

## 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

## Executive Summary

This report outlines key trends from a recent review of public disclosure regarding women on boards and in executive officer positions as required by Form 58-101F1 *Corporate Governance Disclosure* (the disclosure requirements) of National Instrument 58-101 *Disclosure of Corporate Governance Practices* (NI 58-101). The review was conducted by securities regulatory authorities in Alberta, Manitoba, New Brunswick, Nova Scotia, Ontario, Québec and Saskatchewan. The review was completed for the purposes of identifying key trends. A qualitative assessment of compliance with the disclosure requirements was not conducted.

The key trends are based on a review sample of 641 issuers that had year-ends between December 31, 2018 and March 31, 2019 (year 5) and filed information circulars or annual information forms by July 31, 2019. See page 12 for details regarding our review sample.

The following key trends were observed in this review<sup>1</sup>:

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<b>Board seats</b>	<ul style="list-style-type: none"><li>• 17% of board seats were held by women; however, this number tended to increase with the size of the issuer and varied by industry.</li><li>• 73% of issuers had at least one woman on their board, however, 170 issuers had no women on their board.</li><li>• 5% of the chairs of the board were women.</li><li>• 33% of vacated board seats were filled by women.</li></ul>
<b>Executive officer positions</b>	<ul style="list-style-type: none"><li>• 4% of issuers had a woman chief executive officer (CEO).</li><li>• 15% of issuers had a woman chief financial officer (CFO).</li><li>• 64% of issuers had at least one woman in an executive officer position.</li></ul>
<b>Targets</b>	<ul style="list-style-type: none"><li>• 22% of issuers adopted targets for the representation of women on their board.</li><li>• 3% of issuers adopted targets for the representation of women in executive officer positions.</li></ul>
<b>Term limits and other mechanisms of board renewal</b>	<ul style="list-style-type: none"><li>• 21% of issuers adopted some form of director term limits (alone or with other mechanisms of board renewal).</li><li>• 36% of issuers adopted other mechanisms of board renewal, but did not adopt term limits.</li><li>• 39% of issuers disclosed that they did not have director term limits nor had they adopted other mechanisms of board renewal.</li></ul>
<b>Policies</b>	<ul style="list-style-type: none"><li>• 50% of issuers adopted a policy relating to the representation of women on their board.</li></ul>

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The CSA will continue to monitor trends in this area.

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<sup>1</sup> All percentages in this report have been rounded to a whole number.

## Snapshot of Data

The following is a snapshot of the year-over-year comparison of the key trends identified in our reviews:

Trends	Year				
	1	2	3	4	5
<b>Board representation</b>					
Total board seats occupied by women	11%	12%	14%	15%	17%
Issuers with at least one woman on their board	49%	55%	61%	66%	73%
Issuers with three or more women on their board	8%	10%	11%	13%	15%
Board seats occupied by women of issuers with < \$1 billion market capitalization	8%	9%	10%	11%	13%
Board seats occupied by women of issuers with \$1-2 billion market capitalization <sup>2</sup>	11%	13%	17%	19%	20%
Board seats occupied by women of issuers with \$2-10 billion market capitalization <sup>2</sup>	17%	18%	18%	21%	23%
Board seats occupied by women of issuers with over \$10 billion market capitalization <sup>2</sup>	21%	23%	24%	25%	27%
Chairs of the board who are women <sup>3</sup>	--	--	--	--	5%
Board vacancies filled by women <sup>4</sup>	--	--	26%	29%	33%
<b>Executive officers</b>					
Issuers with at least one woman in an executive officer position <sup>5</sup>	60%	59%	62%	66%	64%
Issuers with a woman CEO <sup>6</sup>	--	--	--	4%	4%
Issuers with a woman CFO <sup>6</sup>	--	--	--	14%	15%
<b>Policies</b>					
Issuers that adopted a policy relating to the representation of women on their board	15%	21%	35%	42%	50%
<b>Targets</b>					
Issuers that adopted targets for the representation of women on their board	7%	9%	11%	16%	22%
Issuers that adopted targets for the representation of women in executive officer positions <sup>5</sup>	2%	2%	3%	4%	3%
<b>Term limits</b>					
Issuers that adopted director term limits	19%	20%	21%	21%	21%

<sup>2</sup> Board seats occupied by women for issuers over \$1 billion market capitalization: 16% (Year 1), 18% (Year 2), 20% (Year 3), 21% (Year 4) and 23% (Year 5).

<sup>3</sup> Chairs of the board who are women were not included in our reporting in Year 1, Year 2, Year 3 and Year 4.

<sup>4</sup> Board vacancies filled by women were not included in our reporting in Year 1 and Year 2.

<sup>5</sup> The decrease in year 5 is driven in part by a change in methodology used to capture executive officer data. Issuers may have included in their disclosure, positions and/or targets for a group other than executive officers, as that term is defined in NI 58-101. In year 5, we focused more closely on disclosure regarding "executive officers" as defined.

