

20 MS. JENSEN: And we are seeing things
21 like that. We're seeing initiatives in different
22 industries, especially in industries that have been
23 much more male dominated, engineering fields, that kind
24 of thing. We're seeing those industries now trying to
25 put together lists of board ready women, but it's just

1 nascent at this point.

2 MR. DODIG: The other thing we all have
3 a duty to do as we interact with executives at other
4 companies is to raise the issue and talk about it.
5 It's through the thick informal networks that I think
6 real change begins to happen.

7 I'm going to Calgary tomorrow, so we'll
8 be meeting lots of energy people, we'll talk about it.
9 It will be an agenda item on, you know, is this an area
10 of focus and why not and how can it be, as part of my
11 remit with my extracurricular activities.

12 I think we need do that as executives in
13 Canada, wherever we have the opportunity to raise the
14 issue, to discuss the issue, I think those informal
15 discussions go a long way to making the formal very
16 real.

17 I applaud the Commission on what you're
18 asking us to do, the whole notion of putting numbers
19 out there. I think that you should push us to not only
20 make sure there's an articulated policy, but what it is
21 that we're doing about our policy to make it very real.

22 I think that industries owe it to other
23 industries to identify talented females and I think
24 that informal aspect of what we can do as leaders in
25 Canada will make a difference over time. Those would

1 be my remarks.

2 MS. JENSEN: Thank you. We did notice
3 that in the -- for the companies that did set targets,
4 many of them had already met the target. So there's
5 this nervousness about putting a stretch target out
6 there that you won't meet because it looks like
7 failure.

8 So I think we have to also have that
9 discussion that this is a journey and that you can have
10 long term stretch goals and make it slowly over time.

11 One of the things Victor just mentioned
12 is term limits. So, Katie, we saw that many issuers
13 don't want to set terms limits on their board because
14 they say it's a loss of the experience factor on the
15 board. Is this something special about Canada or does
16 it come from somewhere else?

17 MS. TAYLOR: No, I think it's probably
18 more omnipresent at boards than just Canada. Let's say
19 at the outset, because it's quite obvious that managing
20 the balance between continuity and renewal is something
21 every board is seized with. The circumstances of the
22 balance between those two things is often unique to a
23 particular board, it finds itself in a certain place,
24 either because it's had a steady board for a while, or
25 to Victor's point, maybe all of a sudden finds itself

1 in an industry making a huge amount of change. I think
2 each board has to come to this balance in its own way.

3 Obvious to say, too, that large complex
4 organizations, particularly large regulated ones, have
5 a level of complexity that can make the need for a
6 learning curve period for directors more extensive than
7 it might be on a smaller company board in a monoline
8 business. You always want to make sure that your
9 directors are adding great value.

10 But at the same time, nothing is staying
11 static. You know, people are changing, their focus is
12 changing, business is changing, consumers are changing,
13 regulatory environment is changing, and so I would call
14 it a principle responsibility of a board, and for many
15 boards that now resides with the chair and the chair of
16 the governance committee to make sure that your board
17 is managing this balance between continuity and renewal
18 in the best way possible.

19 And that can take many forms. Sandra
20 shared with us the output from people and how they're
21 coming at this. Some people have adopted term limits,
22 some (inaudible) some people both, but a lot of people
23 say that they're using other tools to get to those
24 points.

25 There's other complementary processes

1 requiring directors to submit resignations on change in
2 circumstance. Maybe that's a circumstance that makes
3 their service on the board no longer meeting that
4 balance between continuity and renewal, but I think the
5 idea that assessment alone, without further explanation
6 as to how that contributes to board renewal, needs
7 further clarification. I think virtually every board
8 that I know today is doing some kind of board
9 assessment around increasing engagement, improving
10 effectiveness, and that work is very important as
11 boards continue to try to lift their game in the
12 oversight of both the management's operation and
13 strategy.

14 Having said that, it may not be, in
15 every instance, a tool through which the board used the
16 lens of what renewal do we require in this industry at
17 this particular moment in time, so that I think will
18 require a further level of inquiry and of thought about
19 how to come at that.

20 To the previous comments about the
21 broadening understanding of the pool of directors, we
22 may see, I think over time, that the term limits become
23 less concerning to boards as they understand that the
24 pipeline of good people is broadening. That's both
25 going to happen on gender basis, on a non-gender

1 diversity basis, as well as on a global basis, as we
2 see many of our businesses now in Canada exporting
3 goods and services to other parts of the world now
4 needing international expertise. So a broad, broad,
5 broad place.

6 So the perception, if I can call it
7 that, of the pool of qualified candidates let's hope is
8 going up.

9 Some of the external jurisdictions take
10 the view that long service on a board de facto will
11 compromise directors' independence over the long term.
12 Here in North America we have not done that.

13 Having said that, there is a requirement
14 that boards, again through this lens of continuity and
15 renewal, make sure that that's the case on their board.

16 So, in particular, on board term limits
17 at RBC we've put those in place. So we have a fifteen
18 year limit that came in, I think, in 2011. We also
19 have an age limit, which is at 70. But we also
20 recognized that there were great directors out there
21 for whom those two limits might not be the right ones,
22 so we adopted a minimum term limit, currently it sits
23 at six years, which allows us to go and find a
24 fantastic 67 year or 66 year old director and make sure
25 that we're getting full value from that director and

1 that they're feeling that they can come in and make a
2 good contribution.

3 So I think there are a number of ways to
4 plan for orderly succession of boards and, as I say,
5 this is a very important board discipline around
6 continuity and renewal and it requires a lot of focus.

7 MS. JENSEN: Any comments about that?

8 MR. DODIG: I think the balancing point
9 that you raise, Katie, is an important one. There's
10 continuity and there's renewal. That has to remain at
11 the forefront. There are very few public
12 organizations, governments or companies that have gone
13 beyond the founder level where renewal is not a good
14 thing. I can think of only one, Singapore, but that
15 was the founder. Again, he stayed there, he kind of
16 founded it.

17 When you go beyond the founder in a
18 public company, I think the term limits are a good
19 thing, both at the executive level, quite frankly, as
20 well as at the board level. It allows for a time for
21 renewal.

22 Think about the bad countries that are
23 out there where there hasn't been any renewal and what
24 the governance is like over there. They're at the
25 bottom of the barrel for a good reason.

1 MS. JENSEN: So we saw that 59 percent
2 of issuers considered the representation of women on
3 their board as part of their selection process;
4 however, only 42 percent of issuers explained how this
5 was done and so what -- I'm going to ask Fiona this.
6 What do you think issuers should consider as effective
7 ways that they can encourage representation of women in
8 their selection process? And is the use of a recruiter
9 a viable option really for small issuers, because we're
10 hearing it's very cost prohibitive. And what other
11 practices can smaller issuers adopt to encourage
12 consideration of women in their selection process?

