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CANADIAN SECURITIES ADMINISTRATION
AUTORITÉS CANADIENNES EN VALEURS MOBILIÉRES

ROUNDTABLE DISCUSSION - THIRD REVIEW OF WOMEN ON
BOARDS AND IN EXECUTIVE OFFICER POSITIONS

DATE: Tuesday, October 24th, 2017
HELD AT: 20 Queen Street West, 22nd Floor,
Toronto, Ontario

MODERATORS: MAUREEN JENSEN, Chair and CEO, Ontario Securities
Commission
ANNEMARIE RYAN, Lead Director, Ontario
Securities Commission
HUSTON LOKE Director, Corporate Finance,
Ontario Securities Commission

1 PANELLISTS

2 UNGAD CHADDA, President, Capital Formation,
3 Equity Capital Markets, TMX Group Ltd.
4

5 DONALD K. CHARTER, Chairman and Director, IAMGold
6 Corporation
7

8 JUDY COTTE, VP & Head, Corporate Governance &
9 Responsible Investment, RBC Global
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12 CAROL HANSELL, Founding Partner, Hansell LLP
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14 EILEEN MERCIER, Professional Director
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16 HUGH O'REILLY, President and CEO, OPTrust
17

18 DEBRA SISTI, Head of Canadian Governance Research,
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21 TANYA VAN BIESEN, Executive Director, Catalyst Canada
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1 --- Upon commencing at 9:00 a.m.

2 -- INTRODUCTION:

3 MS. MATEAR: Good morning, everyone. We would like to
4 ask everyone to take their seats as we will be getting started in
5 a few minutes.

6 Good morning, everyone. My name is Jo-Anne Matear, and
7 I'm a manager in the Corporate Finance Branch of the OSC. I
8 would like to extend a warm welcome and thank everyone for
9 attending the OSC's Roundtable to discuss the third review of
10 women on boards and in executive officer positions.

11 In particular, I would like to acknowledge our
12 colleagues from the CSA who are listening in on the line and we
13 are pleased to welcome representatives from the Premier's office,
14 the Finance Minister's office, the Ministry of Finance, the
15 Ministry of Status of Women and the Ministry of Government and
16 Consumer Services.

17 Before we get started, I would like to take a moment to
18 take care of some housekeeping items. Coffee and breakfast food
19 are available in the hall outside the room. Restrooms are
20 located on the other side of the elevator lobby.

21 We are transcribing today's Roundtable and we will make
22 the transcript available on our website. We are also taking
23 photos that may be posted on our website.

24 You should have a folder on your seat that includes a
25 copy of today's agenda, all of the panellists' bios and a
26 one-page summary of trends from CSA Multilateral Staff Notice
27 58-309.

28 The format of today's event consists of a discussion on

1 the results of the third year review, followed by a discussion of
2 what the OSC should do next in this area. We will provide time
3 after the panel discussion for questions. If you have a
4 question, please raise your hand and a staff member will bring a
5 microphone to you. We'll get to as many questions as we can in
6 the time allotted after the panel discussion.

7 Our OSC moderators for today will be Maureen Jensen,
8 Chair and CEO, AnneMarie Ryan, Lead Director, and Huston Loke,
9 Director of Corporate Finance.

10 With me are two of my colleagues in Corporate Finance,
11 Sandra Heldman and Katie DeBartolo, who will be presenting the
12 results of the third year review.

13 Now I would like to introduce our distinguished panel
14 to you. Ungad Chadda is the President of Capital Formation,
15 Equity Capital Markets at TMX Group Limited. He is responsible
16 for all aspects of the Toronto Stock Exchange and TSX Venture
17 Exchange's listings business.

18 Don Charter is the Chairman and Director of IAMGold
19 Corporation. He is an experienced executive and corporate
20 director in the resources, financial services and real estate
21 sectors and has served on over 20 public company boards.

22 Judy Cotte is the Vice-president and Head of Corporate
23 Governance and Responsible Investment at RBC Global Asset
24 Management. Prior to joining RBC Global Asset Management, she
25 was the Director of Policy Development and Chief Operating
26 Officer for the Canadian Coalition for Good Governance.

27 Carol Hansell is the Founding Partner of Hansell LLP.
28 Her firm is regularly engaged on matters that include special

1 committee mandates, board investigations, governance reviews and
2 shareholder engagement. She has extensive experience as a
3 director and has been involved in governance, education and
4 thought leadership throughout her career.

5 Eileen Mercier is a Professional Director and is
6 currently the Chair of the Canadian Payments Association and
7 serves on the boards of Teekay Shipping Corporation, Intact
8 Financial Corporation, the Royal Conservatory of Music and the
9 University Health Network. She recently completed her term as
10 the Chair of the Ontario Teachers' Pension Plan Board.

11 Hugh O'Reilly is the President and CEO of OPTrust. He
12 also serves on the board of the Canadian Coalition for Good
13 Governance and is a member of the TMX Advancing Innovation
14 Roundtable and the editorial advisory board of Benefits and
15 Pensions Monitor.

16 Debra Sisti is the head of governance, Canadian
17 Governance Research at Institutional Shareholder Services or ISS.
18 She is responsible for managing policy development and benchmark
19 Proxy Advisory Service research covering approximately 2500
20 Canadian publicly listed companies.

21 And Tanya van Biesen is the Executive Director of
22 Catalyst Canada, the leading global non-profit working to
23 accelerate progress for women through workplace inclusion. She
24 is responsible for leading the growth of Catalyst's operations in
25 Canada and shaping strategies to advance Catalyst's mission.

26 Thank you for being here today. We look forward to
27 hearing your insights and views. As I mentioned previously, you
28 may find their detailed bios in your folder.

1 I would now like to introduce OSC Chair and CEO,
2 Maureen Jensen, who will provide the opening remarks.

3 -- OPENING REMARKS:

4 CHAIR JENSEN: Thanks, Jo-Anne, and I'd like to
5 welcome everyone here today. After three years being on this
6 journey, I think it was very important for us to get together and
7 talk about the progress that we've made and the progress that we
8 haven't made and have a full discussion on where we need to go
9 from here.

10 So we're encouraged. We published our most recent
11 review on October the 5th and I feel we've found some
12 momentum, and I would like to get to that in a moment, but I
13 think that the progress has been slow. So we're encouraged that
14 we're now looking at 61 percent of issuers that have at least one
15 woman on their board, and that's up from 55 last year, and the
16 year before was 49 percent. While this is an improvement of 12
17 percent, after three years of focusing on this, it's not much of
18 a needle that we've moved.

19 So we're seeing progress at large issuers, where women
20 make up one quarter, or approximately a quarter, 24 percent of
21 board seats. So that is 134 seats of 548 seats that have been
22 filled. Only 14 percent of seats across all issuers are held by
23 women and that's up from 12 percent last year and 11 percent the
24 year before. So while we have moved two points in the last year,
25 in the last three years we have only moved three.

26 So this may be the start of a change, and we're seeing
27 one very interesting statistic, and that is 26 percent of the
28 seats that were filled last year were filled by women. But if

1 you look at the opposite side of that, that's 74 percent of the
2 seats, even as we're trying to move the needle for diversity on
3 our boards, 74 percent of the seats went to men.

4 So although 26 is progress, we're never going to reach
5 parity or 30 percent for a significant amount of time. It will
6 still take over 30 years if we assume the fill rate increases to
7 50 percent over time.

8 To us, this is a governance issue. Diversity at the
9 board and at the management tables brings diversity of opinion,
10 which promotes meaningful discussions and better decision making
11 by firms. Studies have shown us this. Diverse boards are good
12 for Canadian companies and they're good for the Canadian economy,
13 and we believe attention needs to be paid to this issue.

14 In 2014 the OSC put in place comply or explain
15 disclosure rules, which have been adopted across Canada, except
16 for B.C. and PEI, and these rules require most companies listed
17 on the TSX to annually disclose how many women are on their board
18 and in executive officer positions and whether or not they have
19 set targets. So they also need to disclose whether they have a
20 written policy. They need to describe whether there are term
21 limits or other board mechanisms for board renewal.

22 If they don't have targets, policies or term limits or
23 other mechanisms of board renewal, they then need to explain why.
24 So these rules were intended to improve corporate governance. We
25 saw a difficult situation in Canadian companies with group think
26 at the board, and we think that we need to have more diversity of
27 opinion and we need to have the quality of decision-making much
28 more transparent to assist investors when they're making

1 investment and voting decisions.

2 I believe we're on the path to achieving some of these
3 goals, but I believe that we have a long way to go. By ensuring
4 information about gender diversity is disclosed, we now know that
5 over 259 publicly traded Canadian companies do not have a single
6 woman sitting at their board table. Companies are starting to
7 address this issue and important conversations are happening, and
8 we think that these conversations were not previously taking
9 place.

10 I think investors are taking notice. They're
11 questioning public companies that have no female representation
12 on their board.

13 So we're encouraged by these trends, but more needs to
14 be done. So the question is, and that's what we're going to talk
15 about today, where do we go from here? It's an important and
16 complex issue and everyone has a role to play. All of us here in
17 this room, industry leaders, regulators and government, and also
18 investors.

19 I want to be clear that as a securities regulator we
20 do not have the authority to put quotas in place. That is a
21 government decision. Our key tool is disclosure, and we have the
22 authority to set the rules to conduct compliance reviews and to
23 take regulatory action, if need be.

24 Our rule has been in place for almost three years and
25 we now have enough data and experience to assess what's
26 happening, what's working and what we can improve on.

27 We may need to revise our existing provisions, maybe
28 remove some that aren't really moving the needle, and add others.

1 For example, is asking an issuer how an issuer considers
2 representation of women in director nominations and executive
3 officer positions, is that question yielding information that is
4 decision useful?

5 It may be time that we take a look at supplementing the
6 rule with guidelines. We have successfully utilized this
7 approach in other areas in corporate governance such as board
8 independence, or maybe taking other regulatory action, such as
9 disclosure enhancements, refilings, education or awareness.

10 So that's why we're here today. We're looking for your
11 input on how we can help move the dial on this important issue. So we
12 want to hear your thoughts on our findings and we want your ideas
13 on how we can contribute to improving gender diversity at the
14 board table.

15 Any action we take must be meaningful, but at the same
16 time, we're very clear that we do not want to add to the large
17 regulatory burden and that's why the expertise and your thoughts
18 in this room are so important to us.

19 We are pleased to have brought together leaders who
20 represent public companies, independent corporate directors,
21 stock exchanges, institutional investors, law firms, proxy firms
22 and advocacy organizations. In our view, the outcome is
23 ultimately about effective corporate governance and informed
24 decision making. It's not about social engineering. This
25 Roundtable will help build on the work done to date and will help
26 us assess our next steps.

27 In the modern world boards that reflect the diversity
28 of their stakeholders are better equipped to see and understand

1 risks and recognize opportunities and to implement strategies
2 that address these risks and capitalize on opportunities.
3 Although today we are presently focused on gender diversity, we
4 believe decision making is enhanced when leadership roles are
5 filled with individuals who have different points of view
6 informed by not only their professional experience and education,
7 but also their individual qualities and attributes, including
8 gender, age, ethnicity, and cultural background.

9 So before we start I would like to thank Huston
10 and your whole team, Jo-Anne, Sandra, Katie, all the people that
11 are in the room that organized this event today. I'd also like
12 to acknowledge the work our staff has done in conducting the
13 reviews over the last three years. Not only have they developed
14 statistics which are very important, but they also have a firm
15 grasp and understanding of some of the reasons behind the
16 disclosure and I think that has fundamentally led to us looking
17 at what we can do over the next three years.

18 Thank you very much for attending today and I look
19 forward to an informative discussion. I'll turn it back to
20 Jo-Anne.

21 -- PRESENTATION OF RESULTS:

22 MS. MATEAR: Thank you. So we do have a brief
23 presentation to set the context for today's discussion. By way
24 of background, our corporate governance disclosure rule,
25 National Instrument 58-101, requires TSX listed and other
26 non-venture reporting issuers to provide corporate governance
27 disclosure relating to the representation of women on their
28 boards and in executive officer positions. These disclosure

1 requirements came into force on December 31st, 2014, and follow a
2 form of comply or explain disclosure model.

