

August 14, 2017

Standing Committee on the Status of Women  
Sixth Floor, 131 Queen Street  
House of Commons  
Ottawa, Ontario  
K1A 0A6

Re: Brief on the Economic Security of Women in Canada

On behalf of the Burnaby Board of Trade and our 1,100 member businesses, entrepreneurs, organizations and non-profits from across Burnaby, British Columbia, I thank you for the opportunity to share with you our perspective on the issue of the economic security of women. In particular ways, we are happy to share with the committee our recommendations on how to increase women's entry, participation, retention and representation in economic leadership positions, specifically on corporate boards.

The Burnaby Board of Trade has made supporting women in business a major priority of the organization in recent years. In 2016, the Burnaby Board of Trade launched its *Women's Business Success Network*, a group of local professionals—both men and women—interested in supporting and engaging with women in business. Internally, the Burnaby Board of Trade also strived to engage women in its own operations, going from just 15% of its Board of Directors being women in 2013 to achieving gender parity in 2016.

It is through our *Women's Business Success Network* that we developed the policy recommendation outlined below. This policy makes the business case for greater gender diversity on corporate boards and calls for government action to encourage this including: ensuring gender diversity disclosure rules are included in the forthcoming *Cooperative Capital Markets Regulatory System* and requiring via both the *Cooperative Capital Markets Regulatory System* and the *Canada Business Corporations Act* that companies implement governance processes that ensure women are actively recruited and considered for vacant board positions.

## **ENCOURAGING AND SUPPORTING MORE WOMEN ON CORPORATE BOARDS**

Canada continues to lag the rest of the developed world in terms of gender diversity in its corporate boardrooms.<sup>1</sup> Some reviews have found as many as 45% of Canada's publicly-traded companies have no women on their boards and overall representation of women on boards as low as 12%.<sup>2</sup> Meanwhile, the predominance of research regarding this issue suggests that companies which have more female board directors perform better, with greater gender diversity on boards being linked to everything from better returns on equity, to higher stock prices, to overall better financial returns.<sup>3</sup>

*Ensuring Existing Comply-or-Explain Regulations are included in the new Cooperative Capital Markets Regulatory System*

In recent years the securities regulators in eight provinces and three territories adopted amendments to National Instrument 58-101 Disclosure of Corporate Governance Practices that require "reporting non-venture issuers" annually

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<sup>1</sup> Catalyst, *Gender Diversity on Boards in Canada*, (Ontario, Canada: Queen's Printer for Ontario, 2016)

<sup>2</sup> CSA Multilateral Staff Notice 58-308, Staff Review of Women on Boards and in Executive Officer Positions -Compliance with NI 58-101 Disclosure of Corporate Governance Practices, (September 28, 2016)

<sup>3</sup> Catalyst, *The Bottom Line: Connecting Corporate Performance and Gender Diversity*, (New York: Catalyst, 2004); Credit Suisse Research Institute, *The CS Gender 3000: Women in Senior Management* (Zurich, Switzerland: Credit Suisse Research Institute, 2014); McKinsey & Company, *Diversity Matters*, (McKinsey & Company, 2014)

disclose the number and proportion of women occupying board and executive positions, as well as disclose their corporate policies related to such gender diversity.<sup>4</sup>

Companies which do not have such policies must explain why they have not been adopted, a regulatory model known as “Comply-or-Explain.” Comply-or-Explain regulations are able to shed light on the issue of gender diversity and encourage behavior change by the business community by forcing discussion and consideration of the issue.

Currently, the governments of Canada, Ontario, Saskatchewan, New Brunswick, Prince Edward Island, Yukon and British Columbia are working together to jointly establish a *Cooperative Capital Markets Regulatory System* which will feature a single capital markets regulatory authority. The federal government should take a leadership role and ensure that comply-or-explain regulations regarding gender diversity on boards and in executive positions are included and integrated into this new regulatory system and current comply-or-explain requirements are not lost.

#### *Requiring the Consideration of Women for Board Vacancies*

While comply-or-explain regulations have had some positive impacts, the results have been admittedly modest--- a 1% increase in the number of total board seats occupied by women in 2016 compared with 2015 (to 12%) and a 6% increase in the number of issuers with at least one woman on the board (to 55%) compared with 2015.<sup>5</sup>

One major reason for the lack of women on boards is the recruitment process; male board members and male executives search their often male-dominated networks for potential candidates, perpetuating the gender gap. In addition, women are also under-represented in senior and executive business positions which are often the source of board appointees.

Canada should consider implementing regulations requiring companies to have governance policy regarding the representation of women in the director identification and selection process, and require that these policies mandate at least one qualified woman be fully considered for all board vacancies. Such consideration should be required to be meaningful, conducted in good faith, and include any requisite interview or assessment process.

Requiring goals for women’s inclusion at the consideration and interview stage of board nominations would ensure that women are being considered fairly while still requiring they demonstrate the skill and merit necessary to receive a directorship. Regulations such as these would have the benefit of forcing a change in mindset in Canada’s boardrooms and would be a catalyst for progressive changes in corporate governance and in greater gender diversity outcomes.

Such a requirement could again be included in the regulations of the *Cooperative Capital Markets Regulatory System* currently being created. In addition, the federal government could include this requirement of consideration of women for board vacancies in the *Canada Business Corporations Act*.

#### **Recommendations**

The Burnaby Board of Trade recommends that the federal government:

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<sup>4</sup> A “reporting issuer” means a company whose securities are publicly-traded and has issued securities/stocks/shares. A “non-venture issuer” is a reporting issuer that has its securities listed/quoted on any of the Toronto Stock Exchanges, a US marketplace or any marketplace outside of Canada/US. In Canada, “venture issuers” tend to be junior companies listed instead on the TSX Venture Exchange or the Canadian Stock Exchange.

<sup>5</sup> CSA Multilateral Staff Notice 58-308, Staff Review of Women on Boards and in Executive Officer Positions - Compliance with NI 58-101 Disclosure of Corporate Governance Practices, (September 28, 2016)

1. Ensures that “comply or explain” requirements, similar to the amendments to NI 58-101 “Disclosure of Corporate Governance Practices” regarding Gender Diversity and Term Limits, are included in the final iteration of the *Cooperative Capital Markets Regulatory System*.
2. Advocates also for inclusion in the *Cooperative Capital Markets Regulatory System* of regulations that mandate reporting non-venture issuers implement board recruitment policies that require at least one qualified woman be fully considered for all board vacancies. Such consideration should be meaningful, conducted in good faith, and include any requisite interview or assessment process.
3. Amends the *Canada Business Corporations Act* to include similar regulations that mandate reporting non-venture issuers have board recruitment policies that require at least one qualified woman is fully considered for all board vacancies. Such consideration should be meaningful, conducted in good faith, and include any requisite interview or assessment process.

I would again like to thank you for the opportunity to share our perspectives and ideas on how we can support more women in attaining economic leadership positions in Canada. I would welcome any further opportunity to engage with the committee on this issue in the future.

Sincerely,



Paul Holden  
President & CEO  
Burnaby Board of Trade

*The Burnaby Board of Trade is the leading business association in Burnaby, British Columbia representing 1,100 members including businesses, not-for-profits, government, academia, and entrepreneurs. Following a triple-bottom-line perspective of economic, social and environmental sustainability, the Burnaby Board of Trade works to make business better by providing its membership with insightful leadership, advocacy, education and a platform for collaboration.*