<sup>6</sup> Issuers with a woman CEO and issuers with a woman CFO were not included in our reporting in Year 1, Year 2 and Year 3.

## Key Trends

Set out below are highlights from our review related to the following:

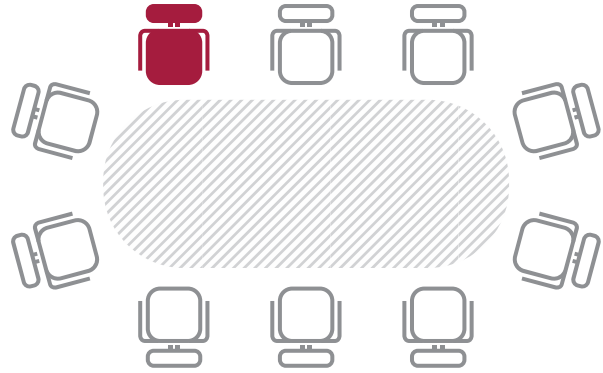
- A. Women on boards
- B. Women in executive officer positions
- C. Board renewal

### A. Women on boards

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#### Board seats

The percentage of board seats held by women increased to 17% in year 5.



The percentage of board seats held by women varied by the size of the issuer.

- For the 432 issuers with a market capitalization of less than \$1 billion, 13% of board seats were held by women.
- For the 69 issuers with a market capitalization of between \$1 billion and \$2 billion, 20% of board seats were held by women.<sup>7</sup>
- For the 94 issuers with a market capitalization of between \$2 billion and \$10 billion, 23% of board seats were held by women.<sup>7</sup>
- For the 46 issuers with a market capitalization of greater than \$10 billion, 27% of board seats were held by women.<sup>7</sup>

5% of the chairs of the board were women.<sup>8</sup>

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<sup>7</sup> Board seats occupied by women for the 209 issuers with a market capitalization of greater than \$1 billion were: 16% (Year 1), 18% (Year 2), 20% (Year 3), 21% (Year 4) and 23% (Year 5).

<sup>8</sup> Chair data is not a disclosure requirement.

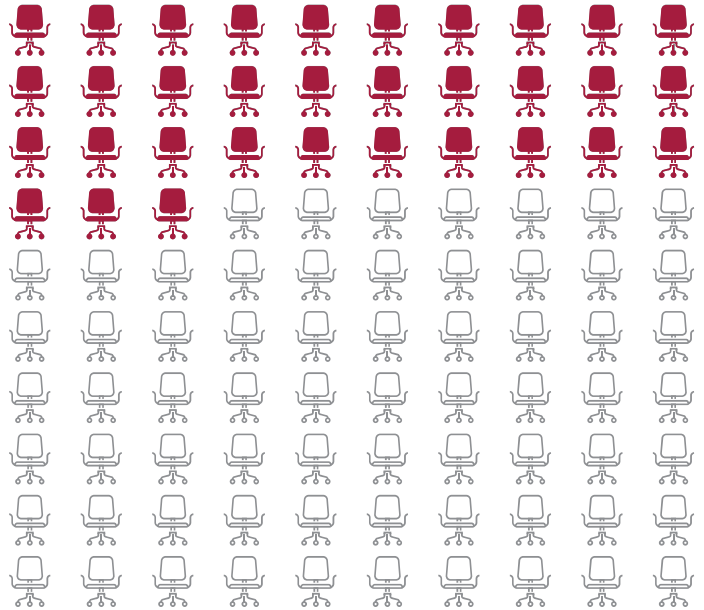
**Board fill rate**

**When board seats became available and were filled, approximately three in ten seats were filled by women.**

This year, 712 board seats were vacated during the year and 525 of those seats were filled. Of those filled seats, 33% (175 seats) were filled by women which represents a 4% increase over year 4.

**Board vacancies filled by women**

**33%**



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**Issuers with no women on board**

The number of issuers with no women on their board has declined since the disclosure requirements were introduced.

27% of issuers (170 issuers) had no women on their board.

