

[Letterhead]  
Women in Governance

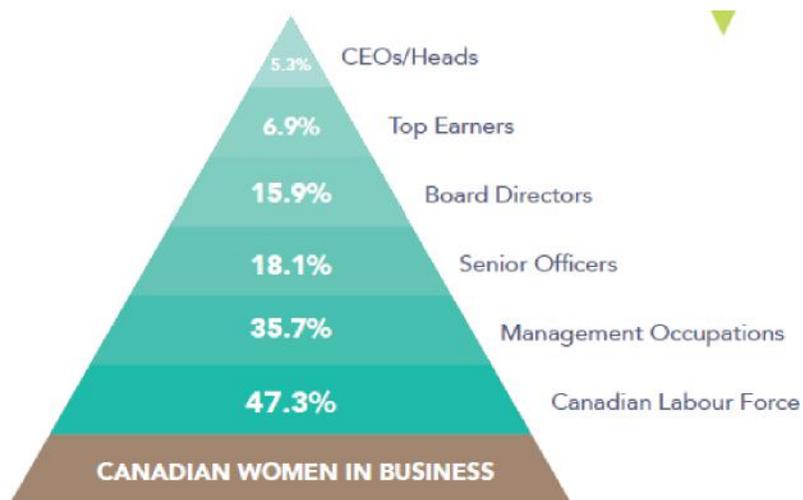
June 1, 2017

### Speaking notes for Caroline Codsi, President and Founder of Women in Governance

**Women in Governance** is a not-for-profit organization founded in 2010 to support women in developing their leadership skills, advancing their career and accessing positions on boards of directors. Alarming statistics concerning women's accession to corporate boards inspired the creation of this organization. Research has shown that companies and organizations with a greater number of women at the executive level and on boards tend to perform better financially and in terms of employee engagement, branding and corporate culture. Therefore, eliminating glass ceilings and sticky floors and allowing women to progress is not only in the interest of women, but a good business decision, especially in a context of talent scarcity.

#### Statistics on women in business in Canada

Although women represent 47.3% of the labour force, they account for only 5.3% of CEOs and business heads.



SOURCE: CATALYST, PYRAMID: CANADIAN WOMEN IN BUSINESS, MAY 2014.

I would like to draw your attention today to the presence and remuneration of women in the labour force and the need to introduce measures to help women achieve senior management positions and positions on corporate boards.

The participation of women in the Canadian labour market is among the highest in the G7. Although the wage gap has declined in recent years, Statistics Canada data published in January 2017 indicate that the average hourly wage for women, across all job categories, is 16% lower than that earned by men. Moreover, women continue to assume responsibility for a greater share of unpaid work.

The province of Quebec has made progress in recent years. In 2016, the participation rate of women aged 25 to 54 was close to 86%. Since 2000, this rate has increased by almost 9%—one of the most dramatic growth rates in Canada.

Thus, compared with Canada's four most populous provinces, Quebec now ranks first in the number of jobs held by women, whereas 16 years ago, the province was at the back of the pack. Quebec's family policy is certainly one of the reasons for these advances. Women in Governance urges the government to support measures to increase women's participation in the Canadian economy.

### **Boards of directors and executive positions**

Of the Canadian companies in the TSX 60 index—the top 60 listed companies—only one has a female CEO and 20% women on its board of directors. These figures are low when compared with the figures for other OECD member countries. Female representation is even lower (15.9%) on the boards of FP500 companies.

Given that diversity on corporate boards and in executive positions is linked to business performance, the shortfall caused by the under-representation of women in these positions is detrimental to the Canadian economy as a whole. It is essential for women to be able to contribute to our economy through their talents, perspectives and vision. Nothing is more conducive to robust and informed decision-making than the complementarity of male-female talent.

Research shows that there is no shortage of skilled and experienced women to fill positions in corporate decision-making bodies. Furthermore, women in management positions are interested in these positions. However, many women are unable to make the leap between management positions and senior management positions. This is due in part to the absence of “mentors” who would not only provide advice, but would also help advance the careers of these women (men in similar positions are 46% more likely to have found a mentor), and in part to the lack of support for work/family life balance in the corporate world.

One solution would be to implement strategies at all levels. Indeed, we won't see a greater number of women accessing leadership positions if we don't support them at all stages of their career.

Women in Governance believes that the government must set quotas for women on boards of directors. Numerous studies have found that disclosure without fixed objectives has no real impact when it comes to increasing female representation on corporate boards. In fact, the response to the “comply or explain” requirements published by Autorité des Marchés Financiers, a securities regulator, has been lukewarm.