13 MS. MACFARLANE: Thank you. And first
14 I'd like to commend the Commission for leadership in
15 this area, it's needed. So I think the first thing is
16 this is about talent and it's about business
17 excellence, and we all know intuitively that when you
18 build a basketball team from a small university, you're
19 probably not going to compete against a basketball team
20 from a very big one, and corporate Canada has been
21 recruiting their leadership from a very small school.
22 So this is a great initiative.

23 So the first thing is what skills does
24 your company need. And this has been alluded to, but
25 never before in history has the pace of change been so

1 dramatic, so fast, and such potential disruption coming
2 from all sorts of areas that now more than ever boards
3 need to be looking around corners and helping their
4 companies future proof themselves.

5 So, first of all, understanding what
6 those skills are that you need and then making it
7 transparent, making sure that everybody knows what you
8 are looking for so that informal networks can start
9 operating to service candidates. If you do use a
10 recruiter, make the brief clear. You expect X number
11 of women candidates.

12 Sometimes recruiters themselves will
13 have a very limited pool because their clients haven't
14 pushed them in the past so it's just human nature, you
15 go where the pressure is. So it's important that
16 there's some discipline and rigour around it and that
17 there's real clarity to the recruiters that they need
18 to work hard at increasing the pool.

19 I think that we have to challenge old
20 assumptions, assumptions about what skills you need.
21 There is the myth that if you recruit a woman she needs
22 to have been a CEO, but that myth doesn't apply to men.
23 So there's a double standard.

24 I think looking for the experiences that
25 are relevant to the success of your organization, you

1 will find them, and then broaden networks.

2 I had a little story. My role, I should
3 explain, as chief inclusiveness officer at EY is an
4 external role. I'm not focused on inclusion at EY, I'm
5 focused on getting this on to the board and CEO agenda.
6 So it's Ernst & Young's attempt at leading in corporate
7 Canada.

8 I was sitting next to a elderly
9 gentleman who's a private equity leader at a dinner and
10 he said to me, "Oh, this is a bunch of -- you know,
11 hogwash. We will -- there's a great pipeline of people
12 and, you know, it will happen at some point anyway." I
13 asked him about all his investee companies and how many
14 had women on the boards and he said none. So I said to
15 him, well, you know, I was probably a little bit
16 obnoxious, but I called him up afterwards and asked if
17 I could buy him lunch.

18 I came to lunch with my binder of women
19 and asked him who he was looking for, what skills he
20 was looking for. Then we started flipping through the
21 binder and he was reading the resumes and going, "Oh,
22 my goodness, this is fantastic. This is wonderful.
23 How come I haven't met her?" And I said, "Because you
24 have 70 year old guys as your network and I have 55
25 year old women as mine, so tap into my network and you

1 shall be enriched".

2 And so that's just -- it takes -- it is
3 based on networks and so it takes some deliberate
4 effort to get outside of your own network and tap into
5 other networks, but I have absolutely no doubt that
6 there are fantastic candidates out there and, you know,
7 it's not that hard actually. As with any other
8 business imperative, it's focus and effort and you can
9 do it.

10 Your question about smaller issuers, and
11 I can't speak to the costs of recruiting and I know
12 there are some people in the audience who would be able
13 to speak to that personally. So for some it may be too
14 expensive, and I know a lot of our clients are pushed
15 for cash right now. But it is a crucially important
16 thing to do is to get the right talent onto your board,
17 especially if you're struggling. You need that more
18 than ever.

19 So I question, first of all, whether you
20 can prioritize putting some rigour and formality around
21 it and using a recruiter, but if you can't, get the
22 word out and look to non-traditional places for
23 potential boards.

24 I've seen an increase in many of our
25 corporate clients actually saying that some of their

1 executives can take on one board. So there are lots of
2 people, and great candidates who could add a lot to
3 smaller company's boards. They're looking for those
4 roles, so if you get the word out to your network and
5 your industry perhaps are looking for the specific
6 skills you are looking for, you will find that there is
7 a wealth of talent out there.

8 MS. JENSEN: Thank you. We're being
9 pushed for time, so we're on our last question before I
10 turn it over to Monica.

11 That is, the most common reason cited
12 for not considering representations of women on the
13 board selection process was that it was based on merit
14 and that candidates are considered, regardless of their
15 gender, just based on merit.

16 So wondered how do we overcome this
17 perception that choosing a woman is acting against
18 selection on merit? I wondered if, Fiona, Alex, you
19 could talk to this.

20 MS. JOHNSTON: I'm not allowed to swear,
21 but I will say I think the merit issue is a little bit
22 of something rather --

23 MS. RABIN: Hogwash. I think the word
24 is hogwash.

25 MS. JOHNSTON: We weren't allowed to

1 swear in my family growing up, but I have been
2 compensating ever since.

3 I found the merit piece fascinating and
4 I do feel like there is a ton of activity going on on
5 the ground and anyone who was involved in conversations
6 last November, December where people were getting ready
7 for their public disclosure notice, there was a lot of,
8 oh, is Suzy going to the prom, what's she going to be
9 wearing, who is she dating, trying to figure out what
10 other people were doing. I think merit ended up being
11 a safe blanket for people in this first year of
12 disclosure to say, well, no, no, we choose on the basis
13 of merit. We're so comfortable that we do that that we
14 don't need to factor in other considerations.

15 Interestingly, did not appear to be the
16 case for executive considerations, but for board
17 considerations.

18 I, because I speak about this a lot in
19 my day job, always position it in terms of the changes
20 we are faced with as a country and as companies. I
21 love the stats that McKinsey produces, and a year ago
22 they produced one of the best articles I've seen,
23 because it was two pages and touched on the three big
24 shifts every single company and business leader around
25 the world, including right here, are faced with, which

1 are demographic changes, changing the face of the
2 workplace, and not that it's just a unique,
3 interesting, 20th century workforce, but baby-boomers
4 moving out, millennials moving in, fertility declines
5 in many of the countries that we do business with, and
6 a shrinking work force.

7 That's number one. The second one are
8 emerging markets, and that knocked my socks off. They
9 estimate between 2010 and 2025, 440 cities, many of
10 which we've never heard of today, are going to account
11 for half of our GDP growth. That's our future.

12 And the third is technological changes.
13 And we say it's quite significant and we feel it in our
14 personal lives and in our professional lives, but at
15 university I studied history and the printing press
16 took 300 years to reach the majority of the western
17 world. For me, in my 20s, that was transformational
18 change. We'd never seen the likes of the industrial
19 revolution.

20 The internet took ten years to do the
21 exact same thing. We are living in our daily lives
22 with changes that we had not contemplated in previous
23 generations. That's the business world we operate in.