3 The five key areas of disclosure required by the rule
4 are: 1, the number of women on boards and in executive officer
5 positions; 2, policies regarding the representation of women on
6 boards; 3, targets regarding the representation of both women on
7 boards and in executive officer positions; 4, director term limits
8 and other mechanisms of board renewal; and 5, the consideration
9 of the representation of women in the director identification and
10 selection process and when making executive officer appointments.

11 On October 5th of this year we published CSA
12 Multilateral Staff Notice 58-309 which summarizes the results of
13 our third review of these disclosures. CSA staff reviewed 660
14 issuers with year-ends between December 31st, 2016, and
15 March 31st, 2017, which filed information circulars or annual
16 information forms by July 31st of this year.

17 The industries and market capitalization of the issuers
18 in our sample are generally representative of the TSX, with the
19 exception of the banking industry. Most banking issuers have an
20 October year end and fell outside the scope of our review. This
21 is similar to prior years.

22 I will now turn it over to Sandra and Katie, who will
23 walk through some of our key findings which will provide the
24 background context for today's discussion.

25 MS. HELDMAN: The first area that I would like to
26 highlight is the percentage of issuers with at least one woman on
27 their board. We had a high compliance rate with the disclosure
28 relating to the number and percentage of women on boards and,

1 consistent with last year, that was at 90 percent that disclosed
2 either the number or the percentage of the women on their board.

3 Overall, 61 percent of issuers have at least one woman
4 on their board, which is compared to 55 percent last year and
5 49 percent in the first year. As Maureen said, that is a
6 significant improvement that we have seen over the three years
7 since the CSA put this rule into place.

8 Conversely, what that is is 51 percent of issuers had
9 no women on their board in the first year and are now at
10 39 percent that have no women on their board.

11 This improvement was reflected not just in the number
12 of issuers with women on their board, but also in the overall
13 number of women holding board seats. 15 percent of issuers added
14 one or more women to their board in the past year, which
15 contributed to the overall percentage of board seats occupied by
16 women, which has increased to 14 percent this year from 12 percent
17 last year and 11 percent in our first year.

18 This increase was seen for all sizes of issuers, with
19 the biggest improvement seen for issuers with a market
20 capitalization of one to two billion dollars. For our larger
21 issuers, those with over ten billion dollars in market cap, women
22 hold 24 percent of the board seats, which is up from 21 percent
23 in the first year.

24 A new statistic which Maureen mentioned that we
25 reported on this year was how vacated seats were filled. Of the
26 505 board seats that were vacated and filled this year,
27 26 percent were filled by women. This did contribute to the
28 increase in overall change in board seats held by women, but to

1 see further significant change this fill rate must move up from
2 the 26 percent that it's currently at.

3 Assuming this fill rate were to increase to 50 percent
4 over time, as Maureen indicated, this will take actually over 30
5 years to get to parity of men and women on TSX boards.

6 For disclosure relating to the number of women in
7 executive officer positions, we also had a high level of
8 compliance, with 93 percent of issuers providing this
9 information, compared to 85 percent in the first year. We have
10 seen a slight increase in the number of issuers with at least one
11 woman in executive officer positions, moving from 60 percent in
12 the first year to 62 percent in the current year, but not nearly
13 the movement that we have seen with women on boards.

14 MS. DeBARTOLO: With regards to the adoption of
15 policies, in our sample, 35 percent of issues disclosed that they
16 had adopted a policy relating to the identification and
17 nomination of women directors, which is a significant increase
18 from the 15 percent reported in the first year. Although a
19 greater percentage of issuers have adopted policies, over half of
20 our issuers still elected not to adopt a policy. Other issuers
21 had broader diversity policies that did not have specific
22 provisions relating to the identification and nomination of women
23 directors.

24 One of our key findings was that for issuers of all
25 sizes, those that had a policy relating to the representation of
26 women on their board had a higher percentage of women on their
27 board than issuers without a policy. This has been consistent
28 over the past three years. And specifically, the graph on the

1 slide shows that issuers that adopted policies had an average of
2 19 percent of women on their boards compared to an average of ten
3 percent for issuers that did not adopt policies in 2017.

4 In terms of target setting, again this year we saw a
5 very low percentage of issuers that adopted targets for both
6 board and executive officer positions. Only 11 percent of
7 issuers set a board target in 2017, which is a slight increase
8 from the seven percent in 2015. Only three percent of issuers
9 set executive officer targets, and that remains fairly consistent
10 over the past three years.

11 The most common reasons cited for not adopting targets
12 was that "candidates are selected based on merit". The chart on
13 the slide shows that, regardless of the size of the issuer, for
14 issuers that have board targets, we saw a greater percentage of
15 women on their board when compared to issuers without targets.
16 Overall, issuers that adopted board targets had an average of
17 26 percent of representation on their board compared to issuers
18 without targets, that had an average of 12 percent.

19 With regards to director term limits, we found that 21
20 percent of issuers adopted director term limits, which is not a
21 significant change from the prior years. As illustrated by the
22 chart, issuers adopted different forms of director term limits,
23 including age limits, tenure limits, or both age and tenure
24 limits, and these have remained fairly consistent over the past
25 three years.

26 I would now like to turn it over to Huston, who will
27 moderate the first topic relating to the results of the third
28 review.

1 -- TOPIC 1 - THE RESULTS:

2 MR. LOKE: Thanks, Katie. So for this section what
3 we're going to do is have a series of questions and for each
4 question I will direct them to individuals, but I do invite
5 others on the panel to chime in. This is about having the
6 best kind of discussion and debate we can about these important
7 topics.

8 So I want to first start off with some statistics, so
9 we'll talk about some of the numbers that the team have been
10 assembling. We found that in year one only 49 percent of
11 companies had one or more women, and that's moved to 61 percent,
12 but when you look at what that means on the overall landscape,
13 women occupy 14 percent of all board seats, the fill rate where a
14 vacancy is there and they bring a woman on board, that is
15 26 percent, and that compares to work force participation of
16 47 percent and just being over 50 percent of the population.

17 So I'm going to start off with Tanya perhaps. How do
18 you -- what kind of progress or lack of progress are you seeing
19 in these numbers and how do you put this all together?

20 MS. van BIESEN: Well, my view is that the report is
21 disappointing, and I agree with Maureen that I think the rule has
22 created more of a conversation around this issue, but I think
23 when you look at the numbers going from 49 percent to 61 percent
24 at the board level and only 26 percent of vacancies are filled by
25 women, I don't feel like we have hit a tipping point yet where there is
26 actually behavioural change in terms of recruitment. You know,
27 we are getting at those entrenched biases that are causing this
28 lack of movement, so I think it's disappointing and I don't really

1 see it as big progress.

2 MR. LOKE: So lots of work to do. Anyone else want to
3 chime in?

4 MS. MERCIER: Where to start? I guess one of the
5 things that -- I understand from what you say that the financial
6 institutions, by and large, the October 31st financial
7 institutions are not in these numbers, so I guess I would start by
8 saying that I feel badly about that for a number of reasons. One is
9 because it's clear that because they are so intensely competitive
10 with each other, that once one starts down a path the others all
11 follow. And so their numbers are better than anybody else's in
12 terms of women on board, and I would suspect, in management as
13 well.

14 So when you don't have a standard -- what I would love
15 to see, and I'm sure you have this granular detail, is by
16 industry sector because I think that teases out a lot of
17 interesting information about the barbell problem that we have.
18 And I think that in order to actually understand what the gold
19 standard is in this country, at any rate, you know, before we
20 have anything that has real teeth in it, and what happens in that
21 sector versus what would happen in resources or retail or some of
22 the places that are still a black hole, I think that we need to
23 have more information.

24 I agree with Tanya that we're -- the progress is
25 glacial, so I think in terms of trying to understand more about
26 these numbers and actually what they tell us, more granularity
27 would be helpful but, you know, I do think that we have to
28 understand the range across industry sectors, where we're making

1 discernible progress and where we're making really none at all.

2 MR. LOKE: Those are important points. What we find
3 when we look through the data is that almost all industries have
4 shown progress on a sector by sector basis over the last three
5 years. We have seen some industries that are consistently more
6 diverse. So when we look at the data, industries such as retail,
7 for example, and, you know, financial services, they end up with
8 a fairly -- a number, over 50 percent of issuers with one or more
9 women on their boards. When you look at some of the other
10 issuers, for example, in the oil and gas sector, you end up with
11 numbers that are considerably below that. So that is something
12 for industry to think about, because it does vary from sector to
13 sector.

14 I want to talk about executive officer positions. One
15 of the issues that we grappled with when we were creating this
16 set of disclosure rules was what else in terms of the scaffolding
17 or ecosystem of these decisions, what else will help? So one of
18 the things that we felt would be helpful would be disclosure
19 regarding executive officer positions.

20 What we see is that the percentage of issuers with at
21 least one woman in an executive officer position is about
22 62 percent and appears to have almost stalled there. That's been about
23 flat in the last few years. I wanted to see if the panellists had any
24 views on that. And, remember, we're not talking about percentage
25 of women in those positions, it's the percentage of issuers with
26 one or more women in those positions.

27 MS. van BIESEN: I have a view, I will always have a
28 view. If you look at the numbers, it went from 60 to 59 to 62,

1 so next year it could be 58 for all we know, right. I think that
2 is a concern. That isn't a trend line, that's a
3 concerning set of numbers. And then only three per cent of issuers
4 have a target around executive women, which I think is an even
5 more devastating number.

6 You started to say, Huston, women are over 50 percent
7 of the population, 47 percent of the work force, 60 per cent of
8 university grads, so none of this actually makes good sense. I
9 believe that this is an even bigger problem than the board
10 problem. The board problem is actually easier and faster to fix,
11 but until we fix the executive positions, the pipeline, the women
12 coming up and taking on big leadership roles, whether it's line
13 roles or big functional roles that position them for whether it's
14 the CEO spot or board spot, we're going to have this board
15 problem forever, right.

16 To me, this is the real crux of the issue, and when we
17 talk about the reasons given for not having targets, you know,
18 it's because it's a meritocracy. As we know, that is the great
19 big bucket of unconscious bias and to you what's merit is
20 different from me, right. It's in the eyes of the beholder, so
21 this to me is the most concerning part of this report, to be
22 honest.

23 MR. LOKE: Anyone else?

24 MS. MERCIER: Yes, I love the Toronto Symphony
25 Orchestra's selection process now consists of candidates behind a
26 screen, and they found that the percentage of women when they
27 were just playing the clarinet, nobody could see who they
28 actually were, and the percentage of women selected just

1 skyrocketed.

2 MS. HANSELL: They don't do that for the board, by the
3 way.

4 MS. MERCIER: Your unconscious bias comment is really
5 one that, you know, it's just so intransigent. It's really
6 difficult to deal with when you don't have anything to actually
7 get at people if they persist in that.

8 And I agree with you, the meritocracy thing just makes
9 me crazy, but what are you going to do?

10 MS. van BIESEN: That's a challenge, and it's hard to
11 pinpoint, it's hard to get at, because, frankly, we're all
12 biased, right. It's not a bunch of bad actors, it's not that,
13 it's good actors, but growing up in a certain social context.

14 MS. MERCIER: It's cultural comfort.

15 MS. COTTE: But to the intransigent point, there's some
16 great research on unconscious bias and great training tools and
17 people who will go around, our firm has rolled out pretty
18 comprehensive unconscious bias training.

19 So I do think that that's a place to start, at least
20 being aware of your own biases, and I do think we all have them,
21 men and women, but being aware of them and actually starting to
22 make people aware of them and then do some things to help them
23 move past it would be an important step. Otherwise I do think we
24 are going to get stuck.

25 And there's biases around not just gender, but all
26 sorts of other forms of behaviour and diversity.

27 MS. HANSELL: I think the challenge of where to find
28 the appropriate women to serve on boards and, you know, I think

1 that we have to go broader and deeper. There are lots of board
2 ready women who are talented and would make excellent
3 contributions to the board.

4 One of the challenges is I think the percentage of
5 boards that use search consultants, for example, is relatively
6 low, for whatever reason, and so the result is that the vast
7 majority of board searches are done by looking around at our own
8 colleagues, the people that we know, usually from other boards,
9 and that, I think, perpetuates the issue. I think providing
10 solid suggestions to people about how they might go about
11 broadening out the pool a bit might be helpful.

12 Can I give you one example? This particular client
13 knew that they were light on women. They also had very specific
14 objectives. They needed to get some representation from the east
15 coast because they had a lot of business there and they had
16 nobody on their board, and so they knew none of them had a
17 particularly good network there, so they called a very prominent
18 businessman, former politician from that area, and said "name for
19 me three board-ready women", and he came up with a lot of
20 board-ready women. That was his area, he knew the community, and
21 they immediately had two women from eastern Canada on the board.

