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Study finds babies born this year will be among the first to experience gender parity on Canada's FP500 boards

Canadian Board Diversity Council reveals the results of its fifth Annual Report Card on board diversity

Toronto, ON, November 19, 2014 – If you've had a baby this year, he or she may have a hope of seeing equal gender representation on Canada's FP500 boards. According to the Canadian Board Diversity Council's (CBDC) fifth Annual Report Card (ARC), women today hold 17.1% of FP500 board seats, up from 15.6% in 2013. This signifies an increase of 1.5 percentage points from last year, which reflects a pace of change of more than four times the .32 percentage point average between 2001 and 2012. Despite this progress, however, there is still significant work to be done.

There is growth, but not enough of it across the board

The Council's research serves as a barometer of corporate board diversity in Canada, expanding the definition of diversity beyond gender to include Aboriginal peoples, visible minorities and persons with disabilities.

"We're making progress, with more women than ever before sitting on Canada's corporate boards, but it's simply not enough," said CBDC founder Pamela Jeffery. "At a growth rate just shy of two percentage points over the previous year, we wish this number was stronger. We're still not seeing substantial progress, particularly in other areas of diversity, including Aboriginal peoples, visible minorities and people with disabilities, despite the fact that there are many highly qualified candidates out there."

This year's ARC tells us that the number of board members who are self-reported visible minorities, Aboriginal peoples or persons with disabilities is in fact at its lowest level since the survey's inception in 2010: visible minorities hold only 2% of board seats, and Aboriginal peoples hold just 0.8% of those seats – despite the fact that together, these diverse groups make up nearly a quarter of Canada's population (19.1 and 4.3%, respectively).

Strong support for increased diversity at the board level

Interestingly, the ARC study showed that the majority of directors feel their boards are already diverse. And yet, only 25% of FP500 boards report having a formal diversity policy in place – this has only increased slightly by 9% since 2010.

It is for reasons like these that so many directors – 63%, according to the ARC – are in support of the Ontario Securities Commission’s (OSC) recently released ‘comply or explain’ approach, which will require companies listed on the TSX60 to report annually on their approach or policy to increase female representation on boards and in senior management positions, or explain why they do not have such a policy in place.

“We’re encouraged by the considerable regulatory attention on the challenge of increasing the number of women on boards,” said Dr. Michael Bloom, Vice-President, Industry and Business Strategy for the Conference Board of Canada, which undertook the survey. “But the pace of change is not fast enough, and to prevent the need for stronger regulatory intervention, Canadian boards will need to articulate diversity strategies that significantly increase that pace.”

A call to action

“Canada’s diversity is one of our greatest strengths in terms of our ability to be relevant and competitive on a global stage,” said Bill Thomas, CEO and Senior Partner at KPMG LLP, a co-sponsor of the Annual Report Card. “For our part, KPMG in Canada is actively taking steps to increase the diversity of our board and we strongly encourage others to do the same, and commit to continuing to advance diversity in Canada.”

The CBDC is calling on Canada’s corporate boards to:

- 1.** Consider three board-ready diverse candidates for each open board seat;
- 2.** Replace at least one of every three retiring directors with a director of a diverse background;
- 3.** Encourage individual directors to act as sponsors of high-potential executives who have the requisite skills and credentials to serve on an FP500 board;
- 4.** Join the Council to obtain support for board diversity efforts.

“Companies have told us their boards lack diversity because they can’t find qualified, diverse candidates,” said Jeffery. “But we know it’s not a supply problem, it’s a demand problem: our survey data consistently tells us that Corporate Canada supports diversity at the boardroom level, but it’s still not translating into action – and we know unequivocally through our work and our programs that there are many qualified, diverse candidates who are not making it on to boards. We need to close this gap.”

The Council is not only in a unique position to be able to report on the status of corporate board diversity, but it is also the only organization in Canada that provides the tools and resources to actually help corporate boards boost their diversity. For example, the CBDC’s Diversity 50 is an annually released cohort of 50 diverse, qualified candidates ready for corporate board director appointments.

CBDC Corporate Members have exclusive access to the full database of board-ready candidates, including highly searchable, in-depth information about each, as well as contact details. To find out more about the Council's programs and to become a Corporate Member, please [contact the Council](#).

Further, the Council's Get On Board Governance Education Program is designed to complement existing director education programs, equipping board-ready, high-potential diverse candidates with the tools to pursue board placement. Learn more about Get On Board [here](#).

Quick Facts

- Women now hold 17.1% of FP500 board seats, up from 15.6% in 2013 and 14.4% in 2012.
 - Women are better represented on TSX60 boards, at 20.1%
- Both the Finance and Insurance, and Utilities industries are creating positive influence with the highest representation of women on their corporate boards: 24% and 27.1%, respectively.
- The Mining / Oil / Gas and Manufacturing industries continue to lag: women hold a mere 9.7% of the 673 seats in the Mining / Oil / Gas industry, up just two percentage points since 2012. Women hold 14% of the 465 seats in Manufacturing, which is up only 0.8 of a percentage point since 2012.
- 63% of directors surveyed support the OSC's 'comply or explain' approach to board diversity. 67% believe it will lead to more women being appointed to corporate boards.
- An overwhelming 91% of FP500 corporate board respondents said that board diversity is either very important (44%) or somewhat important (47%).
- The percentage of directors who self-report as Aboriginal peoples, visible minorities or persons with disabilities hit its lowest level ever in 2014: Aboriginal peoples have held steady at just 0.8% compared with 2010 data, while visible minorities fell to 2% from 5.3% in 2010 and persons with disabilities fell to 1.4% from 2.9% in 2010.

For more information about Annual Report Card and the CBDC, visit www.boarddiversity.ca.

Methodology

FP500 Survey

The Conference Board of Canada undertook the survey on behalf of the Canadian Board Diversity Council. The survey was distributed in July 2014 to 3,467 corporate board chairs and directors. To conduct the FP500 survey, the CBDC compiled a list of every director serving on an FP500 board. This list was created

through a review of public data filed with the Canadian Securities Administrators (CSA) via the System for Electronic Document Analysis and Retrieval (SEDAR) for publicly-traded companies and a review of publicly available information for FP500 companies who do not file information with the CSA. This research methodology was pioneered by Catalyst for their 2011 Catalyst Census. An individual serving as a director on two boards received two surveys. Participants had the option of completing the survey online via a secure, password-protected survey website or completing the hard copy survey and returning via postage-paid envelope. The survey was available for completion in either English or French.

TSX60 Survey

The Conference Board of Canada undertook the TSX60 survey on behalf of the Canadian Board Diversity Council. The survey was distributed in July 2014 to the corporate secretaries of the TSX60 companies. Participants completed the survey online via a secure, password-protected survey website. The survey was available for completion in either English or French. The survey was completed by 35 corporate secretaries representing 35 of the 60 TSX60 companies from July to September, 2014.

About the Canadian Board Diversity Council

The Council is the leading Canadian organization advancing diversity on Canada's boards. Founded in 2009, the Council has since grown to 56 Founding and Corporate Member organizations that are committed to greater diversity in the Canadian workplace. The Council's goal is to improve the diversity of Canada's corporate boards. The Council's definition expands the traditional board definition of industry experience, management experience, functional area of expertise, education, geography and age to also include such considerations as ethnicity, gender and aboriginal status. The Council's call to action to boards and shareholders is: i) appoint at least one diverse director for every three directors retiring, ii) consider three diverse candidates when identifying each new potential director, iii) identify and sponsor board-ready diverse candidates, and iv) join the Council to obtain support for board diversity efforts.

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