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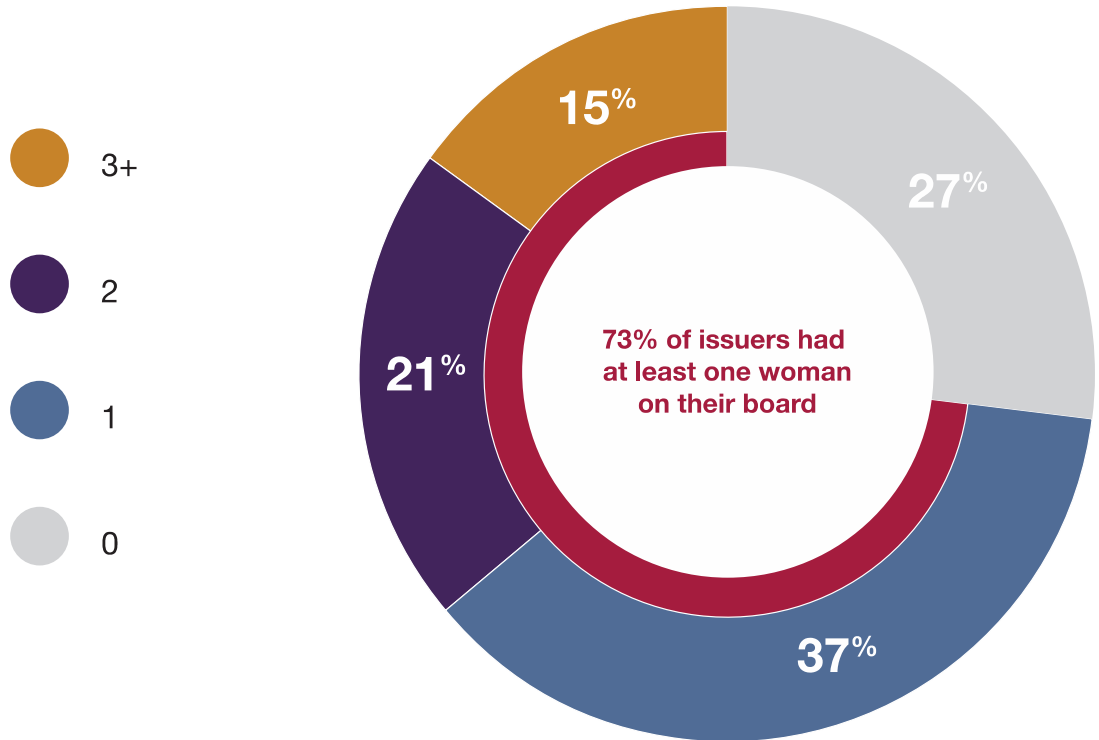
**Issuers with at least one woman on board**

The number of issuers with at least one woman on their board has increased since the disclosure requirements were introduced.

73% of issuers (471 issuers) had at least one woman on their board.

**Number of women on boards**

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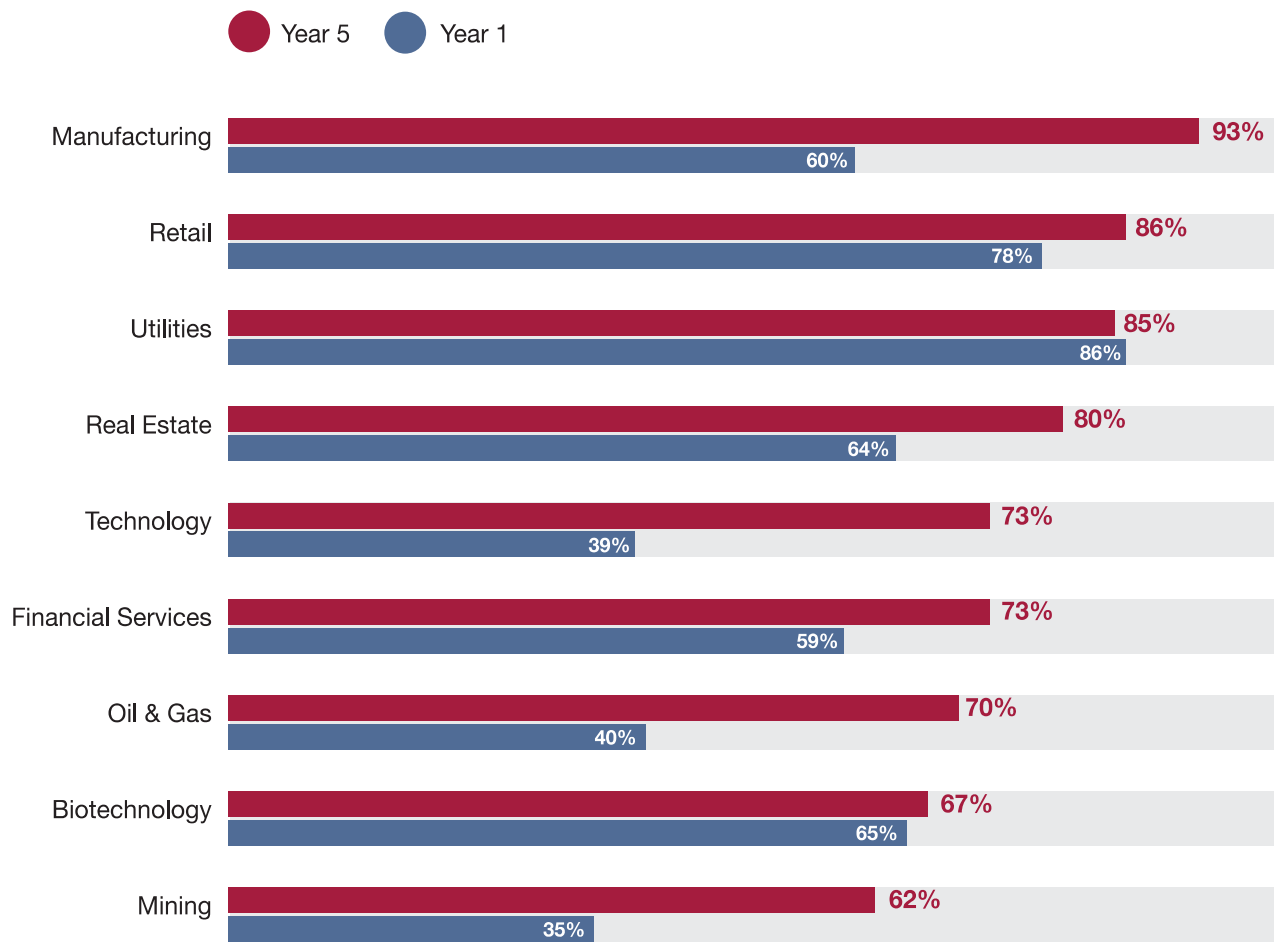
Industry data