22 But that was a little bit more outside the box thinking
23 about where to go for the information. They were trying to take
24 positive action, they just didn't know how until they came up
25 with that.

26 MS. COTTE: Just to pick up on that point, I agree and
27 I really do think that professionalizing the board recruitment
28 process and requiring or recommending some disclosure around that

1 process is really a key to cracking the nut on all forms of
2 diversity. I think that if that recruitment process is more
3 professional and broad and looks beyond just former CEOs, I think
4 that will inevitably lead to more diversity of background,
5 experience, gender, and all the other forms of diversity that we
6 should be welcoming.

7 MR. LOKE: So there's a few important themes that come
8 out of there. Being deliberate about the search, providing
9 training, and professionalizing that search. I think preparing
10 the ground in terms of executive positions is critical, because
11 when someone is looking through their matrix of skills they are
12 going to be looking for executive experience.

13 So one concern at the 62 percent is that's about the
14 level of number of -- percentage of issuers with at least one
15 woman on their board. Is that a stall number? And we won't know
16 for a few more years, I suspect.

17 MS. van BIESEN: Well, if you look at the two and three
18 plus that -- I mean, they have completely stalled out, right.
19 It's flatline across the board, so I would guess next year is not
20 going to be much different.

21 MR. O'REILLY: I just want to offer a perspective from
22 the institutional investor side. To me, we need to do a better
23 job in articulating the importance of diversity on boards. In
24 particular, as we look at the forces of disruption that are upon
25 us from an economic point of view, from a corporate perspective,
26 and how we value our investments, having boards that have
27 diversity with women and other perspectives is going to be a
28 fundamental in terms of making it in the world we're in. I think

1 we have to do a much better job of articulating that from a
2 demand side.

3 I also think as an -- from an employer perspective, we
4 need to do a much more thorough job in making sure that we
5 accommodate women in the workplace in a much better way, a more
6 thoughtful way. We have to recognize certain things and have
7 conversations around them.

8 Women end up being the primary parent. That has an
9 effect on their career path as things are currently structured.
10 This isn't a normative view, I'm just saying it has an effect.
11 We need to talk about that. There's a big emphasis on
12 recruitment, and it's important. There's a big emphasis on
13 promotion, but the in between part is important too. We need to
14 understand what it is we're doing wrong, what it is we're missing
15 there and what we can do to better support women in the workplace
16 so that they can be in a position to promote. They are the
17 majority.

18 When I was in law school, I was the first class that --
19 I'm older, but I was the first class that the tip went over to
20 more than 50 percent. This is going to happen across our world,
21 professionals and the rest of it. We need to figure this one
22 out, we need to talk about it.

23 CHAIR JENSEN: So the Scandinavian countries
24 really looked at this quite a long time ago and they made one
25 small change that had an enormous impact, and that was to stop
26 calling things maternity leave and start calling it parental
27 leave, and encouraging both men and women to take the time off.
28 It sounds like something small, but what it had was it put both

1 men and women in the childbearing years on an equal footing. And
2 so once that became a cultural norm, that one issue went away.

3 MS. van BIESEN: And that's a use it or lose it
4 situation, Maureen. It's given to both parents, whether they're
5 hetero-normative or, you know, same sex gender, whatever, but you
6 get an allotment. If you decide not to take it, that's fine, it
7 goes away and the other parent doesn't get it. So the employer
8 become indifferent to who they're hiring because you could both
9 exit and take time off for parental leave.

10 CHAIR JENSEN: So that's good for the pathway,
11 but we're finding, regardless whether you have family issues or
12 not, women are not going past mid-level management in the
13 percentages that represent the population.

14 MR. CHADDA: I'm just going to add quickly, just at the
15 risk of piling onto Hugh's comment, I think that's a really key
16 one from the investors' side and the board side. You know, it
17 seems to me we spend a lot of time looking at the skills matrix
18 and competencies of the board, but actually using stakeholder
19 mapping. So every firm, in my view, ought to be saying
20 customers, suppliers, regulators, lenders, shareholders, these
21 are the people we interface with, and what is the diversity
22 within those segments within your business, and clearly those
23 populations, those numbers are going to show way more women than
24 the board does.

25 So from a director point of view, if you're not mapped
26 back, because that's where your risk lies, as Hugh said, the risk
27 of disruption, risk of missing something, missing a trend, so I
28 think that's an important piece in terms of making sure that it

1 gets mapped back to that because that, I think, can be a weapon
2 in the fight against the bucket of meritocracy, which is this
3 nebulous sort of thing with biases. I think the harder you can
4 map that back, so if somebody is making an excuse to you, saying,
5 well, there's no need for women on boards in our company because
6 it's all men, but have you gone through all those stakeholders?
7 I think that's really important.

8 I do agree on the Scandinavian side that government has
9 come in, and paternity leave is one element, I think, element
10 that they have introduced, but there's a basket of things geared
11 at making corporate life easier for women to be able to do both.
12 So just echoing a few comments there.

13 MS. MERCIER: Just a couple of things. One about the
14 idea of using professional firms. I guess the first thing is you
15 actually have to tell the firm to do something specific. If you
16 just send them out they'll listen to what you're saying and their
17 bias will take over. They want to have a successful search, so
18 unless you say okay, so I want this kind of a list, then you'll get
19 a repetition of what you always have.

20 The other thing is the skills matrix thing, which I
21 believe is very important. You look at those skills matrix and
22 matrices and you see how few of them actually have a column with
23 diversity included as something you want. You know, they've got
24 engineering skills or finance and public affairs and blah, blah,
25 and then mapping all the other people. There's no blank spot,
26 because when you do that, the holes jump right out off the page,
27 right. But unless you've got one set that's marked diversity,
28 you're not going to see a hole.

1 MR. CHADDA: I think that's the opportunity to instead
2 of just asking people to comply with that box and put that box
3 in, if you're linking that back to the why being specific to that
4 company, I think then that gives them more of a reason that
5 you're not mapped, you're exposed.

6 MR. CHARTER: I think if I could comment on a couple of
7 things, and I go back to your opening about social engineering
8 and I think that we have to recognize that there is a massive
9 need for social reengineering.

10 We have an endemic problem that has to be addressed,
11 and I hear you when we talk about the fact that the Securities
12 Commission is looking at a very narrow band, and listening to the
13 discussion we keep bouncing between the two on that, so, you
14 know, I premise my comments on the fact that we have a massive
15 social issue here that has to be addressed, and the social issue
16 is that we have not eliminated discrimination.

17 The unconscious bias one in the studies, because I read
18 those and I had the luxury of going to some of these programs,
19 was the realization that those unconscious biases against women
20 are equal between men and women, and a recognition of that. So
21 clearly we have a number of things that are symptomatic of this
22 societal problem that we have and what can we do to come across that?

23 To bounce back a little bit to the specifics, I can
24 tell you that hiring search firms to do a professional search to
25 address women on boards is actually a bigger problem than not
26 using search firms. The challenge when you use search firms,
27 particularly even more so at the CEO or C suite level, just

1 finished reading an article where the typical board believes that
2 there's only two people that could step in and run their company,
3 at that size it was just an agenda.

4 These are mindsets, these are real issues and these
5 issues are driven by how they see themselves answerable to their
6 institutional shareholders. The institutional shareholders have
7 a department that will talk about things, but then the trigger
8 pullers, they have a different perspective on things, and at the
9 end of the day we're answerable to the trigger pullers in the
10 competition for capital. That's an interesting dilemma.

11 So I think that when we are going to be addressing
12 these things and we look at the role of the board, and a board
13 should have the role of ensuring that at the C suite level, but,
14 more importantly, all the way through the organization these
15 things are being addressed.

16 I think BHP, for example, has just come out with an
17 astounding position, which I applaud them for, and we need way
18 more companies taking those kind of statements and I think that's
19 following in the footsteps of what the banks are doing. The
20 banks have a much more privileged position in our business
21 community, but we see BHP stepping out and making a pretty strong
22 statement. We need to figure out how to have that happen, but
23 that's on the social engineering side of it as opposed to the
24 regulatory control side of it.

25 MR. LOKE: On the regulatory side, we did think about
26 what are the other pieces that we need. So the disclosure, the
27 headline number, how many women are on your board, what
28 percentage does that represent, that's an important piece. So

1 obviously executive officer positions, that's part of the skills
2 matrix and development and networking.

3 The other two pieces that we looked at were policy
4 adoption and targets. When it comes to policy adoption, as we
5 saw in the data, when issuers had a policy they had 19 percent of
6 women on their boards, and the ones without a policy had ten
7 percent of women on their boards.

8 Eileen, perhaps we could start with you. You know,
9 should we be satisfied with that? Would encouraging more issuers
10 to develop policy, would that move the needle, would that be
11 satisfactory?

12 MS. MERCIER: I guess the problem is it's a terrible
13 chicken and egg kind of dilemma, right. If you don't have a
14 policy it's because your chair and your board and your executive
15 suite don't believe in the principle to start with, so what would
16 be the point of writing down a policy?

17 So, you know, I don't know. I think it's -- I think in
18 writing something out, it's always useful because it causes
19 people to think about what they're writing, so that's useful. If
20 you're already committed to the idea of having a policy, and I'm
21 sure there's a wide variation in quality among the policies as
22 you have read them, but then the re-education of people who
23 actually have written the policy, but it's not very good, if you
24 show them what the best ones actually look like and say, next
25 year could you try a little harder with this, I think that's
26 useful because you're bringing the middle of the pack up to the
27 top, so that's good.

28 One of the companies I'm involved with has actually got

1 quite a sophisticated executive program, but when I looked for
2 the policy, they had a board policy discussion and they were
3 reluctant to write an executive policy, and I said what? And
4 they said, oh, well, you know, we're afraid to put this in print.
5 And I said, look, if you don't do it, who's going to do it? I
6 mean, that's really cowardly.

7 So then they sort of got themselves together and put it
8 in. But their first reaction was I don't want to be held to
9 this. I thought, you know, that's so depressing.

10 CHAIR JENSEN: But that's true. What we're
11 finding is that people don't want to set a target or put a policy
12 in place because they're afraid to be held to it. That's most
13 obvious in any company that's adopting a policy;
14 generally the target that they put in is something they've
15 already achieved, so when it's public they can say, see, we
16 achieved it already.

17 I think something that Don said was really important and
18 very much this disconnect between what institutional investors
19 want and what they actually act on. So we're seeing Hugh and
20 others, and Judy, we're seeing that institutional investors are
21 measuring their investment decisions quite in depth, quite
22 microscopically, and yet somehow that doesn't translate to the
23 decisions that are being made in corporations.

24 And we are hearing sometimes boards are very hesitant to engage
25 with institutional investors. So why do we have that disconnect? You
26 talked about the trigger pullers. So what you're saying is that
27 on one hand they have this voting philosophy, but on the other
28 hand there's another set of dynamics going on.

1 MR. CHARTER: Yes, I think that it's -- again, I do --
2 you know, the policy as drafted by the OSC was a terrific piece
3 of work in terms of how it positioned around what the objectives
4 were.

5 I guess in my experience what we're seeing is a
6 continual separation between what are voting issues and behaviour
7 around voting issues and what are investment decision issues and
8 behaviour around investment decisions. Typically what you see
9 happening in large asset management companies is they create a
10 department to handle the voting side, and I've been in -- I've
11 worked in large organizations like this and I know exactly why
12 that's being done. It's because the portfolio manager doesn't
13 want to talk about it because the portfolio manager is looking
14 for, you know, this propagation of short term design, and we
15 clearly have it and it clearly comes from the rules and it really
16 slammed home with individual director voting.

17 So every institution will say we don't have it and
18 every institution does on that front. So the accountability and
19 what is the focus on that performance side is there and I think
20 that, you know, there's a great article I read, because I pulled
21 a bunch of stuff on it to prepare here, and there's an ISC paper
22 number 37, Knowledge, going through myths and facts of females on
23 boards. It's a great piece that I think really focuses in on the
24 difference between real performance issues and what is the right
25 thing to do.

26 And the challenge is to always remember we have to
27 operate on what's the right thing to do. And this issue, back to
28 my comment, that we have a social engineering problem here, is

1 that people need to be doing the right thing for the simple
2 reason that it's the right thing. And the elimination of
3 discrimination is the right thing and people have to do that.