24 Xerox did something really neat a year
25 ago. I spoke at a conference, and they put on stage a

1 picture of their executive committee in front of their
2 headquarter head office in 1985. It was amazing. It
3 was all, you know, kind of 50 year old white men, beige
4 Burberry trench coat, biggish hair, moustache, and
5 happy. They looked like a lovely group of people, they
6 really did. And then they fast forwarded to the
7 previous year and it was same shot, completely
8 different executives.

9 And I thought that's the only question
10 in front of us. It's not sitting around going I only
11 appoint on the basis of merit. Of course you do, who
12 is not doing that?

13 Do you have at your executive committee
14 and do you have around your board the people and the
15 skills to help you position yourself for the changes we
16 are facing. If you looked at the picture of your board
17 in 2000, in 2010, and today, if there is consistency
18 and it looks the same, even the visual alone, without
19 delving into skills and all that stuff, it's probably
20 going to be a pretty powerful indicator of whether you
21 feel you're prepared to meet the challenges and
22 opportunities of the future or whether you're
23 positioning yourself for the past.

24 MS. JENSEN: Well, I think that's the
25 perfect segue to the path forward.

1 MS. MACFARLANE: Can I just add one
2 little anecdote? We haven't talked about bias, but
3 bias is obviously alive and well and we're all biased.
4 The symphony orchestras in the U.S. used to have very
5 few women players. They said, well, women players, their
6 lungs aren't as big or whatever, and that was the
7 reason.

8 And then they started doing auditions
9 behind a screen and suddenly they increased the number
10 of women players significantly. I think they increased
11 it by 50 percent, you know, so that just shows that we
12 are biased in how we identify merit. It doesn't have
13 to be male.

14 MS. JENSEN: That's right, leadership
15 comes in many forms. So on that I'll pass it over to
16 Monica.

17 MS. KOWAL: Thank you, Maureen. It's
18 terrific to be here and it's time to take up Howard's
19 challenge. Let's move past the regulation and a legal
20 compliance obligation, and let's talk about concretely
21 what is the pathway forward? What are the next steps
22 that have to happen?

23 Aaron, I think you set the stage for us
24 really well with your opening remarks that the
25 disclosure, the transparency initiatives that you've

1 seen around the world alone are not sufficient drivers
2 of change. There has to be the broader engagement, the
3 broader strategy.

4 And I think Fiona and Alex, thanks for
5 the transition, focusing on the unconscious bias.
6 Everyone hires on merit, everyone wants the best
7 candidates.

8 I'm thinking that we're going to have
9 Victor kick off this next question on the general
10 landscape. We've given it a lot of thought. You've
11 mentioned the founding of 30 Percent Club, the need for
12 formal and informal measures to advance change, and
13 also the role of education. So I'm going to hand the
14 question over to you.

15 MR. DODIG: Sure, kind of how do we get
16 there in general? How do we add a qualitative or
17 colour context to numbers I think is what I'm really
18 focused on, both in my day job and my extracurricular
19 activities.

20 The 30 Percent Club and Catalyst within
21 Canada working hand in hand, Catalyst has put some
22 foundational work out in North America, in particular,
23 and has had profound impact in Canada. There is real
24 substance within the Catalyst organization, making sure
25 that 30 percent is the guidance, if you will, where the

1 numbers are, and Catalyst is the substance and making
2 sure they work together is really, really critical.
3 Alex, your leadership has been phenomenal here.

4 The 30 Percent Club is a non-funded, not
5 even crowd funded, it's like crowd unfunded. Again, I
6 think the numbers are important in that regard, but
7 help them with the substance that Catalyst has.

8 One of the things I worry about are the
9 unintended consequences of what we're trying to achieve
10 as well. That's always an unintended consequence. If
11 you look around the room, we don't represent Canada in
12 its fullest sense. We represent a group of people who
13 are very interested in this specific issue, but there
14 is a broader diversity issue that I think we need to be
15 consciously aware of as well.

16 I think that the unconscious bias that
17 comes with, I'll pick an example, white males and how
18 they think, is something we need to think through and
19 help them through as well. Because you could get the
20 whole resentment factor growing, and something that
21 we're doing at CIBC is just in terms of taking some
22 very competent and talented males and taking them
23 through unconscious bias training. I think it's really
24 going to be important.

25 The third thing I would say is show me

1 something. I use that as an example, because today's
2 class, I go back to my exercise class, Howard. I took
3 a class called Tabata for the first time because
4 everybody encouraged me to kind of get off the spinning
5 machine and do this.

6 And Linda, who led the class, made us
7 work with every joint we had and dumbbells and rods for
8 45 minutes. We were absolutely exhausted. She kept
9 saying to everybody who was kind of there for a couple
10 of classes, just show me something, just show me
11 something. Show me that you're participating, show me
12 that you're actually doing something to kind of advance
13 your own health. I think that holds true for companies
14 as well.

15 So when we talk to them about this is a
16 good initiative, I think it has to go beyond this is a
17 good initiative. Tell me what you're doing to make the
18 changes substantive. Tell me what you're doing both
19 within your company to advance talented females as
20 executives, but also to advance talented females as
21 potential board members.

22 We've started looking at, you know,
23 there's not a cornucopia of board opportunities every
24 single month, but we identify talented executives and
25 say, look, there are some non-profits where there's a

1 governance role that are prominent where you can play a
2 role. We changed the rule around executives at CIBC
3 serving on one public board.

4 The first one was Laura Dottori, our
5 Chief Risk Officer, going onto a mining board. That
6 was a conscious sort of, a bit of inbound, a bit of
7 outbound. What better board to be on than on a mining
8 board where there is very little representation of
9 females. So we had a female executive on a mining
10 board.

11 I think we need to start thinking
12 actively around that cross-sector. How can we help,
13 show me something kind of activity, and not use these
14 formal panels as ways of updating ourselves on the
15 graphs and charts.

16 I'm a big believer that much of what
17 happens happens outside of the slide show, and that's
18 what I'm going to try to do.

19 MS. KOWAL: Thank you, Victor. I'm
20 going to pass the next question right over to Katherine
21 to tell us about the proxy advisory world. What are
22 you seeing? What are you advising clients? Are there
23 notable trends? Are institutional investors caring
24 about this issue?

25 MS. RABIN: I'll answer the last

1 question first, which is definitely yes, and sort of
2 back into one of the questions which was on the agenda
3 here, which is are we advising clients. I actually
4 think that this is a really perfect example of exactly
5 how proxy advisors develop their policies is really
6 listening to our clients.

7 I mean, in this area I think the thing
8 we do most for our clients is provide them the ability
9 to assess what's going on at companies, to provide the
10 data, to put it in a format that's structured to give
11 them the ability because you know, that are some, and I
12 think CIBC is probably one of them, that are voting on
13 literally thousands of meetings a year and
14 engaging with -- I don't know about CIBC, but I know
15 some of our clients, some of the really largest asset
16 managers in the world are probably engaging with well
17 over a thousand companies a year.

