



December 22nd, 2015

Sent via email to: Cooperative Capital Markets Regulatory System comment@ccmr-ocrmc.ca

Dear Sir/Madam:

We are pleased to submit our comments in response to the draft provincial/territorial *Capital Markets Act* (CMA).

Executive Summary and Context

One year after the Ontario Securities Commission's (OSC) 'Comply or Explain' disclosure requirements came into effect, representation of women on boards remains too low. The Canadian Board Diversity Council (CBDC)'s [2015 Annual Report Card](#) revealed that women hold 19.5% of FP500 organization board seats, up from 17.1% in 2014. While this represents the largest one-year increase (2.4%) since 2001, the pace of change just isn't fast enough. In the UK, for example, there are no all-male FTSE100 boards and only 15 all-male FTSE250 boards. In contrast, there were 109 all-male boards on the FP500 when we completed our research.

In light of the slow progress, CBDC welcomes the opportunity to comment on the "[Draft Initial Regulations for the Cooperative Markets Regulatory System](#)".

In 2013, we recommended to the OSC that if they moved forward with 'Comply or Explain,' they should undertake a review one year later to gauge the progress made and, that if insufficient progress was made, to introduce tighter requirements. Those results were released on September 28, 2015 and the OSC held a Roundtable the following day.



CBDC was invited to participate in the Roundtable. We had three recommendations to make 'Comply or Explain' more impactful and accelerate the pace of change in Canada:

1. The OSC provide **further guidance around detailed disclosure of the number and percentage of women in executive officer and board roles.** [It was disappointing that only 15% of issuers provided this information even when asked.]
2. The **OSC require issuers to establish a written board and executive officer diversity policy.**
3. The OSC require issuers to report on **aspirational targets** for women at the board level and in executive officer roles.

Considering the slow pace of change, we recommend that CCMR adopt 'Comply or Explain' with additional considerations based on what we've learned.

About CBDC

With 60 Member Organizations, the CBDC is the leading Canadian organization advancing diversity on Canada's boards. In our six-year history, we have become Canada's leading organization advancing diversity on boards.

Launched in 2009, the Council's definition of diversity with respect to boards expands the traditional definition of industry experience, management experience, education background, functional area of expertise, geography and age to also include such considerations as gender, visible minorities, Aboriginal peoples and people with disabilities. Our mission is to encourage companies to tap into an overlooked yet sizeable pool of talent to drive financial performance and sound governance. We achieve our mission through research, education, the identification of board-ready candidates and advocacy.

As part of our advocacy role, the Council's previous past submissions on board diversity have included: [Response to the OSC Proposed Amendments to Form 58-101F1 Corporate Governance Disclosure of NI58-101](#), [Response to the OSC Staff Consultation Paper 58-401](#) and a [Response to the OSC Proposed Amendments to Form 58-101F1 Corporate Governance Disclosure of NI58-101](#).



'Comply or Explain' is far better than enforced quotas. We believe *aspirational targets*, not quotas, are the answer. In respect of gender diversity, our vision is to see the percentage of FP500 board seats held by women rise to 30% by 2018. We do not support quotas at this time in order to achieve this.

But for 'Comply or Explain' to work, there needs to be a concerted effort on the part of all stakeholders to ensure that it does. In the UK for example, 'Comply or Explain' has been successful in increasing board diversity without quotas.

'Comply or Explain' is at the heart of the Council's made-in-Canada approach. This approach is grounded in collaboration between the Council, corporate directors, institutional investors, regulators, Glass Lewis, ISS and other proxy advisory firms, advisors to institutional investors, media and others to incent, guide, monitor and reward those companies and their shareholders to create more diverse boards and executive teams.

Recommendations

CBDC recommends adopting 'Comply or Explain' as part of the CMA disclosure requirements with regard to women on boards and director term limits, specifically *Disclosure of Corporate Governance Practices 58-101*.

We also recommend the CMA should do the following to strengthen the requirements and accelerate the path to gender diversity on boards:

- Provide further guidance around detailed disclosure of the number and percentage of women in executive officer and board roles.
- Oblige issuers to report on aspirational targets for women at the board level and in executive officer roles as well as their progress in meeting these aspirational targets.
- Require issuers to approve and publish a written board and executive officer diversity policy.



In Closing

Thank you for the opportunity to share our comments with you on behalf of our Member Organizations.

With warm regards,

A handwritten signature in black ink that reads 'Pamela Jeffery'. The signature is written in a cursive, flowing style.

Pamela Jeffery

Founder