4 I'm not sure how focused we can get on the regulation
5 of that, but we can address the symptoms on it, but we do have
6 that distinction between the behaviour that happens on it.

7 MS. HANSELL: I actually have had a couple of boards
8 tell me that what they don't want, what they feel uncomfortable
9 with is being required to have women on boards because it is a
10 social goal. There is a resistance to feeling the government
11 should be telling businesses how to -- what the composition of
12 the board should be, but if you get it turned to say but don't
13 you agree that diversity, people coming at an issue, yes, I
14 absolutely believe in that, I work with lots of women, but I just
15 don't want people telling me that I have to do it.

16 I think that a lot of peoples' minds change when they
17 recognize that they're not actually being told to do it. They're
18 being encouraged to do what they recognize is the best thing for
19 the decision making of the organization.

20 So I think, we have created a bit of, for all of the
21 right reasons, but we've created a bit of a dynamic that boxes
22 some people.

23 MR. CHARTER: Yes, I have a little sympathy for that; I
24 don't like being told.

25 MR. O'REILLY: First of all, I think you raised
26 provocative and valid points around how institutional investors
27 approach issues around responsible investing, including how we
28 deal with diversity. I think it's really important and I know --
29 I have no doubt we probably fall short in some areas, but we

1 certainly have an effort underway now where it is going to be
2 organically part of our decision-making process around
3 investments, because I view it as just being a fundamental part
4 of due diligence.

5 Some of this stuff, you know, back when I was starting
6 my legal career, the idea of environmental law was considered
7 wacky. Nowadays every major Bay Street firm has an environmental
8 law group, because they understand it.

9 When we look across the sector of investments, when I
10 look at our business model, our -- every aspect of it, and I
11 think it applies to every pension plan, we are going to be
12 disrupted from top to bottom. Because of that, we have to be
13 conscious of how it affects our investments, we have to be
14 conscious of it, and I'm not talking about technology here, I'm
15 talking about an innovation mindset. So we need to make this
16 part of our investment process, we have to work with our
17 investment professionals to have them understand why it's
18 important. It's not a nice to do, it's a must do.

19 I also think, I do think we need to be a lot stronger
20 in terms of mandating outcomes. This data, which is fabulous,
21 it's great work, real efforts on the part of securities
22 regulators to try and move this forward, that's terrific, but
23 it's telling us a story. And the reality of everyone, whether
24 it's a corporate board, whatever institution, we resist change.
25 Sometimes change has to be made to happen and I think we have --
26 I appreciate people may, not want to be told or the rest of it, but this
27 has to happen in order to have a vibrant economy going forward.

28 MR. LOKE: I think what we have definitely heard is

1 that things are not moving fast enough. There is a resistance to
2 change, but in terms of people not liking to be told, whenever
3 they look at a skills matrix, we want someone with finance, we
4 want someone with governance background, we want someone with
5 risk management, what we have heard maybe is diversity belongs up
6 there in terms of the list of things that we want.

7 MS. HANSELL: They have to understand why they want it.

8 MR. LOKE: They have to understand why they want it.
9 It could be because of stakeholders, it could be because
10 customers demand it, it could be because suppliers expect it.
11 There are all sorts of things that could contribute to that, not
12 just government has told you to do that. But I think we'll put a
13 bookmark there, we will have some more discussion on that point.

14 MS. COTTE: Huston, I do want to address Don's point
15 because I think it's an important one about the siloing within
16 asset management. I think that definitely still exists, but I
17 would say that is the old way.

18 So our team sits within the investment team, I am part
19 of the investment team. We do have to hive off voting separately
20 because we vote centrally for 21 different investment teams
21 around the world, and it's important to vote consistently so that
22 you're actually sending a message and one team's vote isn't
23 cancelling out the other vote.

24 But there are certainly some issues, and this issue
25 would be one, where we have to create rules in order to manage
26 the voting. It's certainly something -- when we update our
27 voting guidelines every year, all the senior PMs have a hand in
28 it and approve it. All contentious voting decisions are

1 discussed with the relevant PMs. So something may still be a
2 good investment opportunity, but it doesn't mean things are
3 perfect at the company, and that's where we can use the power of
4 our vote in engaging with those companies to coherently move
5 things forward.

6 So voting does have to be separated out because for a
7 large asset manager, we voted 38,000 ballot items last voting
8 season. It's not something that can be managed without a team if
9 you want to do it thoughtfully. We have tried very hard to make
10 it integrated into the investment process and, again, something
11 may present a good investment opportunity, but there may be still
12 some improvement we want to make at those companies and that's
13 where my team works with the PMs to make that happen.

14 -- TOPIC 2, WHAT SHOULD THE OSC DO NEXT?

15 MR. LOKE: All right, Judy, thanks. I think what we'll
16 do is we'll try to move on, but thanks for shedding some light in
17 terms of that process. What we're going to do next is talk about,
18 you know, what should the OSC do next. There are many different
19 ways to tackle this. We've tried the disclosure method. I'm going to
20 pass things over to AnneMarie Ryan, who is going to walk us through
21 some questions.

22 COMMISSIONER RYAN: Thanks, Huston. Well, the agenda
23 question as listed is should we be satisfied, and based on the
24 conversation so far, I think I know what the answer to that question is.

25 I'd like to slightly reframe the question and say that
26 I think when we put out the policy paper a few years ago, we
27 didn't expect to see results in the first six months, and that we
28 expected it would take some time for things to change. Albeit

1 that there has been a very small change, I'm interested to hear
2 if any of you think that even small incremental changes, such as
3 more companies having at least one woman on the board, will
4 actually lead to some sort of momentum happening, that once you
5 have one voice on the board that we might start to see other changes.

6 Tanya, I would like to lead off with you on that
7 question. Do you see any glimmer of hope?

8 MS. van BIESEN: I'm an eternally optimistic person or
9 else I probably wouldn't be in the job I'm in today. So I think
10 any change is good, but I think the Scandinavian experience has
11 shown us that even when you have quotas in place and the numbers
12 have risen quickly at the board level, there actually hasn't been
13 the knock on effect, the cascading effect, into the executive teams
14 that they had hoped for.

15 Now, it's possible that because Norway, for instance,
16 kind of had to hollow out the female executives to move them up
17 to the board that we have not seen the next generation of women
18 come up, so maybe we need to give it more time.

19 Again, I go back to I think the board is one issue, I
20 think the executive level is another whole, actually separate
21 issue that we need to deal with. So every little bit is good.
22 Do I think this is going to inspire a whole ton of women to say
23 I'm going to lead corporate America? Not yet.

24 COMMISSIONER RYAN: Okay. Ungad, I would be interested
25 in your perspective from the TSX, what you hear from issuers and why is
26 this moving so slowly.

27 MR. CHADDA: Yes, I think, first of all, I would echo
28 Tanya's comments, I don't think it's a one-size-fits-all. As you
29 look globally, sometimes you have government making changes that

1 moves things along, other times you have securities regulators,
2 so there's no one-size-fits-all.

3 In terms of what we're hearing from companies, I think
4 it's more of that hard link as to why. I still think there's a
5 bias to saying whether you say I'm being told or whether it's
6 just coming over the top and saying you have to have this. I
7 seem to think that more time spent mapping it back again to where
8 the risks are in the organization, you will lose money or you
9 will not make as much money on an EPS basis as you otherwise
10 would based on these studies if your constituencies that you're
11 responsible to, again, suppliers, shareholders, et cetera, you
12 don't have some view to interface with that.

13 So, to me, I think that's an effort worth making is to
14 bridge that back from, you know, thou shalt or thou should, as to
15 why on the financial impact. I think that's an opportunity to
16 move it forward faster.

17 COMMISSIONER RYAN: I would like to pick up on that
18 thought. There were two comments made earlier about it being the
19 right thing to do, versus the understanding of the actual effect
20 on performance. To what degree, and I throw this open to the
21 group, to what degree is there still more education required that
22 companies -- someone mentioned when we were talking earlier this
23 morning that a lot of the boards that they spoke to didn't even
24 know that the OSC had come out with the comply or explain policy.
25 You know, I think we're preaching to the converted in this room.
26 To what degree do we need to, A, make sure people understand what
27 the research shows and, B, get the message across that you should
28 be thinking about this?

1 MR. CHADDA: I'll go quickly and open it up for others.
2 I think there is a role for all of us to play, including raising
3 the awareness. We do a lot of things in the market to profile
4 top 50 this, top 10 this, top 20 that, and we have the benefit of
5 having a data environment where we can grab the data and we can
6 calculate it and bubble it up and then broadcast that out or
7 point cast that out.

8 I think we all have an opportunity to make this
9 language, the language of diversity and women on boards and
10 executive positions more relevant through all those mechanisms.
11 So I think there are other tools we can use. I'll let other
12 people comment.

13 MS. MERCIER: I think as well as, you know, you're
14 talking about a sort of grid for customers and suppliers and I
15 was talking earlier about industry. I also think we need to do
16 an industry and size comparison because if your numbers are
17 pretty clear that the larger the company, no matter what the
18 industry, the greater the likelihood is that they've actually
19 done something or they're looking at doing something, whereas the
20 smaller ones are struggling, some of them are just struggling to
21 survive, let alone do some of these other things, and I
22 understand why we've taken the venture companies and we really
23 haven't put them on the radar yet.

24 It seems to me that it really is important to get to
25 those smaller ones, because some of them are going to become
26 bigger and I think the educational piece is very important in
27 terms of calling out the smaller players, trying to help them,
28 actually, get some place that's not in zero, zero on a half dozen

1 different fronts.

2 The other thing that I think we have to do, and I'm
3 honestly not sure how to do it, but I think it's really
4 important, is we have to call out power. We have to call out the
5 fact that people who have power give it up exceedingly
6 reluctantly and that the whole notion of the current power
7 structure is very hard to break if there's no real willingness to
8 break it. And that's where things like targets and quotas
9 actually become necessary.

10 I guess the question is how -- if we are truly stalled
11 at some place, why is that? And it's because the people who have
12 the decision-making power are not exercising it in our favour.
13 So the question is how do we deal with that. I think we actually
14 have to talk about it as a real issue, not just leave it as the
15 thing sitting in the middle of the table that nobody wants to
16 talk about.

17 MS. COTTE: I would just add two things. First, I do
18 think the business case, the research that shows diverse groups
19 make better decisions, companies with more women on boards have
20 better performance is not very well-known and does tend to get a
21 lot of traction when you discuss it with directors. They tend to
22 be quite interested in that because everybody is ultimately
23 chasing performance.

24 This may be jumping ahead a little bit, but I certainly
25 think there is an opportunity for the OSC to invent some of this
26 in the corporate governance guidelines. When you read the
27 guidelines, there is a lot of should and I wouldn't call it
28 prescriptive, but kind of normative, you should have the majority

1 of independent directors, you should have a board mandate, you
2 should have an ethics policy, et cetera. And then the disclosure
3 obligations flow from that. That's kind of how I see it.

4 So I think the OSC could really play an important
5 normative signalling role by embedding some of that in the
6 guidelines, but it's still -- they are just guidelines and it is
7 just a should, so it still gives companies an opportunity to
8 explain why they may differ, but I think that would have a really
9 important signalling effect, because you do have power to your point.

10 MS. SISTI: I would like to go back to something Eileen
11 said about going beyond the larger companies, the composite index
12 that we tend to focus on largely to get to the next level, not
13 even the smallest end of the TSX, but I know from ISS's
14 perspective, outside of the TSX we have another 225 TSX companies
15 that we cover that we call part of our core universe and that
16 they're fairly widely institutionally held, so they matter to a
17 number of institutional investors.

18 But from an investor voting perspective or policy
19 perspective, they're not likely to -- investors are not likely to
20 have the same influence on those companies as they would at
21 composite index companies.

22 Beyond the composite index, fully 50 percent of those
23 companies don't have a single woman on the board at this point,
24 so the disclosure requirement seems to be generating what we're
25 calling anti-policies, so that very general language, a laundry
26 list of considerations that doesn't really indicate a board's
27 commitment to this issue. So I think there really is room for
28 further education at that level of the TSX.

1 This reminds me a lot of when we adopted "say on pay",
2 and over five years now we have managed to get to about 65
3 percent of the composite index that now provides "say on pay"
4 votes.