The number of women on boards varied by industry.

The manufacturing, retail and utilities industries had the highest percentage of issuers with one or more women on their boards.<sup>9</sup> The mining, biotechnology and oil & gas industries had the lowest percentage of issuers with one or more women on their boards.

Refer to Appendix A for a year-over-year comparison of the percentage of issuers with one or more women on their boards by industry.

Percentage of issuers with one or more women on boards



<sup>9</sup> The larger Canadian banks, which are part of an industry that has generally been an early adopter of diversity initiatives, are not captured in the data sample for this review. The six largest banks had an average of 38% of women on their boards based on their 2019 information circulars filed for their years ending October 31, 2018.

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**Targets**

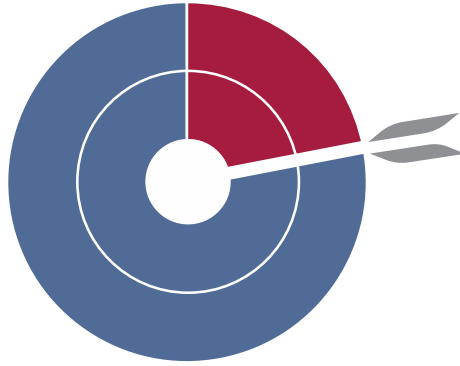
**Few issuers had targets for women on their boards.**

22% of issuers set targets for the representation of women on their boards.

Issuers that adopted board targets had an average of 24% of their board seats held by women, compared to issuers without targets that had an average of 15%.

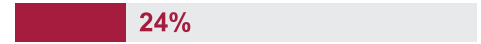
**Percentage of issuers with targets**

**22%**

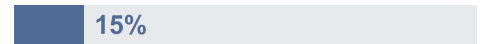


**Board seats held by women**

Issuers with board targets



Issuers without board targets



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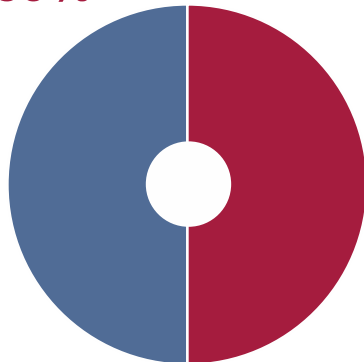
**Policies relating to the identification and nomination of women directors**

**50% of issuers adopted a policy on identifying and nominating women directors, representing a significant increase since year 1.**

The 321 issuers that adopted a policy relating to the representation of women on their boards had an average of 21% of women on their boards compared to issuers with no such policy, that had an average of 13%.