The representation of women on corporate boards and in executive positions will benefit society as a whole, as it will enhance the performance of the Canadian economy. We believe that tax relief should be considered for companies that strive to achieve parity, since it has been shown to increase financial performance. Moreover, at the end of the day, it should not result in any net loss of government revenue. In addition, the government should give preference to suppliers who have achieved or have made a concerted effort to achieve gender parity.

To help companies in Quebec and in Canada increase the representation of women in leadership roles, the Women in Governance team implemented a parity certification process. This is an innovative standard that focusses not only on gender parity in corporate decision-making bodies, but also on succession planning and the implementation of mechanisms to enable women at all levels of the hierarchy to advance their careers, thus creating a pool of female talent. In April 2017, a public consultation was held at McKinsey & Company in collaboration with senior human resources executives and with the support of Quebec's Ordre des conseillers en ressources humaines agréés (CHRA) to validate the parameters of the standard before its launch on June 5 to companies with more than 400 employees (This was one of the criterion for the first year of certification; it is hoped that certification will be offered to SMEs in the second year.)

To be accredited, companies will have to structure their procedures and meet various selection criteria. This extensive project will have positive and substantial spin-offs for companies that want to commit to gender parity, make it part of their human resources strategy and have their efforts recognized and validated by an independent third party. The companies that have distinguished themselves in this certification process will be honored at the annual Women in Governance gala to be held at the *Palais des Congrès* on September 12, 2017.

### **Global perspective**

To give you a global perspective, the number of women in executive bodies increased by only 3% in five years. Although globally one-third of companies still do not have a single woman in senior management positions, one region stands out: Eastern Europe. In Eastern Europe, 35% of senior management positions are held by women (in Russia, 45% of senior the upper-level positions are held by women), and just 16% of the companies have no female executives. It would seem that this is the legacy of the communist regime, whose central tenet is equality.

Let's look at what is happening in other countries. In Australia, the proportion of women serving on the boards of ASX 200 companies rose from 19.4% in 2012 to 23.4% in 2016. This is mainly because 82% of these companies (compared to 9% in Canada) have adopted an internal policy setting a numerical target for female representation in decision-making positions.

Africa, where a growing number of women are occupying upper-echelon positions, is leading the emerging regions. Some 14.4% of the board members of large companies are women (compared with 9.8% in the Asia-Pacific region, 5.6% in Latin America and 1% in the Middle East).

In Japan, however, women find it difficult to reconcile family life with a career. Female under-representation is part of that culture. Approximately 70% of women work part-time and less than 4% sit on the boards of publicly traded companies.

Why does progress seem so slow in Canada compared to Europe? The answer is simple: quotas. Do they really work? If we look at the number of women who sit on boards of directors, the answer is yes. If we look at the number of female executives and CEOs, however, the answer is no. Indeed, the Scandinavian countries, which were the first to impose quotas more than a decade ago, quickly achieved parity on boards; however, less than 20% of executives in the Scandinavian countries are women.

In 2007, under the Charest government, the *Act Respecting the Governance of State-owned Enterprises* made it possible to increase female representation on the boards of Quebec's 22 state-owned enterprises from 27.5% to 52.4% in five years.

### **Should we conclude that when we legislate we find women and when we don't legislate we find excuses?**

Thanks to the Copé-Zimmermann law, which set a target of 40% female board members by 2017, France has made great strides. In 2010, France and Canada posted similar results: 12% of board members were women. However, in 2017 France is on track to reach the 40% target. Marie-Jo Zimmermann, the deputy who co-drafted this famous legislation, welcomed me to the National Assembly in Paris 18 months ago. My remarks on our poor track record in achieving parity surprised her because Canada is regarded as an avant-garde country internationally.

A few months later, in London, I met Susan Vinnicombe, author of the annual *Female FTSE Board Report* in Britain and member of the Lord Davies Steering Committee. Dr. Vinnicombe was entrusted with an important mission by David Cameron: to double the number of women on corporate boards. This goal was achieved in five years, with female representation increasing from 13% to 26%. This stunning progress was achieved without legislation, but with a real commitment from the Prime Minister of the day. This commitment resulted in think tanks and action groups bringing together various stakeholders. A concerted effort, sustained attention, a sense of urgency and, above all, measurable targets with a clear timeline made this progress possible. Moreover, David Cameron personally signed education letters address to every board chairman with no women around the table. Women in Governance's government relations committee sent a formal request to Prime Minister Justin Trudeau, asking him to take similar action in Canada. We are waiting to see what happens next.

### **Conclusion**

Women in Governance urges the federal government to adopt measures to promote equality and diversity.

Thank you for the opportunity to speak to the Committee. My team and I are committed to supporting the efforts of various government bodies to ensure gender parity.

[signed]

**Caroline Codsì, ICD.D**  
President and Founder  
**Women in Governance**