18 So the thing that we can do for them is
19 to help them understand what's going on in the world,
20 which thank God for Aaron, because now I have this one
21 book. I'm going to buy a lot of them and send them to
22 all our clients. Ding, check. You know, to advise
23 them on what's going on around the world. Because they
24 do look on some issues, and this is one of them, where
25 if a market isn't quite up to the standard, say, that's

1 going on in Canada, they're still going to hold that
2 market -- they're trying to move that market forward,
3 so they're looking for us to be able to provide them
4 with the kind of information that enables them to do
5 that.

6 One of the questions that I was asked to
7 address is how proxy advisors view this issue and I'm
8 going to read a little bit from our policy.

9 "Glass Lewis believes that a board can
10 best protect and enhance the interests of shareholders
11 if it is sufficiently independent, has a record of
12 positive performance and consists of individuals with
13 diverse backgrounds and a breadth and depth of relevant
14 experience."

15 "We generally support efforts to ensure
16 boards have the appropriate breadth of diversity in
17 terms of talent, gender, experience, training, age,
18 national origin, international experience, risk
19 oversight, et cetera, but have not generally favoured
20 strict quotas."

21 It will be really interesting to take
22 what I've learned here today to go back and talk about
23 targets versus quotas. That's going to be a discussion
24 that we're definitely going to have. I don't know if I
25 would have focused on that if I hadn't participated

1 here today.

2 We support initiatives, shareholder
3 proposals designed to ensure boards consider diverse
4 candidates at companies where the lack of board
5 diversity, including refreshment, has contributed to,
6 if not caused poor returns and/or a lack of board
7 responsiveness to shareholders.

8 And I went, because I was tasked to sort
9 of speak for the industry in general, I went to ISS's
10 website to see what I could see. As you all probably
11 well know, proxy advisors have been under the
12 spotlight, so we put out an amazing amount of
13 information about what we do.

14 ISS is a bit different than Glass Lewis
15 in that it has, in addition to having policies for
16 different markets, it actually has policies for
17 different audiences, so it has what it calls a standard
18 policy as well as a public pension fund policy.

19 In its standard policy, they said that
20 boards should have a size appropriate to accommodate
21 diversity, expertise and independence, while ensuring
22 active collaborative participation by all members, but
23 in the case of its pension fund policy, they have a
24 specific section on diversity where they highlight
25 gender and ethnic diversity as important components of

1 a board, speaking specifically to how fund fiduciaries
2 generally believe that increasing diversity in the
3 boardroom to better reflect the company's workforce,
4 customers and community enhances shareholder value. So
5 a bit different approach.

6 I can tell you that coming out of this
7 season, we are having a specific discussion around
8 comply or explain and whether anybody can explain why
9 they don't comply.

10 So that -- I can't guarantee that, but
11 it's definitely -- you know Bob McCormick, who is our
12 Chief Policy Officer and the team that's responsible
13 for -- you know, the issue of diversity kind of always
14 used to fall into what we call the ESG bucket, and as I
15 was talking earlier with Aaron, the person who
16 oversees that team, the fact is that the diversity
17 issue has moved to the front of the book because it's
18 really right there in the first section of what we're
19 analyzing, which is the board elections. So her
20 responsibilities are quite broad.

21 Anyway, we're going to talk about
22 whether we take issue with the non-gov committee
23 members that are up for election if anybody tries to
24 explain why they're not complying, so that's something
25 that we're considering right now.

1 MS. KOWAL: Good to hear. Katherine,
2 you reminded us that when putting a board together
3 there's that opportunity to think about a collective
4 skill set and experience and diversity that you need
5 represented on your board team. So I'm going to ask
6 Katie to help us think about the challenges in the
7 executive position ranks when you're thinking about the
8 specific skill sets in one individual to meet and
9 deliver on a critical function.

10 How are issuers tackling this challenge?
11 Are issuers looking at the pipeline design internally
12 or industry wide? Is there any discussion about design
13 down to the entry level positions? Really welcome your
14 thoughts on this.

15 MS. TAYLOR: Thank you, Monica. This is
16 a very important issue, and we touched on this when we
17 were here together about a year ago in the sense that
18 diversity on boards is an important initiative, but
19 ultimately finding a place for women at the executive
20 table, not only to enhance the performance of
21 businesses, but also to make sure we're creating equal
22 opportunity for all and build a pipeline for future
23 leadership years down the road.

24 Victor said it very well a few minutes
25 ago, that when we run businesses, and all of us have

1 done this, we set targets around the things that are
2 most important to us.

3 Most companies, if you pick up your
4 annual report, will say that their most important asset
5 is their people. Therefore, you might think well, that
6 would be a place where we would really have strong
7 metrics. And I think in the companies that are doing
8 this well you see a few things.

9 Fiona used the word focus. There is no
10 question in my mind that this is a program that
11 requires focus. It requires senior leadership focus of
12 the kind that Victor has described for CIBC and for the
13 30 Percent Club, both broadly and in industry, and I
14 think that if there's one thing, one telling
15 characteristic of the right programs, it's that they
16 are sponsored from the very top of the organization.

17 So we have had have diversity council at
18 RBC for a very long time, founded by our former CEO,
19 continues to be chaired by the chief executive officer,
20 members on that council are senior executives from all
21 around the world. This has high visibility, senior
22 sponsorship and real accountability associated with it.

23 The distinction between targets and
24 quotas is very, very important and if you are routinely
25 meeting your target in business, let's say your

1 customer retention target, a shareholder might
2 justifiably ask, well, is it high enough? Should you
3 be trying to retain more customers? So targets should
4 be aspirational. I think getting businesses to
5 understand it's not the same as quarterly guidance,
6 this is a medium term to long term objective that
7 businesses ought to be focused on.

8 I'll go back to something Victor said.
9 Targets alone will not get you there. You then need to
10 build the processes, the programs, the approaches that
11 will help to ensure the appropriate representation of
12 women inside the organization, that's both formal and
13 informal.

14 But the board plays a role here too,
15 either directly or through the HR committee, in asking
16 management about those processes, in looking for annual
17 reports to committees on how effective those programs
18 have been, and we've talked before about the need to
19 ensure that there's a woman on every executive slate,
20 both internal and external. Sometimes you're promoting
21 from within, sometimes from without, but it goes to
22 non-diversity candidates as well. There's a broad,
23 broad approach, and tracking this progress, not only at
24 the executive level, but also in a transparent way with
25 the board is a very important thing.

1 You know, establishing those overall
2 goals for the advancement of women in minorities and
3 senior leadership development programs, making sure
4 they're getting the tools internally, in not only
5 informal training, but also in cross-platform training
6 and measuring and watching that as it goes through.

7 We've talked before about mentoring and
8 sponsorship and how important that can be for high
9 potential gender and non-gender diversity candidates,
10 and figuring out how to try to accelerate some of that
11 activity is a big part of that.