5 We're pretty much stuck there at this point. This past
6 proxy season we ended up with the fewest number of adopters in
7 any of those years preceding. So we are going to hit a wall, I
8 really believe that, and we're going to need some further impetus
9 to move us forward.

10 COMMISSIONER RYAN: That's a good lead-in to the next
11 topic that I wanted to ask about, and that is director term limits.
12 Only 21 percent of companies have director term limit policies and we
13 have seen a very nominal increase in that number in the last
14 three years.

15 Carol, I think I'd like to ask you to lead this off.
16 The most commonly stated reason for not adopting
17 term limits is they would impact the continuity and the seniority
18 of the board. I would like your thoughts on, are those valid
19 reasons really in this day and age for not having term limits and
20 what are your thoughts about the necessity to require disclosure
21 and some sort of movement on adopting term limits?

22 MS. HANSELL: Sure. Let me just make a preliminary comment.
23 Boards, I think most of us would agree, have changed enormously
24 since Enron. So there has been a complete change in the
25 composition and the skill set of directors, and how has that
26 happened? It's happened partly through, in Canada, happily
27 through the comply or explain regime has actually been quite
28 positive, and I would hate to have that overwhelmed by regulation

1 in an environment where we don't actually need it.

2 So it's happened through regulation and recommendation,
3 it's happened through the institutional investors and it's
4 happened through the proxy advisors. So the standards have
5 changed enormously, for the most part, without regulation. So,
6 yes, audit committees are significantly regulated, but the idea
7 of compensation committees being entirely independent, nobody
8 would put their CEO on a compensation committee, I don't think,
9 in a public company.

10 So those standards have evolved through the uses of the
11 three seats of power, which are the TSX and the OSC, the
12 institutional investors and the proxy advisors.

13 I just wonder whether we are harnessing all of those
14 sources of power for this particular issue. So the OSC is
15 leading the charge. I don't know, I've actually lost track, but
16 I'm aware in the U.S. that a lot of the institutional investors
17 are now coming out as part of their proxy voting guidelines to
18 say you better do this. I hope that the Canadian investors those who
19 have not yet, will follow suit and that the clients of ISS, as they
20 help to formulate your policies each year, will say look it's important
21 to us and we want to make sure that this is an important voting
22 criteria.

23 You may say that a lot of that is happening already. I
24 just wanted to make the observation that we do have power out
25 there and we have a demonstrated record of being able to exercise
26 that power and to produce better boards, and this is just one
27 element of that.

28 On the term limit issue, we have even fewer age limits

1 than we do term limits, so there is really the adoption of firm
2 timelines or drop dead dates, for lack of a better word, has not
3 generally been embraced by boards, yet our boards have gotten
4 better by I think most people's estimation.

5 Part of that is different recruiting, part of that is
6 really rigorous board evaluations, and I know that more
7 disclosure demands are coming out for that and more demands for
8 independent assessments of the boards.

9 Term limits, I think, get to be a bit challenging
10 because you have to know the industry obviously, but you also
11 have to know the board. It often isn't helpful in many cases to
12 have somebody dropping off at a particular point in time. So it
13 is true that nobody is indispensable, but when you're going
14 through that crisis, the individual who has been there for that
15 period of time you're really, really sorry to lose, or the CEO
16 has changed or there has been some other disruption. So are we
17 having people serve on boards for extraordinarily long periods of
18 time. And what is extraordinarily long in that case?

19 MS. MERCIER: Well, when I was at Teachers we had a ten
20 year term, and as much as I loved them, I said, you know what,
21 after ten years you had my best ideas. You've either done them
22 or you haven't, that's it.

23 MS. HANSELL: But to me extraordinarily long is that we
24 have --

25 MS. MERCIER: 20.

26 MS. HANSELL: And 30 years. So we can all agree that
27 being on a board for 30 years is too long.

28 In very complex organizations, if you talk to directors

1 when they have been on the board for a couple of years and you
2 ask them how long it takes them to get up to speed, they will
3 tell you I'm not up to speed for a couple of years.

4 MS. MERCIER: Two years for sure.

5 MS. HANSELL: Right, so let's take that off the period
6 of useful time that you want somebody on a board.

7 I think the challenge of saying to boards here's what
8 we -- no more than ten years or no more than twelve years, I
9 think if we don't have the confidence in our boards to be able to
10 deal with some of these issues, they shouldn't be boards.

11 MS. MERCIER: This is where I come smack up against the
12 power issue. I'll tell you, I was at a panel not that long ago
13 that was being moderated by Katie Taylor, she was doing a great
14 job, there were a lot of directors there, and they were all
15 espousing a lot of support for gender diversity, all kinds of
16 diversity. The minute you mention term limits they started
17 backpedalling so fast they hit the back wall.

18 So, you know, I think because they don't want to give
19 up what they've got. And this is the thing, we've got to call it
20 out, because it's just true. And people that are there, they
21 love it, they love the environment, you know, they become part of
22 the -- they get co-opted to some degree, and that's one of the
23 reasons why I think turnover is your best friend as an
24 institutional investor.

25 MS. HANSELL: I think we can be creative in some cases.
26 So I have had boards who want to or are looking at term limits,
27 but they are finding it a bit abrupt. We grandfather them. So
28 you still have the term limit concept in there, but they haven't

1 done any succession planning to provide for the fact that you're
2 going to have a couple of these people dropping off for age or
3 for length of time on the board. And so aside from the fact that
4 they may not want to give up the power, Eileen, that's probably
5 true, you haven't actually planned for that.

6 CHAIR JENSEN: Right. And it's really difficult
7 on boards to have those conversations, because not all board
8 members are perfect, and it's really difficult to have a
9 conversation with someone who is really not performing and
10 holding a seat. If you don't have a turnover mechanism, that's
11 really hard.

12 MS. van BIESEN: Carol, wouldn't you say, though,
13 that -- like when I think about my search career, I remember very
14 clearly getting a call on a Monday morning saying our audit
15 committee chair died on Saturday, we need your help. So I think
16 it's bad governance to not succession plan.

17 MS. HANSELL: It absolutely is, and let's take a board
18 where we're talking about term limits and it's absolutely a bad
19 thing --

20 MS. van BIESEN: They could all die. So I know it's
21 abrupt to have term limits, but are they all going to die at
22 once, I know they're not, but the reality is they could die and,
23 you know, then you haven't done the proper planning.

24 MS. HANSELL: I agree with you entirely. You have to support
25 succession planning, it's very, very important and term limits
26 supports that because you know when people are rolling off and
27 you know the skill set. It's not that I'm against term limits.
28 I would be very reluctant to see them institutionalize, I would

1 be reluctant to see them put into rules.

2 I think more and more boards are looking at them. I
3 think boards are attracted to them. I think the fact when people
4 ask me how common is this, which is a very -- the usual question
5 when people are looking at change, and you say not that common
6 actually, that is reason enough not to adopt them.

7 COMMISSIONER RYAN: But doesn't it strike to the very
8 heart of diversity if you have the same thinking for 20 years on
9 your board?

10 MS. HANSELL: Well, clearly not, because when we're
11 filling boards we're not filling them with women is what we just
12 heard.

13 COMMISSIONER RYAN: But diversity doesn't mean just
14 women. It could be men with new ideas.

15 MS. HANSELL: The refreshing part, yes.

16 MR. O'REILLY: I think in a broader context, I mean,
17 it's one thing to argue against mandatory requirements, but the
18 fact of the matter is that the board community seems to resist
19 everything, always, no matter what, and, you know, we're --

20 CHAIR JENSEN: I hate to tell you, it's not just
21 the board communities.

22 MR. O'REILLY: But, Carol, you've just eloquently
23 stated a whole bunch of reasons against term limits and the rest
24 of it. I think we have to demonstrate as an investor community
25 that we are going to seek mandatory changes in order to create a
26 more open environment for people to -- for board communities and
27 others to be open to change, open to points of view, and in the
28 world we're in now, and think about this, this is 2017. We're

1 talking about having greater female representation, we're not
2 talking about racialized minorities, if you look across
3 this country, that's important. We're not talking about disabled
4 people and we're not talking about having boards that are -- and
5 a business community that is open for all of the disruption that
6 is coming and having these diverse points of view.

7 I'm making some strong statements here, but it's to make a
8 point. We can't always be fighting over every single thing,
9 whether it's proxy access guidelines and changing those, whether
10 it's females on board, all of these things. We need to have
11 people who are more receptive to these points of view and
12 demonstrating it in a tangible, actual way.

13 MS. HANSELL: Hugh, do you think it's possible that the
14 proposals made by the institutional investors aren't always
15 right?

16 MR. O'REILLY: Well, anything is possible, but I think
17 you raise a good point. But what I would say back to you, Carol,
18 is we need to have, instead of just we want and the answer's all
19 automatically and reflexively no, doesn't make sense, you're
20 going to upset the board culture, you don't understand complex
21 companies. Instead of that kind of dialogue, why not have a
22 reach out, a legitimate reach out to understand where we're
23 coming from in terms of our perspective, why we think this is
24 important, and then we can have a more open conversation with the
25 boards.

26 But if the answer is always just no, no way, or you
27 don't understand and no rules, that's not a conversation.

28 MS. HANSELL: Can I just add one point? I think you might

1 want to talk to -- I think there's somebody from the Institute of
2 Corporate Directors here. I think they're working very hard at
3 establishing the dialogue, but I have to say, I have been
4 involved in this stuff for many years, I have never had the
5 impression that the boards say no, no, always no.

6 COMMISSIONER RYAN: So I want to get to the last topic,
7 which follows on from what you've been talking about. Can you
8 talk a little bit about how your organization views these issues
9 and how you communicate them to your stakeholders?

10 MR. O'REILLY: Well, how we view diversity issues and
11 how we operate, there's what we do internally and there's what we
12 do externally. We're active in a variety of investment
13 organizations, including the Canadian Coalition for Good
14 Governance. We use the services of ISS, amongst others, in terms
15 of putting our perspectives forward. We provide instructions on
16 our proxies and how we want things voted. We are -- we've
17 adopted the 30 Percent Club, activities around voting against
18 committee chairs who don't put female candidates forward. We're
19 thinking of changing that if they don't put forward 30 percent of
20 candidates.

21 We also have an increasing commitment around diversity
22 within our workplace. Our board is, currently six of nine are
23 women. I have no role at all in the appointment of the board.
24 Our executive committee has a disabled person, a racialized minority
25 and a woman, that's three out of seven. We have significant
26 representation in our senior ranks.

27 We're trying to have a conversation around how we make
28 our workplace more diverse and how we provide the right

1 opportunities for people within the organization and we try to
2 make the issues around our responsible investing agenda, which
3 includes women on boards, an organic part of our investment
4 process, but we have a long way to go.

5 MS. COTTE: So on voting, we update our voting
6 guidelines every year. A couple of years ago we changed them to
7 say even though the quality of directors is paramount, we say
8 directors should reflect the gender, ethnic, cultural and other
9 personal characteristics of the community in which the
10 corporation operates and sells its goods and services.

11 And then with respect to female participation, we
12 specifically encourage boards to adopt a -- publicly adopt a
13 guideline of 30 percent of women on their board, but if a company
14 has no women directors and no meaningful board policy on
15 diversity, we vote against all members of the nominating
16 committee.

17 Now, we say if they don't have a policy, or they have a
18 policy that's inadequate, and that's where in some conversations
19 over last voting season I became concerned that some boards were
20 just adopting a policy for the sake of adopting a policy and
21 actually had no intention of moving it forward, so when we do our
22 update in January, we are going to clarify that, you know, if
23 they have no women on their board and no policy we'll still vote
24 against, but then if they adopt a policy and we don't see
25 meaningful progress, we're going to ask that company to adopt a
26 target and publicly disclose progress against that target.

27 COMMISSIONER RYAN: That's great. I would like to give
28 Debra a chance to weigh in here as well. How are you advising

1 clients on the issues?

2 MS. SISTI: So we have been tracking all of this for as
3 long as the disclosure requirement has been in place, and first I
4 just want to comment on the issue of term limits.

5 Our experience has certainly been that they're not well
6 received by boards of directors, and I'm not sure if -- the
7 majority of those term limits that we have reviewed have been
8 pretty standard. They're set at 15 years on the board, the
9 greater -- the lesser of 15 years on the board or age 75, and
10 there is almost always a board waiver to extend that. So I'm not
11 sure how effective those are.