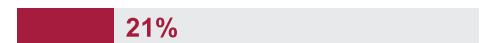
**Percentage of issuers with policies**

**50%**

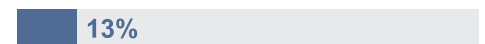


**Board seats held by women**

Issuers with policies



Issuers without policies





## B. Women in executive officer positions

### Number of women in executive officer positions

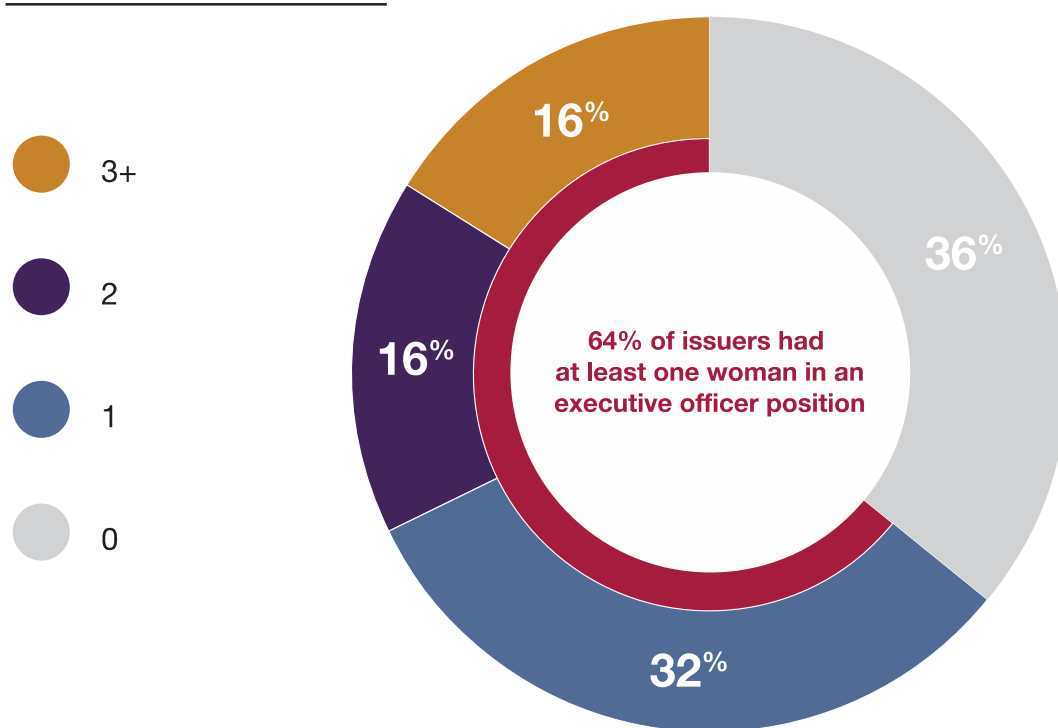
64% of issuers had at least one woman in an executive officer position.<sup>10</sup>

The number of executive officers reported by issuers ranged from zero to approximately 128, with an average number of 10 executive officers.<sup>11</sup>

4% of issuers had a woman CEO.<sup>12</sup>

15% of issuers had a woman CFO.<sup>12</sup>

### Number of women in executive officer positions



<sup>10</sup> 540 of the 641 issuers in the review sample disclosed executive officer information.

<sup>11</sup> The numbers included in this part of the report are taken from issuers' disclosure, and may include positions other than executive officers, as that term is defined in NI 58-101. In Year 5, as noted in footnote 5, we focused more closely on disclosure regarding "executive officers" as defined.

<sup>12</sup> CEO and CFO data is not a disclosure requirement.