12 As I said at the beginning, I think it
13 goes back to leadership, and very senior leadership is
14 the most important factor, I think, in driving that
15 change inside the house.

16 MS. KOWAL: Thanks, Katie, you've
17 provided a wonderful overview of best practices and I
18 would like to get Pamela into this discussion with what
19 are you hearing and seeing across industry sectors?

20 What the OSC staff review certainly
21 showed is that we're seeing the highest representation
22 of women in the utilities and retail industry and
23 comparatively low representation in tech, mining, oil
24 and gas. No surprise there.

25 So with issuers in traditional male

1 dominated industries with comparatively fewer women in
2 the pipeline for representation on boards and executive
3 officer positions, what's your experience been and what
4 are you seeing and what measures would you suggest?

5 MS. JEFFERY: Sure, thank you. So it's
6 interesting. So the Canadian Board Diversity Council
7 set aspirational targets for corporate Canada beginning
8 back in 2010. The aspirational targets that we set,
9 and that's why this conversation around targets is so
10 fundamental to this issue, because what gets measured
11 gets done.

12 Victor's touched on that, Katie's
13 touched on that. Beginning in 2010 we set aspirational
14 targets of 20 percent by 2014 and 30 percent by 2018,
15 and those were set across the board. We didn't specify
16 particular sectors. That was across the board.

17 We did that because we think it's far
18 better than enforced quotas and comply or explain is
19 far better than enforced quotas. But to your point,
20 Katherine, around what you're going to be doing when
21 you get back, we believe that this is only going to
22 work with a concerted effort on the part of all
23 stakeholders.

24 So that means with the OSC, with Glass
25 Lewis, with other proxy advisory firms. It means

1 advisors to those institutional investors and other
2 organizations, including our council. Because at the
3 end of the day, we need to incent, we need to guide, we
4 need to monitor and we need to reward those companies
5 and their shareholders.

6 Haven't heard much about the shareholder
7 this morning. At the end of the day, that's why we're
8 here, isn't it? We're looking at shareholder value and
9 ensuring sound governance principles are in place to
10 create a more diverse board.

11 So with respect to those male dominated
12 industries, we know that females who are in executive
13 officer roles and females who are on boards of
14 directors, they're inextricably intertwined. We know
15 that to solve this challenge we need more women in
16 executive officer roles.

17 MS. RABIN: It's the Catch 22.

18 MS. JEFFERY: It's the Catch 22, but we
19 also know, and Alex made this point well, it's not a
20 supply issue. We do have a number of women who are
21 adequately prepared, well prepared and looking to join
22 boards.

23 And so what's interesting is when we did
24 sit here in October, it was 2013, and we had this
25 conversation, and at that point the pace of change had

1 been between one quarter and one percent, and that
2 meant that we were not going to see gender parity until
3 2078. But what's interesting is that since we sat
4 around this table, and this is really interesting, I
5 think, to all of us, that pace of change, thanks to the
6 Ontario Securities Commission and others who have
7 stepped up, but with your leadership we've seen that
8 pace of change quicken between 2012 and 2014 to a 1.68
9 percentage point annual increase.

10 So our numbers showed as of
11 December 31st women held 17.1 percent of FP500 board
12 seats, fewer than ten percent of those board seats in
13 the oil and gas traditional male dominated industries,
14 but that this average pace of change, if we keep this
15 up, will see us reach gender parity in 2034. If we
16 keep this up we're going to see that in 20 years.

17 So --

18 MS. KOWAL: That's a better statistic
19 than you cited when we met two years ago at the
20 roundtable. I think you told us --

21 MS. RABIN: The Lord Davies statistic,
22 which is gender parity in 70 years. That was the
23 Women's Report in 2011.

24 MS. JEFFERY: If we keep this up the
25 solution is 20 years away. Is that good enough? Is

1 that what we want?

2 MS. RABIN: No.

3 MS. JEFFERY: No. So comply or explain
4 was a good start, but what I think is critical to
5 success is what's been proven in the UK, and I think
6 this is going to help us with those male dominated
7 industries, which is the annual Lord Davies review.

8 We would like to see a made in Canada
9 approach, and integral to that, in our view, is an
10 annual review. So I commend you for bringing this
11 group together and I commend you for the report that
12 you've done because that review is fundamentally
13 important.

14 Also like to say that each year we go
15 out to FP500 directors and we do ask them across
16 industries a set of questions on director opinion, and
17 we know from this summer half the directors tell us
18 they have barriers in identifying women for boards, and
19 half say they don't.

20 So the ones who say they have barriers
21 are the ones who are in those industries, yet the other
22 half of boards don't seem to have any barriers. So I
23 think we need to put them in a room and lock the door
24 and have them share best practices, right? Let's get
25 them in a room, because the same directors that don't

1 have barriers have more women in executive officer
2 roles. And, coincidentally or not, they also have
3 formal written board policies.

4 So they have a plan to Victor's point.
5 If you have a target to run a business, you have a plan
6 to reach that target, and those companies that are
7 reaching their board representation targets have plans.

8 So for these organizations I agree with
9 Katie, it is tone at the top, it's a well communicated,
10 high profile commitment from the CEO. We would like to
11 see more CEOs articulate that in male dominated
12 industries.

13 It's women's development programs to
14 increase the number of potential women leaders through
15 mentoring, sponsorship, internal and external
16 networking, and it's human resources policies to
17 support the advancement of women through the
18 organization. We have touched on unconscious bias
19 training. We haven't touched on logistical
20 flexibility, career flexibility, competency-based
21 performance reviews in addressing bias in hiring, pay,
22 promotion and rigorous recruiting.

23 We also are tackling, as we have worked
24 very hard on, tackling the pool. So how do we connect
25 the pool with those boards that say there are no women

1 to join them?

2 Through Diversity 50, which is an
3 initiative we launched in 2012 backed by eleven CEOs,
4 including co-sponsor Frank Vetesse at Deloitte, we
5 identified 50 board-ready diverse candidates each year,
6 and Laura Dottori was one of our 50.

7 What's interesting is that when we sent
8 the envelope with the biographies of 50 candidates to
9 Don Lindsay at Teck, he opened the envelope. Many
10 don't. He opened the envelope where we presented 50
11 qualified individuals and saw Laura and he said, I'm
12 going to contact Laura, and he told me that as we were
13 standing at the baggage carousel at Pearson. I thought
14 that was pretty great.

15 So we have to connect that pool and
16 that's one way that we're doing it and we have had 22
17 board appointments thus far with some of those in the
18 room this morning, so that's terrific.

19 Fiona and I held 23 roundtables and we
20 held board diversity best practices roundtables for
21 three years, and so Fiona and I heard from close to 200
22 companies what they were thinking with respect to board
23 diversity policy, and they told us they weren't
24 thinking about board diversity written policy.