12 As well, PWC just released a director survey in the
13 U.S., and I think it's U.S. based, but I think the attitudes
14 would be very similar. And they asked with respect to board
15 refreshment what directors found to be most effective, and the
16 list was, first and foremost, board chair or lead director board
17 refreshment led is most effective, followed by board and
18 committee self assessments, then mandatory retirement age,
19 followed by individual director assessments. And then well down
20 the list was and then director term limits, followed only by
21 seeking input from investors about board composition.

22 And I think the first four are obviously favoured by
23 boards because they have control over those four. I think they
24 may be problematic from an investor perspective because there is
25 not much transparency into those particular processes. So,
26 again, looking at director term limits, not very favoured, maybe
27 not very effective when we're discussing board refreshment.

28 We are advising our clients with disclosure in our

1 reports only at this point, and we have been for a number of
2 years. So we have been taking all of the disclosure elements
3 that are required and we have been including this information in
4 our reports. And by 2016 we had a few of our clients come to us
5 and say they wanted us to think about developing a policy.

6 This past proxy season we held a roundtable that was
7 extremely well attended, so this issue is really resonating with
8 a large number of institutional investors, and we had portfolio
9 managers actually included in the roundtable discussion, and the
10 unanimous response that we got from them was, yes, they very much
11 support the adoption of a policy by ISS to target laggard boards
12 where there are zero women on board and there has been no policy
13 disclosed. And, further, that we should be looking at targeting
14 the nominating committee members or, at a minimum, the chair of
15 the nominating committee.

16 There was no take-up for the grace period because
17 generally people expressed the view that we've already had three
18 years of disclosure and they think that that's enough to expect
19 boards to be doing something in this area.

20 And with respect to the universe that we would be
21 covering the policy with, the vast majority felt that the broader
22 TSX was appropriate, not just focusing on the composite index, to
23 get back to my earlier point about moving beyond the composite
24 index.

25 We are now trying to determine what form of policy we
26 are going to roll out, and we have become aware from the
27 roundtable that we have a larger number of clients that have
28 adopted their own policies in this regard and several of which

1 had them already in place for the 2017 proxy season.

2 So there is definitely pressure coming from our clients
3 to do something constructive and substantial in this area.

4 COMMISSIONER RYAN: Thank you. I'm conscious that I
5 keep on to the time agenda, so, Maureen, I'm going to hand it
6 over to you.

7 CHAIR JENSEN: Great. I'd like to ask a
8 question. I know this is going to be putting you on the spot.
9 So you're having that discussion. Have you made a decision?

10 MS. SISTI: We think we have, yes. We will be rolling
11 out some form of policy.

12 CHAIR JENSEN: Okay. Because certainly, you
13 know, proxy advisory firms are very important in this ecosystem
14 that Carol was talking about.

15 So I'm going to move on to the next step, which is a
16 great segue to what do we do now. So things have gone really
17 slow. What we have focused on is very much about transparency
18 and getting the conversation going by getting the information out
19 publicly. So we have done that now for three years.

20 So what else should we do? Do our disclosure
21 requirements work?

22 MS. SISTI: I'm happy to lead off here. The disclosure
23 requirements, the problem with disclosure requirements is that
24 they tend to lead to the lowest common denominator without the
25 impetus of some best practice requirement built in, so I think
26 that that's probably the next step is to -- and that's maybe part
27 of the education element that we were talking about, is to maybe
28 change the disclosure requirement from just telling us whether

1 you've got women on the board, women in senior management roles,
2 or a policy, to indicating that best practice in the market is to
3 have at least a minimum of one or whatever we decide is
4 appropriate, 25, 30 percent, if that's the ultimate goal, to give
5 all issuers that information and something to work towards and
6 then require them to explain how they're complying with that best
7 practice guidance, or if they're not, why not.

8 MS. COTTE: As I said earlier, I think it would be ideal
9 to put that in the corporate governance guidelines which do have
10 a lot of shoulds in them, allowing companies to disclose. You
11 know, it's very much a comply or explain, but I think that the
12 signalling of should is really important.

13 I would go so far as to say, this may be controversial,
14 but I would say it should also say companies should set a target
15 and disclose progress against that target. It still allows them
16 to set a target that is appropriate for them both at the
17 management and board level, but I think that would be a very
18 powerful signal to set that as the standard, while still allowing
19 companies flexibility, particularly in companies in industries
20 where they really do currently have a challenge attracting women,
21 which is probably more relevant to the management piece than the
22 board needs.

23 CHAIR JENSEN: So Don first and then Tanya.

24 MR. CHARTER: So I would have two comments. One, and
25 the reason I made a distinction between investing and voting is
26 that I do think we have to constantly on the voting side
27 recognize where we have massive broken problems with the voting
28 system, particularly as we get into ETFs, et cetera.

1 We talked about engaging with shareholders and you wake up
2 and 28 percent of your shareholders are ETFs that don't want to
3 talk about anything, at which point you have no decision making
4 connection and then you're thrown into an oddball situation of a
5 proxy vote having authority over somebody who has no interest.
6 These are actual real issues that I think have to be
7 acknowledged, recognized and dealt with.

8 My second comment, I guess, if you want to be
9 controversial, is as a regulator, I would be cautious about
10 accepting institutional investing groups that want to have a rule
11 put in place when they're perfectly capable of investing or not
12 investing based on their beliefs, as opposed to saying let's put
13 it in a rule because we don't want to stand out. So I think be
14 cautious of that side.

15 CHAIR JENSEN: We get lobbied a lot. The
16 reason our rule book is this big is because nobody wants to stand
17 out from the crowd.

18 MR. CHARTER: Right. So I think in these kind of
19 situations I think some caution is merited there.

20 You know, in terms of targets, I actually thought that
21 the one piece that I would pull out, if that's encouraging,
22 because everybody was so dismayed by these numbers, is the
23 relationship between those with a policy -- I think we need to be
24 very clear so everybody understands, a policy as defined by the
25 OSC is a policy that says we are proactively going to hire or
26 appoint women in a position, as opposed to a policy about how
27 we're going to consider it, which is the other segment which says,
28 well, we take it into consideration side of it, right.

1 So you have to be -- that may be a distinction without
2 a difference for me, but I think the real important thing here is
3 that those with policy have a much higher rate and the number of
4 companies that are adopting policies is going up quite
5 dramatically when I look at the statistical numbers here.

6 So that -- that should belay some momentum on this
7 front. And we're seeing institutional investors getting
8 frustrated with the slowness of this, so I think we may see a
9 bunch of these things happening.

10 I think it's great, you know, one women on a board, I
11 think we're starting to then see all the naysayers saying, gee, I
12 guess the wheels didn't fall off. You know, we can laugh at
13 that, but don't make light of it on that front.

14 I'm not particularly concerned about the I don't want
15 to be told to do a thing, I have no time for those people. My
16 commentary on targets will be I don't know where you come up with
17 the right number. When you sit in and pass regulation, what
18 happens in the board as a practical matter is because it's a
19 regulation then you're dealing with your law firm, and the
20 lawyers will be spending their whole time saying what if, you
21 can't say this, you can get in trouble and everything, and your
22 head wants to explode. Somehow we have to break that issue
23 about, you know, you have particularly lawyers -- directors who
24 have no background in this stuff or training, and they're being
25 terrified by lawyers telling them the 58 different ways they're
26 go to be sued over this.

27 Somehow we have to break that because it's not a good
28 excuse, it's not a good reason, but it does exist. And I think

1 the law firms that are advising boards --

2 CHAIR JENSEN: Carol said you need to change
3 lawyers.

4 MR. CHARTER: Yeah, but, you know, pretty consistent
5 across, so one thing about being on more than one board is you
6 get to encounter more than one law firm on that front.

7 MS. van BIESEN: Can I just jump in, Maureen?

8 CHAIR JENSEN: Yes.

9 MS. van BIESEN: On a couple of things. I'm delighted
10 that Don is actually sitting next to me because Eileen and Don
11 pointed out something really, really important.

12 I thought actually at year three of the assessment of
13 this rule we were going to be at a point where we were talking
14 actively about visible minority representation on boards and
15 senior executives. That's what I thought back when the rule was
16 created. I thought this was going to move the dial forward for
17 women and then the OSC or CSA is going to take us on the next leg
18 of the journey, which is visible minority representation in
19 leadership in Canada.

20 If you think white women are scary, right, which seems
21 to be the case, this country is changing so fast, when two-thirds
22 of our population growth are coming from new Canadians, we are
23 on -- this country, it better start moving and figuring out how
24 to include a broader group of people. So I am dismayed that we
25 are not having that conversation, because I think that's the
26 thing to come.

27 CHAIR JENSEN: Well, that's definitely the question.
28 The question is should we -- later on I was going to get to the

1 question, but why not right now. Do you think it should be
2 broadened to more than just gender diversity?

3 MS. van BIESEN: What I wanted to say, I don't know who
4 said this, but I think we all need to remember it. If you Google
5 it, I don't think it's easy to figure out who said it, but
6 for those accustomed to privilege, equality feels like
7 oppression. We should all sit with that for a minute, because I
8 think that that applies equally to us white women who have been
9 given a whole bunch of privilege, right, but the reality is, to
10 Eileen's point, it's very tough to make change when you're in a
11 comfortable spot and you kind of control the room.

12 I do think we need to do a bunch of things to make
13 change. One of them, I would say regulate board renewal
14 mechanisms, absolutely one hundred percent. I also think we need
15 to set a requirement for companies to have a diversity policy and
16 to describe what that policy is, and I would say set a
17 requirement for companies to set targets. They can set their own
18 target. We don't need to impose a target, but set a target and
19 report on your progress against that target.

20 To Carol's earlier point, I would love to say search
21 firms de-bias whole process, but I know for a fact that that
22 doesn't happen, and search professionals are as biased as anyone
23 else. I think you need to de-bias the process, because you're
24 not going to de-bias the people. So you have to look at every
25 single process, whether it's board renewal, whether it's
26 promotion, nomination, whatever it is, and you have to look at
27 the process.

28 Some of the leading companies, we've talked about the

1 banks, they have unconscious bias spotters who sit in on all of
2 these discussions, right, and their sole reason for being in that
3 room is to say, hey, gee, you said that about that person. Would
4 you say that if they were a different gender or different skin colour or
5 whatever. We need to start embedding those best practices.

6 And then finally I would say, and the OSC has been a
7 part of this, there's a group of seven organizations across
8 Canada that have come together to create a positive tool, Judy, that
9 you've referred to, something that rather than say thou should,
10 thou shall, thou shall, here are a whole group of best practices
11 across governance and gender, and we've put that together in a
12 play book which we will be launching in a couple of weeks, to
13 give boards the tools to say, and it's got the business case and
14 it's got all that jazz, here you go, and here are the binders of
15 women, if you're looking for them.

16 MS. COTTE: Just two quick points. I think it's
17 important to bear in mind that professionalizing the recruitment
18 process doesn't mean hiring a search firm, and our focus is
19 definitely on professionalizing the process. You're quite
20 right, it's not necessarily solving the problem.

21 And then on how do companies decide where to set the
22 targets, I think we would want to give them that flexibility, but
23 there is a lot of research showing that you need at least
24 30 percent of women to create the critical momentum so that the
25 woman isn't token, that she feels like her voice can be heard,
26 and I believe that was the impetus for the whole 30 Percent Club,
27 and now there's a 30 Percent Investor Group that has issued a
28 statement and it's embedded in our guidelines.

1 So I think 30 percent is a reasonable place to start
2 because it's backed up by research that you need that critical
3 mass in order for women's views to just be integrated with
4 everybody's views and not viewed as something separate.

5 CHAIR JENSEN: Carol.

6 MS. HANSELL: I think there is, Maureen, an absolute
7 imperative for the OSC to keep going. This issue has been around
8 for as long as most of us have been around.

9 CHAIR JENSEN: That's right.

10 MS. HANSELL: It is exactly the same issue. The
11 pipeline has been the pipeline forever. My class, too, was
12 50 percent women, half my articling class was women, so it's not
13 a matter of waiting for a pipeline to develop, the pipeline has
14 been there for many years.

15 I worry that if the OSC does not continue on its very
16 innovative and vocal strategy, this too will die. So the how we go
17 about it is the question you're asking.