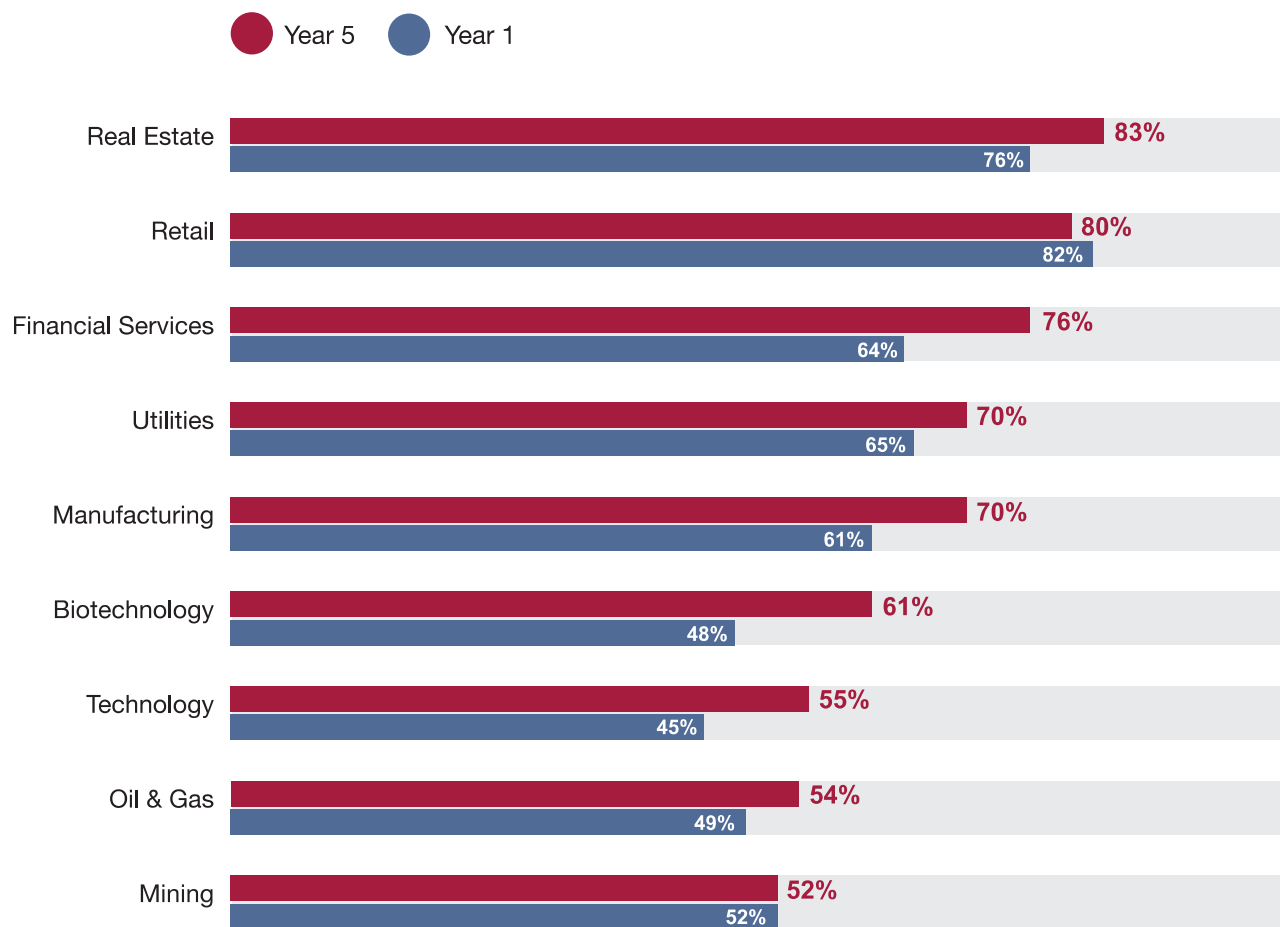
**Industry data**

**The number of women in executive officer positions varied by industry.**

The real estate, retail and financial services industries had the highest percentage of issuers with one or more women in executive officer positions. The mining, oil & gas, and technology industries had the lowest percentage of issuers with one or more women in executive officer positions.

Refer to Appendix B for a year-over-year comparison of the percentage of issuers with one or more women in executive officer positions by industry.

**Percentage of issuers with one or more women in executive officer positions**



**Targets**

**Targets for women in executive officer positions were rare.**

3% of issuers set targets for the representation of women in executive officer positions.<sup>13</sup>

<sup>13</sup> Refer to footnote 5.

## C. Board renewal

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### Term limits

21% of issuers adopted term limits (alone or with other mechanisms of board renewal).

Term limits took varied forms:

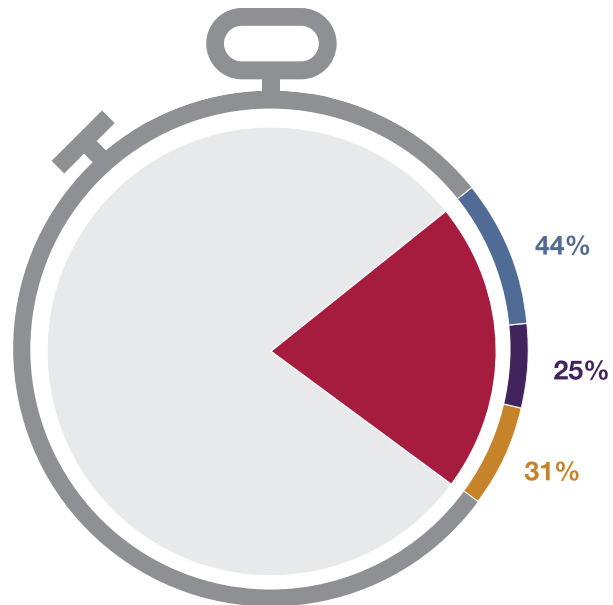
- 44% adopted age limits,
- 25% adopted tenure limits, and
- 31% adopted both age and tenure limits.

The average tenure and age limits were 13 years and 73 years, respectively.

### Percentage of issuers with term limits

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**21%**



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### Other mechanisms of board renewal

36% of issuers adopted other mechanisms of board renewal, but did not adopt term limits. Some of these issuers indicated that they used assessments of the board and individual directors as a mechanism of board renewal.

39% of issuers disclosed that they did not have director term limits nor had they adopted other mechanisms of board renewal.

## Background

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**Required disclosure**

Subject to certain exceptions, issuers listed on the Toronto Stock Exchange (TSX) and certain other non-venture issuers are required to provide disclosure on an annual basis in the following five areas:

- **Number of women in roles** – the number and percentage of women on its board of directors and in executive officer positions.
- **Targets** – whether it has targets for the number or percentage of women on its board and in executive officer positions, and if not, why not.
- **Board policy** – whether it has a written policy relating to the identification and nomination of women directors, and if not, why not.
- **Board renewal** – whether it has director term limits or other mechanisms of board renewal, and if not, why not.
- **Consideration of the representation of women** – whether it considers the representation of women in its director identification and selection process and in its executive officer appointments, and if not, why not.