25 So we have three recommendations. One,

1 the UK mandates the FTSE350 to disclose the proportion
2 of women on boards and senior executive positions and
3 across companies as a whole. So we would like to see
4 the OSC provide further guidance on disclosure, as you
5 have outlined on page 13.

6 It was disappointing to us that only
7 15 percent of issuers presented both the number and
8 percentage of women in executive officer positions. I
9 think for male dominated industries in particular it's
10 very important for them to disclose, not as a means to
11 an end, but in order to deliver the results.

12 The UK corporate governance code was
13 changed effective October 2012 and it was changed to
14 require listed companies to establish board diversity
15 policy.

16 So given your findings that only
17 14 percent of issuers have disclosed the adoption of a
18 written policy, we would like to see issuers required
19 to disclose their written board and executive officer
20 diversity policy and we'd like to see that disclosure
21 in the spirit of transparency in annual reports and on
22 websites so we don't have to dig for it.

23 We would also like to see FTSE350
24 companies they are currently asked to report on
25 aspirational targets. We would like to see companies

1 here report on aspirational targets for women on
2 boards, the gender breakdown in the organization and
3 their board diversity policy like you have outlined on
4 page 13.

5 I would like to close by saying that
6 it's very interesting when we set that target back in
7 2010, 2010 was an interesting year, because that was
8 the year a woman in Calgary, who has had senior
9 executive experience in the oil patch, join the board
10 of a European company. She joined the board of a
11 European company because she was not being asked to
12 join any board of Canadian oil and gas companies.

13 So 2010 was when we began to see women,
14 Canadian women, take up board appointments in Europe,
15 coincident with the introduction of quotas. And it's
16 very interesting that Glencore, the last all male board
17 on the FTSE100, when they made that first appointment
18 to take a woman on the board, they reached across the
19 pond and they identified Patrice Merrin, another
20 Canadian woman with great experience in mining, to join
21 their board.

22 So there is the talent, the pool is
23 large, so we welcome the OSC taking the opportunity to
24 provide further guidance, especially in male dominated
25 industries where there is a long, long way to go.

1 MS. KOWAL: Thank you, Pamela, for those
2 remarks. I would like to pick up on two of your
3 comments. One is the importance of rigorous recruiting
4 practices and also the challenge of bringing the
5 talented supply together with the emerging demand and
6 ask Katherine to give us your thoughts on what are you
7 seeing. Are you seeing any changes in recruiting
8 practices? Are you changing new services in order to
9 bring diverse talent pools together with recruiters and
10 issuers looking for talent?

11 MS. RABIN: I'm not sure I have enough
12 exposure to be able to speak to a trend with respect to
13 recruiting, but there is one fund manager, Legal &
14 General, that I find -- let's step back. I went back
15 as I was preparing to come here and I went through the
16 websites and the public disclosure of the largest 20
17 fund managers globally, and I have to add to what
18 Pamela was saying about what needs to get done.

19 I was a bit disappointed to see that
20 only about half of the fund managers had reasonable
21 disclosure, even on a principles level, from a
22 corporate governance perspective, or they had their
23 proxy voting policy that was there, but not the
24 principles, right?

25 And I know that in the case of some of

1 these fund managers that they're very actively engaging
2 on this issue when they're meeting with companies and I
3 know that they engage with us, so I find it a bit
4 disappointing that there is not more public, I'm not
5 going to name any names because, you know, it's a
6 competitive market out there. Nobody thinks it is, but
7 it is a competitive market out there and I don't want
8 to piss anybody off.

9 But you could go do your analysis with a
10 beer in your hand and a little bit of time, you know,
11 just go through those websites, and maybe it's
12 something that the OSC should consider thinking about,
13 that what's good for the goose, as my mother would say,
14 is good for the gander. You need to, if you're asking
15 companies to be doing all this disclosure, shareholders
16 should also be required to do similar disclosure.

17 As it relates to the resources that are
18 out there, and I go back, Legal & General was one of
19 those fund managers whose disclosure was just
20 fantastic. One of the things that they highlighted,
21 and this comes out of all the work that going on in the
22 UK, Legal & General is a UK-based fund manager. They
23 invest globally, they are very active in engaging with
24 companies globally, but they have been very much a part
25 of the initiative to move forward the aspiration target

1 of 25 percent and then beyond at UK companies. In
2 2015 the FTSE100, every member of the FTSE100 has
3 25 percent of women representation on the board and, of
4 course, now they're going to move beyond to the
5 FTSE250.

6 But on Legal & General's recommendation,
7 the UK government strengthened the voluntary code of
8 conduct for executive search firms and an enhanced code
9 was launched last year. This is an accreditation
10 process to acknowledge executive search firms that are
11 on the forefront of helping boards enhance gender
12 diversity.

13 It's one of those things which I think,
14 you know, you highlight and then it becomes good
15 business because then the other search firms are all
16 going to want to have that accreditation to help
17 promote themselves in the competitive process. I think
18 that's really an interesting, helpful mechanism.

19 Then, of course, there's the 3D
20 Database, the Diverse Director Datasource, which was
21 started in 2012 by CalPERS and CalSTRS and GMI, which
22 is now a part of MSCI, so they're maintaining the data
23 in that database.

24 FLR, which is a partner of Glass Lewis',
25 is directly focused on remuneration data, has also

1 gotten into this. It's a tool to help companies
2 identify potential executives, also potential board
3 candidates.

4 It just tells me that there is enough
5 demand from the issuer community, as well as the
6 shareholder community, to see that it's becoming a
7 business opportunity.

8 I think when you see FLR, this is
9 something they've announced this year, they're putting
10 a lot of resources toward that, to me it indicates that
11 there is a business opportunity, there's going to be
12 more of these resources coming out in the next couple
13 of years, you can count on that.

14 And then, of course, there's the Boston
15 Club, the Women's -- Women Corporate Directors
16 Organization, there are a variety of non-profits that
17 are out there that are also creating databases and
18 doing some of the work similar to what Pamela is doing,
19 et cetera.

20 MS. KOWAL: Thanks, Katherine, I'm
21 mindful that it's quarter to eleven and we are about to
22 hand the Q and A session over to Huston Loke, our
23 Director of Corporate Finance. Just before I do that,
24 I wanted to invite our panellists, I'll start with
25 Aaron and ask if you have any quick closing remarks

1 that you didn't have a chance to mention earlier in the
2 discussion as to the right pathway forward.

3 MR. DHIR: Thanks, Monica. I wanted to
4 say this is, of course, a very nuanced issue and I
5 know, I remember from our roundtable two years ago,
6 that we don't all agree on this issue, but I do think
7 that going forward we need to consider revisiting the
8 definition of diversity in the world.