18 CHAIR JENSEN: We're talking about how.

19 MS. HANSELL: So the quota issue, which I think we all
20 did think that we were going to get to if we didn't get far
21 enough, is a very tough one. I will tell you that I'm the chair
22 of the Business Law Advisory Council in Ontario and, amongst
23 other things, we recommend changes on corporate law to the
24 provincial government and we are not recommending that the
25 provincial government adopt quotas.

26 So it's a corporate law that would do it, and for a
27 variety of reasons we don't think that's a positive thing for
28 corporate law in Ontario. It's not that we don't think that

1 women should be on boards, but we don't think that adopting a
2 quota is the right thing to do.

3 CHAIR JENSEN: They're debating it right now in
4 the senate. What do you think about that?

5 MS. HANSELL: Well, they're debating what they call the
6 Diversity Bill, so I think it's healthy. I find it a little actually
7 curious that we've got two lines of regulation here, provincially
8 and federally, I don't think that necessarily helps.

9 CHAIR JENSEN: That's Canada.

10 MS. HANSELL: Exactly.

11 MR. O'REILLY: But I think Carol's got a fair point. I
12 do think that we need to have the conversation in one place and
13 when it takes place in a couple of ways, you know, lots of
14 advantages to being Canadian, but that's a profound disadvantage
15 and it can lead to playing one against the other.

16 I think these conversations and the role the OSC is
17 playing in leading them is important, and I think it's also
18 important that we forcefully articulate a view so they can be
19 responded to and that we can try and move progress forward. But
20 I agree with Tanya, there's the issue when it comes to gender,
21 but there's issues of diversity when it comes to racialized
22 minorities, disabled people, this has all got to be part of this
23 mix, and I think it's imperative from an economic perspective as
24 well.

25 MS. HANSELL: This is always a difficult point to make,
26 so help me here if I need help. I think the OSC has done a
27 wonderful job of focusing on women on boards and, yes, we have --
28 of course we have to deal with all of the other issues, but you

1 have to keep the women on boards issue separate. It's got its
2 own momentum, it's got its own framework. Yes, we have to do all
3 of the other things, but we can't blend them.

4 MS. van BIESEN: I agree with that, Carol, but the only
5 thing is, women are not a homogeneous group of people. It feels
6 like a white women on boards, which we have to be very, very
7 careful about.

8 MS. HANSELL: Right. You've got 50 percent of the rest
9 of the population as well.

10 MS. van BIESEN: That's the only -- that's why I bring
11 it up. It feels like a white issue.

12 CHAIR JENSEN: One of the reasons that we went
13 for a gender diversity policy here, instead of a broader
14 diversity policy, is we looked at the issue as it was being
15 debated in the United States, and there it was a much more broad
16 discussion, but they never got any traction because all they did
17 was fight about who is what, how do you define that group versus
18 that group. And so it descended into that, as opposed to a
19 discussion about diversity at the board table.

20 MS. van BIESEN: And I think your focus is bang on. I
21 think it's incumbent upon all of us to be thinking broadly about
22 women, again, not a homogeneous group, but I think you're right,
23 Maureen, you've got to focus somewhere, you've got to start
24 somewhere, or you will be paralyzed by all the options.

25 CHAIR JENSEN: So what do we have to change?
26 What's new? Go ahead.

27 MS. MERCIER: Well, teeth, I think. Now, whether it
28 can come from targets, and I think probably that's the next

1 logical place to go because there are -- you know, the business
2 about disclosure, I think we had all hoped that being a Canadian,
3 we -- a lot of us remember the first corporate -- days before and
4 the things that flowed from that and, in fact, the Canadian
5 companies largely rounded into a better space, as Carol has
6 mentioned. But this one seems to be stuck on it's okay to say
7 we're doing nothing and get away with it.

8 CHAIR JENSEN: Right.

9 MS. MERCIER: So I think that's where there has to be a
10 change. So in terms of how, you know, how we make that happen, I
11 think mandatory targets are a good place to think about and how
12 would you do it, but I really do think that it has to be coupled
13 with an enormous education effort and, you know, it's a lot to
14 ask of regulatory bodies, to be honest, but I don't see how we're
15 going to round up the oil and gas people, for instance, and get them
16 on board without some kind of huge effort to convince them that
17 there is, not only there is something in it for them from a
18 results point of view, diversity of opinion point of view, but
19 that, in fact, if they don't get on board, the next shoe will
20 fall.

21 And I think that part of it, the threat has to be
22 there. If we never have a quota in our country ever, the fact is
23 that there's lots of countries who do and, as you say, the wheels
24 haven't fallen off. They have had some of it tremendously
25 successful, some less than that, but the fact is they have made
26 an impact.

27 So the question is, if we can -- if we can convince
28 people that targets are the next best Canadian way to go and

1 that, in fact, we will be -- we collectively from all the roles
2 will be looking at people and judging them on the basis of their
3 ability to put their money where their mouth is, I think that
4 would be a very good thing to have. But I think continuing
5 with what we have, not only on the executive side, which I agree
6 is the pipeline and the answer to everything ultimately, but we
7 must press on because we look wimpy and toothless if we don't
8 because we're not there yet, right.

9 CHAIR JENSEN: Which I don't want to look wimpy
10 and toothless.

11 MS. MERCIER: Halloween is coming. But I just think we
12 have to move on, and so the next reasonable, I think, expression
13 of that has got to be some target setting and actual
14 so-what-have-you-done-for-me-lately kinds of conversations that
15 people have not been able to effectively have up until now.

16 MS. van BIESEN: Can I put a question out, Maureen?
17 Because on the topic of education, and let's call it the business
18 case, Catalyst, I think, is the great originator of the business
19 case, the challenge with the business case is you -- there was
20 actually a recent meta-analysis performed by, I think, a female
21 professor at Wharton who looked at all of the these business
22 cases and the timeframes and the companies in them and found that
23 actually the presence of women on those boards had only a very
24 slight -- made only a very slight difference.

25 So anyone can go out and find research that promotes
26 the case or that denigrates from the case.

27 CHAIR JENSEN: Absolutely.

28 MS. van BIESEN: And what I worry about, and I say this

1 respectfully to the place where I work, it's really, I think,
2 what Don was saying, is unless women are removing value, and
3 nobody has been able to prove that, then what's the problem?
4 Because there is no business case for twelve guys on a board,
5 right, but somehow we have to demonstrate that we're going to
6 hockey stick the performance up to the sky.

7 The reality is that's not true, it's not. Then,
8 again, you get into the correlation, causation kind of thing. So
9 you can go down this rat hole. So what I wonder is if the
10 business case is the only thing holding this together, it's a
11 very tenuous discussion, right. Carol, you said that's what
12 moved the dial, but I really worry about that.

13 MR. CHARTER: I just couldn't agree more. I think that
14 the cause is hurt by trying to put the studies in place. I
15 think that that's not the way to go.

16 I would decouple term limits and the diversity issue
17 for the simple reason that term limits should really be put in
18 the context of a lot of governance, which is, is the company
19 performing well or not. And if the company is doing really well
20 and the shareholders have the right individually to vote and they
21 want to live with voting off a director because that director, he
22 or she, has been there too long, even though the company is doing
23 well, the shareholder can live with the consequences, and I think
24 that's the decision and that's the beauty that we always have to
25 come back to on the power of individual directorhood.

26 People are afraid to use it because they don't want to
27 be seen to be using it and they're trying to get other rules in
28 place to avoid having to use it. The diversity issue is a
29 discrimination

1 issue that stands on its own feet, and I think that the
2 disclosure issue coming in and the shaming of the people who are
3 not there and -- is very powerful, it will get even more powerful
4 and it will work that way.

5 There are organizations that have to be seen to be
6 doing it because it's -- they're huge organizations and they have
7 their own client base and mandates where they need to be seen to
8 do it. I think that's a wonderful discipline that comes into the
9 system, et cetera, but I don't think the business case is the
10 reason for that. I think you move away from that. This is a
11 discrimination issue. Let it stand on that. Let's disclose
12 what's going on.

13 Setting targets, I'm not afraid of it, I'm not a
14 promoter of it. I think if we go back to the real issue of how
15 do we get C suite going, that's a bigger issue, that's a stronger
16 issue that we've all got to be much more diligent on and powerful
17 on.

18 CHAIR JENSEN: Is transparency enough for that?

19 MR. CHARTER: You know, again, it's a question of
20 getting good people to do the right things and get over their
21 unconscious bias, and how do we get there and how do we do it. I
22 don't think the regulator can really necessarily force education
23 on this issue. Other things, and there are forces that are
24 forcing that issue out there. Oil and gas is getting beat up.
25 It's been a tough time being in the oil and gas business for
26 three years. Anybody want to be in oil and gas? Raise your hand.
27 It hasn't been fun, I'm on one.

28 Same thing in the mining sector, hasn't been a lot of

1 fun. The boards are shrinking, for example, on these fronts.
2 So, you know, I think this has been a great policy and I think
3 it's done a tremendous job. I applaud the outcome of all of this
4 disclosure, but I do fear that if we start heading down paths
5 that take away the fundamental point of discrimination that we
6 lessen the thrust of the argument of what we have to deal with.

7 CHAIR JENSEN: So you're saying we just continue
8 with the transparency that we have?

9 MR. CHARTER: Keep focusing on what this disclosure is,
10 keep letting people stand up and be counted and requiring
11 companies to put in targets. I don't have a problem with that.
12 I'm not sure that addresses the C suite issue, but it's a good
13 start, it's a good place to go. It doesn't trouble me one way or
14 the other on that front. But let's not get off message of what
15 the real fundamental issue here is that is going on.

16 MS. COTTE: What do you think about targets for the
17 executive management, if the company is allowed to set it itself?

18 MR. CHARTER: You know, I've sat in and listened to
19 these kind of discussions and I know Carol's offhanded comment was get a
20 different lawyer. You have to sit in a room with that on the hiring
21 side and listen to what goes on and what you can say out there.
22 It gets into the quagmire that we're talking about.

23 The other -- it's an odd thing, you get little things.
24 The unintended consequence of the way your disclosure is set up
25 is that if you have a positive -- if you want to be positive and
26 you're going to consider diversity in there for put women first,
27 if you adopt it as a written policy to promote it, your
28 disclosure is much more onerous than if you say, well, we'll take

1 it into consideration.

2 Don't underestimate that, don't underestimate that
3 because, again, the disclosure, because it's in a policy it all
4 comes up through legal.

5 CHAIR JENSEN: I'm conscious that I want to have
6 questions from the floor, but I'm going to ask one question just
7 to finish it. Why are boards so scared? Why are they?

8 MS. HANSELL: So I think the reluctance for change, and
9 I don't think it's no, no, no, always no, but the importance of
10 the way in which a group of people works together is really
11 significant. And what I think people worry about, if we can just
12 put the gender issue aside for a second, what I think people
13 worry about when they have -- when they're looking at having
14 somebody new join their board, I don't think anybody is ever
15 really concerned about a different perspective being offered,
16 they're worried about how that perspective will be offered and
17 will that person ultimately be able to align with consensus and
18 make sure that the organization is moving forward in --
19 consistently with what the board has said, even if that director
20 didn't win that point.

21 There are a lot of things about working as a member of
22 a board that don't come easily to many people, men or women, and
23 CEOs, I would say, I'm sure with the obvious exception, but CEOs
24 themselves are not necessarily good board members because they're
25 used to calling the shots and they're not used to being part of a
26 consensus building body.

27 That's what they're worried about. They're worried
28 that the board is going to be a bumpy ride, not in terms of

1 discussion, but in terms of being able to get to a decision.

2 That's what they're afraid of.

3 CHAIR JENSEN: Eileen.

4 MS. MERCIER: Well, somebody mentioned, I think maybe
5 it was Hugh, about the short term focus, share price, earnings,
6 one thing or another. I think there's still, despite the fact
7 that we have had a lot of conversation about this, there's still
8 a lot of quarter to quarter paranoia that exists at public board
9 tables, and unless -- so the corollary to all of this is weak
10 chairs.

11 So having done that job a couple of times, I know how
12 difficult it is to herd the cats all the time, every meeting, in
13 between meetings, management, all the rest of it, it's a big job,
14 and at the same time you've got people biting at your heels about
15 your quarterly results and all that sort of thing.

16 So there is a lot of responsibility and I think boards
17 take their responsibilities much, much more seriously and keenly
18 than they used to, it's a much harder job. But so saying, if the
19 company has a long view of their strategy, and that includes
20 their people strategy at all levels right up to the board, and
21 the chair is strong, you will get results.