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**Objective**

The objective of the disclosure requirements is to increase transparency for investors and other stakeholders regarding the representation of women on boards and in executive officer positions, and the approach that issuers take in respect of such representation.

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**Prior reviews of disclosure**

This is the fifth consecutive annual review of this disclosure that we<sup>14</sup> have conducted. The trends from our first four annual reviews are set out in:

- [Year 1 \(2015\) – CSA Multilateral Staff Notice 58-307](#)
- [Year 2 \(2016\) – CSA Multilateral Staff Notice 58-308](#)
- [Year 3 \(2017\) – CSA Multilateral Staff Notice 58-309](#)
- [Year 4 \(2018\) – CSA Multilateral Staff Notice 58-310](#)

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<sup>14</sup> The Alberta Securities Commission did not participate in the 2015 and 2016 reviews as the disclosure requirements had not yet been adopted in Alberta. The British Columbia Securities Commission has not adopted the disclosure requirements and did not participate in any of the reviews. However, Alberta-based and BC-based TSX-listed issuers were included in the respective samples.

## Review Sample

As of May 31, 2019, approximately 1,600 issuers were listed on the TSX, of which approximately 760 were subject to the disclosure requirements.

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### Scope of sample

We reviewed the disclosure of 641 issuers that had year-ends between December 31, 2018 and March 31, 2019, and filed information circulars or annual information forms by July 31, 2019.

Issuers excluded from our review include:

- approximately 760 exchange-traded funds or closed-end funds,
- issuers that moved the listing of their securities from the TSX Venture Exchange (TSX-V) to the TSX in 2019,
- issuers that have year ends subsequent to March 31, 2019, which includes the larger Canadian banks, and
- other issuers such as designated foreign issuers and SEC foreign issuers that are exempt from the requirements of NI 58-101.

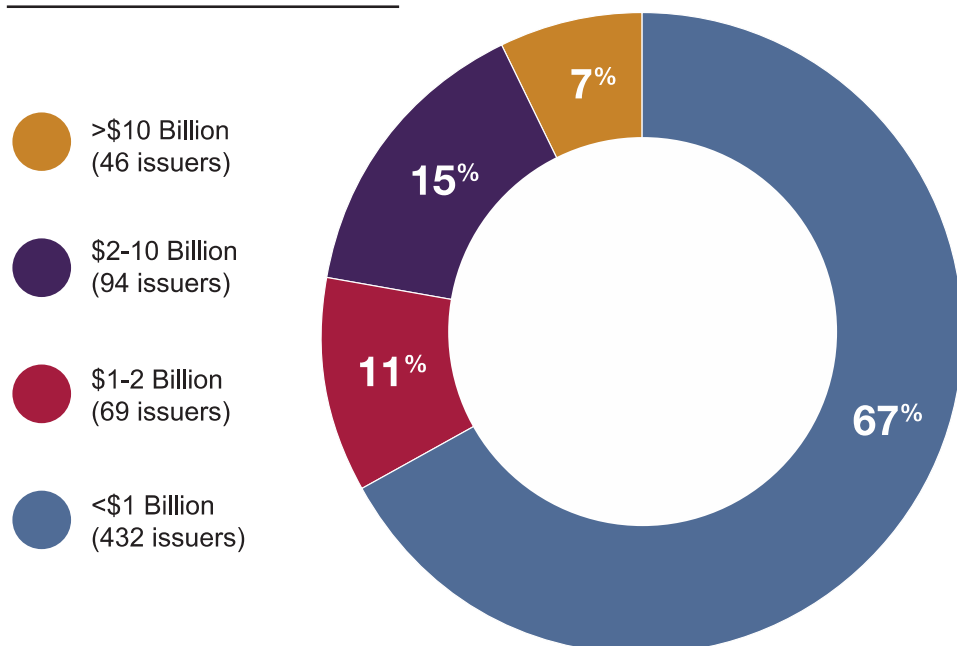
Due to the scope of our sample, our findings, and the comparisons between the current year and the prior four years provide only a partial picture. The issuers in the current year and the prior year samples vary for several reasons including:

- issuers being delisted from the TSX,
- issuers' listings of securities being moved to the TSX-V,
- corporate reorganizations resulting in issuers no longer being listed on the TSX,
- issuers filing information circulars after July 31, 2019,
- issuers completing initial public offerings and becoming listed on the TSX, and
- issuers ceasing to be reporting issuers.