9 If we go back to both rounds of comment
10 letters, there were a number of key players, including
11 ICD, who recommended expanding the definition of
12 diversity to be much more inclusive, beyond gender, to
13 include sociodemographic factors like race, like
14 ethnicity.

15 In implementing the rule, the Commission
16 very reasonably hoped that the opportunity to reflect
17 on gender diversity would also nudge issuers toward
18 reflecting on diversity holistically. So my research
19 assistant and I are coding the disclosures for that
20 question right now.

21 What we're seeing is really interesting.
22 So are issuers talking about diversity beyond gender,
23 and the answer is sort of. A number of companies are
24 talking about other identity-based factors like race,
25 like ethnicity, age also comes up a fair amount. But

1 what they're saying isn't so substantive, because the
2 rule doesn't really require it.

3 Again, I know this is an nuanced issue,
4 but I think that we could start by slowly expanding the
5 definition to account for factors such a race,
6 ethnicity, age, the three things that are come out most
7 now anyway, with a view toward more gradual expansion
8 to other identity-based indicators.

9 MS. KOWAL: Thanks, Aaron. I'm going to
10 ask our other panellists not to respond right now to
11 Aaron's invitation to think about it. I would like to
12 stay focused on last closing comments on the path
13 forward because we'd love to take up that discussion at
14 another time.

15 Katherine, any more closing comments?

16 MS. RABIN: I think I said it, which is
17 just more better disclosure. I think I've covered it
18 pretty much in that sense, yes.

19 MS. KOWAL: Alex and Fiona?

20 MS. JOHNSTON: Thank you. You've got us
21 on the path, which is hugely important. My hope is
22 that especially for people like myself, you know, doing
23 this in our day jobs we try to distill this in easy
24 ways, because this is not rocket science. So it really
25 is relentless, two, three things, two, three things;

1 leadership, evidence, best practices, those are the
2 three key things.

3 MS. MACFARLANE: Over to you. Thank you
4 very much and ultimately this is about two things.
5 It's about culture and leadership and ultimately
6 culture is owned by the CEOs in their corporations and
7 that's what will make this change sustainable, if we
8 change the culture.

9 MS. JEFFERY: I would like to finish by
10 saying that when you presented the facts from your
11 summary and said that 50 percent of issuers have at
12 least one woman on their board, meaning 50 percent do
13 not. And 60 percent have at least one woman in an
14 executive officer position, meaning 40 percent do not.

15 We clearly are on the right track with
16 respect to the work that you're doing and the greater
17 transparency that is required. I do hope that we will
18 see greater measures taken in guidance on a go forward
19 basis. Thank you.

20 MR. DODIG: I concur with some of the
21 comments that have been made around the table, not to
22 repeat myself, but the whole notion of measuring and
23 managing and reporting on an annual basis I think is a
24 very good idea, both at the board and executive level,
25 broken down by sector, broken down by market cap.

1 I say market cap because there are many
2 companies in our country that are struggling with many
3 other issues. So if you go to the small cap miner
4 today, this is not the topic that they're going to want
5 to talk about first, but it has to enter that
6 discussion.

7 I think what happens between these
8 meetings through these informal processes are as
9 powerful. In sharing some best practices, there are
10 some things in business which you're okay to share,
11 even in banking, to say this is an agenda item that we
12 would want to advance. We do it on cybersecurity, we
13 would do it on this issue as well. This is good for
14 our country, this is good for our companies.

15 The last thing I would say is I do agree
16 with you on making sure that the tent is broad enough
17 that we factor that into our thinking, Aaron.

18 MS. TAYLOR: In the interests of time
19 I'll concur with all of the above and add my thanks to
20 yours for the great start. We look forward to working
21 on this in the coming year.

22 MS. KOWAL: Thanks. Huston.

23 MR. LOKE: Very well. If anyone has any
24 questions just if you can put them on the cards and
25 staff will make sure that they collect those.

1 So while you have a minute to do that, I
2 am actually going to pose a couple of comments to the
3 panel and if there's anyone who would like to address
4 these issues in greater detail we would love to hear
5 from you.

6 I'm going to start by just talking about
7 the merits issue. This is the one slide that for me
8 stuck out the most because the focus on that, what we
9 heard here today is of course everyone looks at merit
10 and, yes, everyone does. But do we need to dig deeper
11 into the myth of merit and the ability of issuers to
12 use that as a bit of a safety valve, at least for this
13 year, we'll see what happens in subsequent years, and
14 hiding behind it. Is there anyone from the panel who
15 would like to take that one on?

16 MS. TAYLOR: Well, I'll start. It did
17 come across as if -- I think, Alex, you were the one
18 who said there was a lot of talking in the marketplace
19 on that answer. It did come across as a wee, tiny bit
20 boilerplate when you look at some of the submissions
21 and I think you quite rightly pointed out just saying
22 that's not enough, you need to go on and explain to
23 investor, and I would even to internal stakeholders in
24 these companies is just as important relative to
25 leadership credibility how that works and why that

1 works and there's more behind it.

2 So if that's going to continue to be an
3 answer to why we have no policies or why we have no
4 targets, then we need to, I think as investors, in
5 companies to know more about what that means in the day
6 to day operation of the business and the board.

7 MR. LOKE: Thanks, Kate. There's a
8 question here and it's for Alex. And the question is
9 really about the comply or explain requirement.

10 Do you have concerns that this is not
11 going to be strong enough and provide enough incentives
12 for issuers to really rise up to the challenge to add
13 women to their leadership positions?

14 MS. JOHNSTON: The short answer is no.
15 I've said this many times, but I think that the OSC in
16 approaching this way gave us a gift. I think that
17 we've avoided unnecessary noise and dust and fights and
18 I think you have given us an opportunity to get this
19 right.

20 I think it's early days to say that this
21 is a white knight or a failure. It's -- we're on the
22 path, so I'm not concerned. I do think next year if
23 the results were similar I would be concerned. I don't
24 think that will be the case.

25 I think what we're hearing around the

1 table, though, is there's consistency to what people
2 feel needs to get done. There is a huge amount of
3 activity that's not right now being picked up in the
4 disclosure and in the reporting on it, but I do think
5 we've got to simplify it as people working on this, as
6 business leaders, really, to two or three things. This
7 is about our country. This is not a nice to have.
8 This is an absolutely must have.

9 I think we have two or three years with
10 a lot of the changes coming at us to get this right. I
11 think you've pushed the envelope in forcing a
12 conversation that wasn't happening in this country
13 sufficiently and that transition has been quite
14 dramatic. People are saying help me find someone, help
15 me do this better, help us work on our pipeline. So
16 that's been a big shift.

17 Has it translated in concrete
18 deliverables in the way we would like to see? No, but
19 I think we're getting there. I think this is the right
20 approach for us right now and I'm not worried or
21 interested in talking about three years from now. I
22 think next year we will see something substantively
23 better for sure.