22 Now, the question is what do we do with the rest. So I
23 guess that's why I feel that you've got to have something that
24 has some form of teeth in it and, to some degree, it supports the
25 weaker ones, because it gives them something that they have to
26 do. So I don't think that's bad. I think it's something we have
27 to come to.

28 CHAIR JENSEN: Okay.

1 MR. CHADDA: Quick one.

2 CHAIR JENSEN: Last comment.

3 MR. CHADDA: Fast one. I think we've got a lot of
4 momentum, this is all about marketing. I think we should
5 continue on. I think having a guideline or a best practice is a
6 logical next step. I think it would positive to have some sort
7 of issuer set non-zero target in there to disclose against, and
8 finally --

9 CHAIR JENSEN: That would be pleasant.

10 MR. CHADDA: Yes. And finally would be -- I think
11 where we do comply or explain why not, I think people fall down
12 on the why not. Unless we give examples of how to dutifully
13 respond as to why not and recognizing the board's role, a huge
14 part of it is risk, and we looked at all sorts of risk, if they
15 can't respond as to why they don't have a policy or a target or
16 what have you and show that their risks are covered and here's
17 why not, then that probably shouldn't be a sufficient response.

18 So it goes again to best practices, putting out more
19 examples of how you handle this issue. I think that will go a
20 long way on the marketing.

21 -- AUDIENCE QUESTIONS AND ANSWERS:

22 CHAIR JENSEN: Okay. So I know we now have
23 finished with the topic. We're now going to go for questions
24 from the audience.

25 MR. LOKE: We have two individuals with microphones
26 around, if there are any questions.

27 AUDIENCE MEMBER: Hello. I hope everybody can hear.
28 I'm Beatrix Dart, I'm the country leader for the 30 Percent Club,

1 and, as Tanya explained, we're also in the process of forming a
2 larger alliance to support the efforts.

3 Short of implementing a quota, which, quite frankly, I
4 think would truly move the needle, I think it's an external shock
5 that would provide an immediate move forward, but I believe would
6 need to be implemented on a federal level, not on a provincial
7 one, because otherwise what you will have is companies shopping
8 province by province where they might set up headquarters, so you
9 need to have that one on a federal level.

10 Short of that, I think that setting a target certainly
11 would be extremely useful. You need to -- as we know, what gets
12 measured gets done. I think having a target, and it's non-zero
13 target, would probably make a huge difference, in particular, if
14 they have to report on progress.

15 I also think that you might want to consider, I think
16 it was Judy's proposal, how boards do their recruitment process,
17 like an explanation on how board recruiting is actually
18 happening. If nothing else, it would add to the story, it would
19 provide more transparency how the recruitment process is actually
20 taking place. Maybe there are a couple of options or check boxes
21 to tick so it's not too onerous, but something that would explain
22 where the company is actually going outside their comfort zone
23 and their immediate network would help tremendously to
24 understand.

25 On the term limits, I'm wondering whether it wouldn't
26 be possible to give companies an option to say would you have one
27 out of three options in place, either a term limit or an age
28 limit or a substantial board evaluation process, which usually

1 can help sort out board directors as well. But you should have,
2 as a guideline, one out of those three in place. Would that be
3 potentially an option?

4 MR. LOKE: Who would like to take that?

5 MS. HANSELL: Personally I don't see them as
6 interchangeable. I think people should be doing board
7 evaluations in any event. I think the length of time people are
8 sitting on boards, diversity succession planning, are very much
9 part of a well structured board evaluation.

10 I don't want to leave the impression that I'm against
11 term limits, I often recommend them to my clients. To me it's
12 just a matter of -- I think Judy's suggestion of having some of
13 these tools included in recommendations would provide more focus
14 to them and you could frame it in a number of different ways.
15 You know, in what ways do you -- what tools do you use to refresh
16 your board. It's actually more of a board succession planning
17 issue, what are the tools you use, with an explanatory note that
18 that could include a number of things.

19 I would actually also like to just make the comment
20 that I think part of the way in which boards have gotten better,
21 and this does depend very much on a good, strong chair, is that
22 chairs have the discussion now with directors who are not
23 performing, and they're not performing because we can see they're
24 not reading their board books, they are not showing up for
25 meetings, they have very low participation. All of those things.
26 It's done gently, it's not done -- there is no guillotine in the
27 city square, it's done gently, they simply don't stand again. I
28 think, Eileen wouldn't you agree that it happens much more than it did
29 15 years ago.

1 MS. MERCIER: More, not enough but more.

2 MR. LOKE: Question over here.

3 AUDIENCE MEMBER: Thank you. My name is Linda Bloom,
4 I'm one of the rare women in the mining industry, and I would
5 like to say, I don't think three years to get this kind of change
6 is very long. You know, it doesn't feel like it's going very
7 fast, but you might find there's a hockey stick at the end.

8 And my other point was just I really find the survey,
9 the report, really useful. What I would like is the list of the
10 names of the companies by sector that don't have a policy and
11 have no women on the board. So you have done the work, can you
12 actually provide the names of those companies?

13 MR. LOKE: Stay tuned.

14 AUDIENCE MEMBER: I think a name and shame approach
15 would be more effective than setting targets. It would also
16 allow women who want to target careers towards those companies
17 that they feel are a little bit more progressive and then you
18 will start to see it having an impact on those companies'
19 performance.

20 MR. LOKE: So I can say that for all the data that's
21 made up -- actually, let's have Sandra talk about the data and the
22 availability of that data.

23 MS. HELDMAN: So for our first two years of reports,
24 the data is actually on our website in the same place as where
25 our notice is, so you can actually find it. It's on an Excel
26 spreadsheet that you can download, you can manipulate in any way,
27 so you can actually filter it by no policy, by no target, and it
28 actually has each of the issuers' names, so you will be able to

1 do that.

2 In the next few months we will adding the data relating
3 to this report, so that way we're hoping that industry will grab
4 that data, look at your industry, look at the other varieties and
5 look at the key criteria, because all of that data is there
6 that's in our report and you can slice and dice it any which way
7 you'd like.

8 MS. MERCIER: Can I once again make a plea, because I
9 know you've got it, for adding the financial institutions into
10 your numbers. Because people have got to see what's at the upper
11 band, right. Unless they see that and it's obvious and you can
12 do some kind of weighted average or whatever you do, but without
13 those, there's a huge piece of our publicly traded companies that
14 aren't included.

15 MS. HELDMAN: So the next piece we're going to do is
16 round out the data on the banks. As you've seen in the footnote,
17 that we do have information on the top six. It doesn't move the
18 needle because six issuers over 660, it doesn't change the
19 overall percentages, but you're right, they are leaders and when
20 we follow them, they are doing a lot more internally and speaking
21 out in a way that -- they are the country leaders in this area.

22 We will be rounding out that data, and when we publish
23 our other data we're going to actually start rounding out that
24 period for the first two years first, and then we'll have to wait
25 a little longer because their information circulars are quite
26 late. They don't come out until almost March.

27 MR. LOKE: So we will have all the data available.
28 Let's try to get one more question.

1 AUDIENCE MEMBER: Hi, name is Grayanna (ph.) I'm a PhD
2 student in philosophy at Western. My question is actually for
3 everyone. It has to do with the explain, comply and explain bit.
4 My concern is -- I should say why I'm interested in this is
5 because our numbers in philosophy are, for traditionally under
6 represented groups, are very bad, so my question is about comply
7 and explain.

8 It seems to me that one can always explain why
9 someone's not hired. An example would be, well, we're looking
10 for merit-based decisions. Okay, we have two candidates that are
11 both equally qualified, but we'll just go and go with the, you
12 know, whoever is a better fit for our department or workplace.
13 So my question is what do you do with explanations, because I
14 think you can explain for a long time or for many years or until
15 I have more grey hair. That's my question.

16 MS. van BIESEN: Wasn't that more of what does a
17 regulator do with the explanation? I know what I think of the
18 explanation.

19 CHAIR JENSEN: Well, first of all, for companies
20 that don't have any women on their board, the most
21 common explanation is that we only hire for merit, which is
22 exactly the issue that the speaker just mentioned. But, Carol,
23 you wanted to say something.

24 MS. HANSELL: I think when people are looking at those
25 two candidates, as you're describing, it is always possible to
26 default to the fit which is the more comfortable, more what we
27 already see. That's where the commitment of the organization
28 comes in. So you've asked for the list, you've asked for at

1 least three of the people on the short list to be female, and you
2 have to see -- if the organization is committed, if there's a
3 strong chair, if the CEO is behind it, we see the concept of all
4 things being equal as being much broader. That we're not looking
5 for X on X, that the woman provides different things perhaps, and
6 we are actually committed to getting a woman.

7 AUDIENCE MEMBER: Gillian Lansdowne, I'm in the
8 executive search business, so I understand in depth the reasons
9 why we are where we are today.

10 I think boards will continue to resist change and make
11 excuses for why there aren't more women on a board for as long as
12 they possibly can get away with it. So I think it's incumbent on
13 the regulatory bodies to mandate specific things that can move
14 the needle forward significantly.

15 From my perspective, one would be term limits. The
16 other would be a policy that is very gender specific and that
17 includes targets, and the other would be definitive guidelines on
18 board recruiting practices. And I think if these things were
19 mandated, I think boards won't have the choice that they have
20 now, which is to explain any explanation they possibly can for
21 not implementing change.

22 MR. LOKE: I think the question comes down to how
23 accepting would the marketplace be, including all stakeholders,
24 investors, proxy advisors, you know, corporate governance
25 experts, how receptive would the marketplace be to additional
26 measures that would be not optional. That would comply-- with a true
27 comply approach to this issue.

28 MS. MERCIER: You gathered a lot of us around this

1 table and I didn't hear anybody really saying don't do anything.
2 So the only -- you know, the only resistant party in all this is
3 likely to be the boards who have currently done nothing and
4 aren't necessarily planning to do anything.

5 So I think Don said something about he didn't have much
6 patience with them; well, I'm in that camp. I mean, they have
7 had three years. Now it's time to actually get off your duff and
8 do something, and I think the easiest way to accomplish that is
9 to have the regulator step up the pressure.

10 MR. CHARTER: I think one thing to keep in mind, it's a
11 search firm comment, when
12 you look at hiring, I consider hiring to be the number one risk
13 in business. I think if you get it right 50 percent of the time
14 you're probably ahead of the curve on that front, and we have to
15 recognize that that's -- risk is no different when you're looking
16 at boards, and somehow we're placing board recruitment in a
17 different category, that somehow it's a hundred percent objective
18 outside of the box mathematical formula equation, and I think
19 when you try to go in that direction you will be unhappy with the
20 outcome of what that board looks like on that front.

21 So we always have to remember what the core competency
22 of what that board is, number one is overseeing the CEO and being
23 prepared to terminate a CEO. And having gone through numerous
24 CEO turnovers, that's the tough part of a board and that's where
25 you need strong chairmen on it. So putting in this concept about
26 professionalizing the process and the objectives and that kind of
27 stuff, you have to bring that back to the reality of the
28 situation.

29 The other thing, I'll keep coming back on term limits.

1 Term limits, if the company is underperforming I think it has to
2 look at it. I think you have two situations. You have a board
3 of a company that is doing very well, why mess with its success,
4 and you've got a board of a company that's doing very badly who
5 is saying this isn't going to solve my problem by the end of the
6 quarter on this front. So I think that the theoretical board
7 recruiting issue has to always be brought back to the reality of
8 each board situation, and I agree with the discipline of strong
9 chairs. I think we have too many weak chairs on these situations
10 and, again, we have to remember it's specific to each situation.

11 MR. LOKE: When we initiated this project a few years
12 ago, it was with optimism, it was with diligence, and we wanted
13 to create an ecosystem and we wanted to see a change.

14 So today we have had an outstanding discussion with
15 panellists representing investors, professional advisors,
16 corporate directors, critical infrastructure, and we can tell
17 that change is coming and you are all part of that, you and the
18 audience are all part of that as well.

19 Please join me in thanking our outstanding panellists.

20 -- Applause.

21 MR. LOKE: Through the course of the morning we have
22 had the opportunity to listen to what we can do and what we are
23 doing. To the extent you're available, we do invite you to stay
24 around, a number of us will be able to be here as well to
25 continue this conversation. Thank you for attending and have a
26 great day.

27 --- Whereupon the roundtable adjourned at 11:00 a.m.

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SHARI CORKUM, C.S.R.

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