

TARGETS: CAPITAL MARKETS ARE READY

WCM Quick-Hit Research
Corporate Board Diversity
in Canada
August 2020

wcm.ca

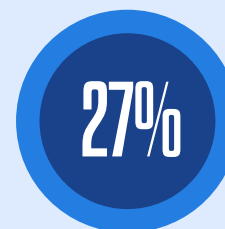
In August 2020, WCM and partner CAUFP undertook research to get a better understanding of how support for representation targets for women and racialized persons was evolving. These findings suggest that support for targets, written policies and term limits has increased materially since the implementation of the OSC's Comply or Explain. A survey of 500 capital markets professionals reveals the majority of respondents are strongly in favour of targets for executive and board roles and amending legislation to support rapid diversification of corporate boards.

The current state of corporate board diversity in Canada¹

Representation of women and racialized persons has been slow to rise, particularly at the executive and board level.



of all board positions are held by men



of all boards still have no women



of all board vacancies in 2019 were filled by a man

The CSA and securities regulators do not currently collect data based on race.



Comply or Explain

Canada's 'comply or explain' approach to corporate board diversity requires listed companies to share their gender representation data, or explain non-disclosure. It does not require policies, practices or targets for gender or racial diversity.

¹ Canadian Securities Administrators. CSA Multilateral Staff Notice 58-311: Report on Fifth Staff Review of Disclosure Regarding Women on Boards and in Executive Officer Positions. October 2, 2019.

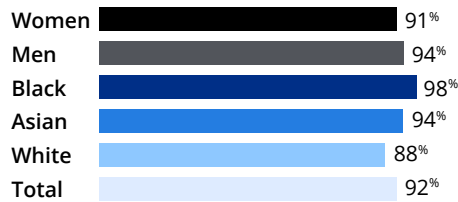


Targets: should companies set targets for women and BIPOC at the board and executive level?

92%

of respondents are in favour of amending legislation to require publicly listed companies to adopt targets for women and BIPOC, and annually disclose representation data.

IN FAVOUR OF LISTED COMPANIES SETTING TARGETS FOR WOMEN AND BIPOC



What target would you support for women at the board and executive level?

>40%

of all respondents favour a target of 50% women.

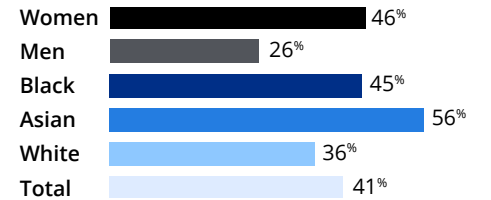
31%

of respondents prefer companies set their own target.

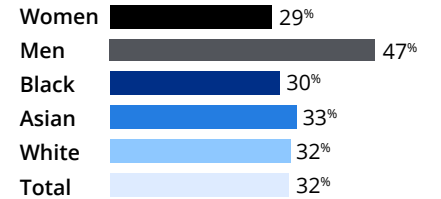
Noteworthy

- Overall, 65% of respondents favour a target of 30% or higher.
- Men are far less supportive of a target of 30% or higher than women, instead favouring that firms set their own targets.

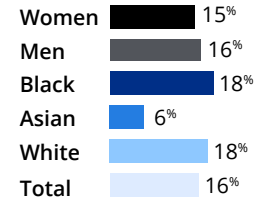
50% WOMEN



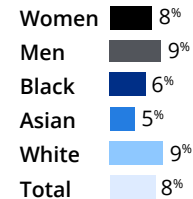
FIRMS SET THEIR OWN



40% WOMEN



30% WOMEN



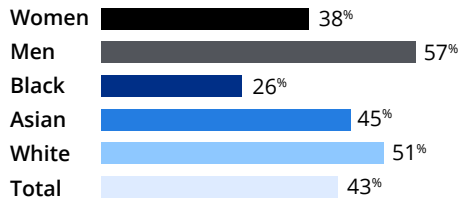


What target would you support for BIPOC at the board and executive level?

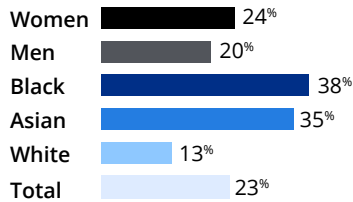
43%

of respondents favour that firms are allowed to set their own targets for their BIPOC representation, in contrast to the preferred target for women.

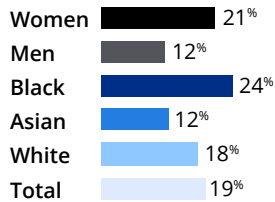
FIRMS SET THEIR OWN



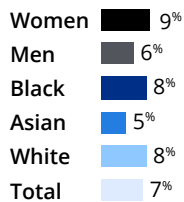
40% BIPOC



30% BIPOC



20% BIPOC



23%

of respondents favour a target of 40% BIPOC.

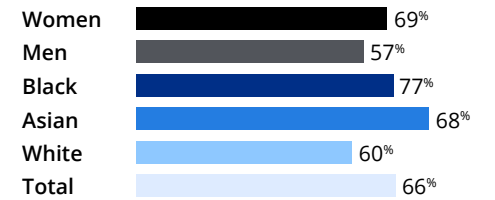


Timeline to achieve target at the board and executive level

66%

of respondents are in favour of a *two or three year* timeline for targets to be achieved.

AGREE THAT AN IMPLEMENTATION TIMELINE SHOULD BE 3 YEARS OR SHORTER



26%

of respondents prefer a *five year* timeline.

4%

only voted for a *ten year* timeline.



Should boards have written policies on diversity for board seat nominations?

When asked if companies should be required to have a written policy for director nomination, that expressly addresses the identification of candidates who are women and BIPOC, all demographic groups within our research support this.

92%

of respondents overall are in favour.

AGREE THAT COMPANIES SHOULD HAVE A WRITTEN POLICY ON DIVERSITY FOR BOARD SEAT NOMINATIONS



Term limits set to a 10-year maximum

82%

of respondents are in favour of amending legislation to set a maximum tenure limit for directors of ten years.

AGREE THAT THE MAXIMUM TERM LIMIT SHOULD BE 10 YEARS



Appendix: Demographic Data Charts