24 MR. LOKE: Is there anyone else from the
25 panel who would like to comment on that?

1 MS. MACFARLANE: Well, I can say in my
2 role, and this is anecdotal, no data at all, but it
3 used to be in having this discussion conversations were
4 around, well, I have daughters, so I must be totally
5 enlightened, to now, help me. I have seen a
6 significant shift in the conversation in the last nine
7 months.

8 MS. RABIN: And the UK example, which is
9 a comply or explain, there's precedent, it works.

10 MR. DHIR: So there's never any
11 guarantees with a disclosure-based regulatory
12 mechanism, but I think what's important is this. Legal
13 regulation must have legitimacy in the eyes of market
14 actors and it's very difficult to sell the most
15 intrusive form of regulation, if we should eventually
16 find that that is necessary, without having first gone
17 through a more less intrusive path such as regulatory
18 disclosure.

19 MR. LOKE: The next question really
20 deals with something very practical, but I think it's
21 good to address this.

22 Pamela, Fiona or Alex perhaps. How do
23 we get qualified women in front of decision makers at
24 companies without appearing that they're being shopped
25 or without appearing to upset the normal recruiting

1 process?

2 MS. JOHNSTON: We do need to upset the
3 normal recruiting process.

4 MS. JEFFERY: We do need to upset the
5 normal --

6 MS. MACFARLANE: Einstein said if you
7 keep doing the same thing and think you're going to get
8 different results, it's insanity. We need new networks
9 and we need to create them.

10 Every one of us has a leadership role in
11 this. Every one of us can introduce qualified
12 candidates to people and establish new neural parts in
13 corporate Canada.

14 MS. JEFFERY: We do it each year with
15 our Diversity 50 and it began through a collaboration
16 with GMI, following conversation with CalPERS and
17 CalSTRS.

18 Secondly, I challenge corporate Canada.
19 There are 17,500 members of the Women's Executive
20 Network, many of whom are board ready. So they're
21 available.

22 MR. LOKE: I think the three of you,
23 each of you shared a story about how you introduced
24 qualified candidates, so I think that's terrific.

25 I think we've got time for one more

1 question. I'm going to ask Victor. You mentioned that
2 for some issuers this may not be a priority at this
3 stage. Is there any benefit to expanding the universe
4 where this rule applies presently? For example, to
5 non-venture or other types of issuers at this time?

6 MR. DODIG: I'm just a person of focus.
7 If we start expanding when we know where the targets
8 are right now, here and now, that we've been working at
9 for so long, we need to hit them very hard, and then
10 start worrying about the venture issuers and smaller
11 cap issuers.

12 We have the ability to change right now
13 over the next couple of years, put in some fundamental
14 change. I have the ability to say I have three
15 talented executives that are females that I want on
16 public boards. That is real change.

17 I interact with CEOs all the time. I
18 can tell them if you're looking for a board member, I
19 have two, and start advancing. I think that's how we
20 start moving the needle. The more we start expanding
21 the list of priorities, the less gets done. So have
22 three priorities, get it done, and then add three new
23 ones.

24 MR. LOKE: So focus, I like that. I
25 think as we move forward I wanted to address one item

1 that came up, and that was we need to stop digging for
2 the information and we want the information to be out
3 there. I want to point out that the OSC is committed
4 to making the public information that we've scoured
5 through in doing our 722 reviews available to the
6 public.

7 So our next touch point will be the
8 creation of a file that will be available to the public
9 where this will be used by issuers, investors,
10 employees, customers, scholars, and we'll share that
11 information. And with that, I will pass things over to
12 Howard for closing remarks.

13 MR. WETSTON: They asked me to wrap up
14 before eleven, it's impossible, there's only minutes,
15 but I will do so.

16 Besides obviously thanking everybody who
17 has come here today and to appreciate the fact that
18 this is a very, very important issue. And those who
19 criticize the view that we are meddling in societal
20 roles and issues, frankly, I think that that is not
21 understanding what this rule is all about, what we're
22 trying to achieve, and I think it's really important to
23 put the context of this initiative in the right place.

24 Lots of terrific discussion today.
25 Huston more or less indicated what we're going to do on

1 a going forward basis. We are not going to drop the
2 ball on this issue. We are going to continue the
3 momentum on this issue.

4 The results of this discussion will be
5 posted, but we're going to analyze it. We're not going
6 to just post it, we're going to analyze it. We're
7 going to try and understand what you're saying. We're
8 going to try to pick the best parts of what you're
9 saying in the sense of our comply or explain policy so
10 we can keep the momentum going, we need to keep it
11 moving. We always need to do that. We must do that.

12 And I think for much of the discussion,
13 many of you commented on many of the issues that we're
14 thinking about. For me in my own thinking, I've always
15 been of the belief that women on boards and senior
16 management and greater issues of diversity is a public
17 good, and I've never believed for one day in my entire
18 life that that public good is in any way inconsistent
19 with the private good. I believe they're completely
20 consistent.

21 So from my own personal perspective, I
22 always ask myself, what are the incentives to achieve
23 greater parity? How can we define what those
24 incentives are? Sometimes I have to admit, when we
25 look for the information, the analysis, the data, and

1 we think about it in societal terms and business terms,
2 I, for one, believe that I have to think about where we
3 are as a society, where our markets are, what our
4 responsibilities are, and I can tell you the one thing
5 that I have is hope. I do have hope for the fact that
6 we can achieve the goals that we're all attempting to
7 achieve here.

8 The one good thing about hope is that
9 it's free, and so it costs you nothing to get on the
10 path here to achieve the goals that we all believe in,
11 and I think the OSC is very committed to that.

12 What we're hoping to do, as Huston
13 indicated, we'll have more of a report coming out early
14 in the new year which will have the financial
15 institutions included because the reporting year ends
16 are different, so that will be helpful. We'll post
17 this information.

18 We'll look at the notion of greater
19 guidance to keep the conversation going. We'll think
20 about what that might mean, we'll take into account
21 some of the suggestions today that was made to our
22 comply or explain approach in keeping the momentum
23 moving.

24 I think, from my perspective, I think
25 someone said this recently, if that's some frustration

1 that's good because it means that people want to see
2 change. If it's aspirational, that's good. If there's
3 a motivation to achieve greater gender balance on our
4 boards and executive management, that's good. And we
5 hope at the OSC that we have been able to shine some
6 light on this very important matter and continue moving
7 forward in the expectation that we'll achieve the
8 common goals that we all have.

9 I want to thank you all very much for
10 coming here today, of your time, of your interest and
11 your support, whether it's your day job or not, thank
12 you very much. (Applause)

13 --- Whereupon the proceedings adjourned at 11:01 a.m.

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17
18 I HEREBY CERTIFY THE FOREGOING
19 to be a true and accurate
20 transcription of my shorthand notes
21 to the best of my skill and ability

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