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### Profile of issuers in review sample

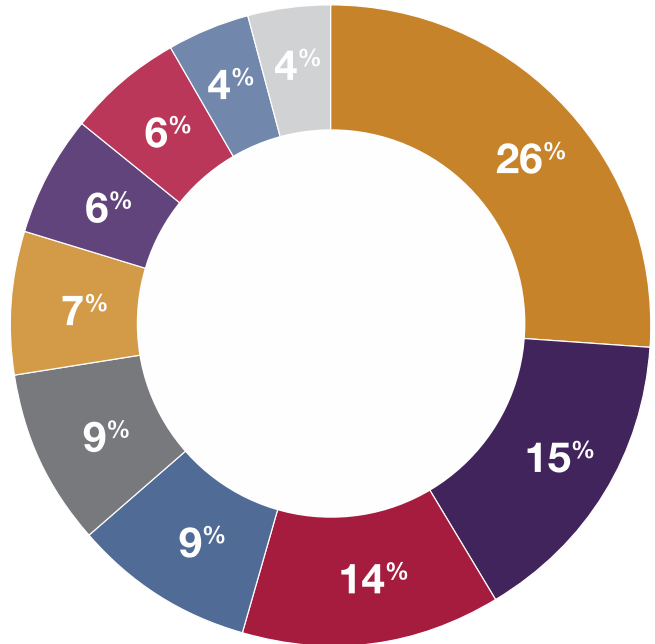
#### Market capitalization in sample (issuer breakdown)



### Industries in sample

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- Mining (169 issuers)
- Oil & Gas (99 issuers)
- Other (86 issuers)
- Financial Services (60 issuers)
- Real Estate (56 issuers)
- Manufacturing (46 issuers)
- Technology (37 issuers)
- Retail (35 issuers)
- Utilities (26 issuers)
- Biotechnology (27 issuers)



## Questions

If you have any questions regarding this report, please contact:

<b>Ontario Securities Commission</b>	
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<b>Alberta Securities Commission</b>	
Cheryl McGillivray ☎ 403-297-3307 ✉ <a href="mailto:cheryl.mcgillivray@asc.ca">cheryl.mcgillivray@asc.ca</a>	Rebecca Moen ☎ 403-297-4846 ✉ <a href="mailto:rebecca.moen@asc.ca">rebecca.moen@asc.ca</a>
<b>Financial and Consumer Affairs Authority of Saskatchewan</b>	
Heather Kuchuran ☎ 306-787-1009 ✉ <a href="mailto:heather.kuchuran@gov.sk.ca">heather.kuchuran@gov.sk.ca</a>	
<b>The Manitoba Securities Commission</b>	
Wayne Bridgeman ☎ 204-945-4905 ✉ <a href="mailto:wayne.bridgeman@gov.mb.ca">wayne.bridgeman@gov.mb.ca</a>	
<b>Autorité des marchés financiers</b>	
Martin Latulippe ☎ 514-395-0337, ext.4331 ✉ <a href="mailto:martin.latulippe@lautorite.qc.ca">martin.latulippe@lautorite.qc.ca</a>	Diana D'Amata ☎ 514-395-0337, ext.4386 ✉ <a href="mailto:diana.damata@lautorite.qc.ca">diana.damata@lautorite.qc.ca</a>
<b>Financial and Consumer Services Commission (New Brunswick)</b>	
Ella-Jane Loomis ☎ 506-453-6591 ✉ <a href="mailto:ella-jane.loomis@fcbn.ca">ella-jane.loomis@fcbn.ca</a>	
<b>Nova Scotia Securities Commission</b>	
H. Jane Anderson ☎ 902-424-0179 ✉ <a href="mailto:jane.anderson@novascotia.ca">jane.anderson@novascotia.ca</a>	

## Appendix A

The following is a year-over-year comparison of the percentage of issuers with at least one woman on their board by industry:

Industry	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Percentage of issuers with one or more women on their boards</b>					
Biotechnology	65%	57%	56%	56%	67%
Financial Services	59%	67%	60%	61%	73%
Manufacturing	60%	68%	84%	89%	93%
Mining	35%	38%	54%	59%	62%
Oil & Gas	40%	40%	45%	56%	70%
Real Estate	64%	66%	59%	73%	80%
Retail	78%	79%	89%	84%	86%
Technology	39%	52%	52%	68%	73%
Utilities	86%	82%	86%	81%	85%



## Appendix B

The following is a year-over-year comparison of the percentage of issuers with at least one woman in an executive officer position by industry:

Industry	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Percentage of issuers with one or more women on in executive officer positions</b>					
Biotechnology	48%	66%	71%	64%	61%
Financial Services	64%	63%	66%	71%	76%
Manufacturing	61%	81%	79%	80%	70%
Mining	52%	49%	52%	56%	52%
Oil & Gas	49%	46%	48%	53%	54%
Real Estate	76%	76%	80%	80%	83%
Retail	82%	71%	68%	76%	80%
Technology	45%	44%	59%	52%	55%
Utilities	65%	73%	67%	75%	70%