MESSAGE FROM THE CONFERENCE BOARD OF CANADA

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The 2018 Annual Report Card (ARC) reveals that Canadian Boards and C-suites are increasing their representation and diversity at a borderline-stagnant pace. In some cases, representation is actually decreasing.

MESSAGE FROM CANADIAN BOARD DIVERSITY COUNCIL (CBDC)

BMO - UNITING TO SERVE OUR DIVERSE CUSTOMERS

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DIVERSITY COUNCIL
This year marks the passing of the Canadian Board Diversity Council’s target of 30 per cent women’s representation on FP500 boards. While overall women now represent one quarter of FP500 seats, reaching critical mass remains aspirational as change has been both slow and uneven across Canada. Holding space for critical conversation about these dynamics is more important than ever.

Since the target was established, Canada’s regulators have taken significant steps to enshrine gender diversity as a core element of good governance. The Comply or Explain disclosure requirements have put the onus of responsibility for change on publicly traded companies by shining a light on their actions—and inactions—when it comes to gender representation on boards. We are also at a time when institutional investors are putting pressure on companies to walk-the-talk and reject all male board nominations. Despite these nudges and social pressures, in 2018, there remains 15 per cent of FP500 companies that have no women on their board.

The annual report card provides an important monitoring of the pace of change in Canada and has illustrated the barrier that perceptions, traditions and structures continue to be for change. The goal of the annual report card is to compel action. Since we began this work 8 years ago, the pace of change has not risen to meet our hopes for greater representation and diversity. Today, frustration with the slow pace of change continues to rise and many are asking what else it will take to dramatically increase the diversity of Canada’s boards.
If there is underrepresentation at the executive level, we will never achieve representation at the board level.

In 2010, the Canadian Board Diversity Council (CBDC) published the first-ever baseline in the inaugural Annual Report Card on the representation of women, visible minorities, Indigenous peoples, people with disabilities and people identifying as LGBTQ on FP500 boards. Since then, CBDC has completed this year-over-year analysis to show the change in diversity and representation on boards.

Canadian governments and regulators then began to look seriously at the important role they have on bringing more effective governance, educating investors and providing greater transparency. In 2014, the Ontario Securities Commission (OSC) created a “Comply or Explain” rule that requires companies to include a gender diversity policy, or publicly explain why they do not comply, which has had an impact on women’s representation on FP500 boards.

In the last four years, however, the mandate has not produced a great impact on the diversity of boards. As the ARC research shows, representation is increasing at a sluggish pace. The 2018 Annual Report Card (ARC) finds that the change is borderline stagnant, and there are three key gaps that need to be addressed for the future health of Canadian companies.
It’s time for a wake up call!

Message from Canadian Board Diversity Council (CBDC)

The 2018 Annual Report Card (ARC) reveals that Canadian boards and C-suites are increasing their representation and diversity at a borderline-stagnant pace. In some cases, representation is actually decreasing. The 2018 ARC results show an increase of women and visible minorities serving on boards, by 1.9 per cent and 1.6 per cent, respectively. Unfortunately, results also show that there has been a decrease of representation of people in the LGBTQ community, people with disabilities and Indigenous peoples.

Three of the key gaps from the 2018 ARC research that need to be addressed are:

1. Underrepresentation at the executive level of FP500 companies is causing issues in the talent pipeline for future board appointments,

2. 56.9 per cent of FP500 boards have not reached their Critical Mass threshold of 3 or more female directors on the board to increase their organizational innovation, and;

3. 91.3 per cent of board members claim they know between two to six FP500 board-ready women in their network.
First, in the C-suite of FP500 companies, we saw a slight decrease in female representation. In 2017, 19.6 per cent of C-suite executives were women and this decreased to 19.5 per cent in 2018. The talent pipeline is where the board directors of tomorrow will come from. Organizations must nurture their internal resources to maximize the potential of their talent pipeline. If there is underrepresentation at the executive level, we will never achieve representation at the board level.

Inequality early on has a profound impact on the talent pipeline. Starting at the manager level, there are significantly fewer promotions and significantly fewer people at the right experience level to hire from the outside that represent a truly diverse workforce. Even though hiring and promotion rates improve at more senior levels, we never catch up. Until companies close the early gaps in hiring and promotions, diversity will remain an issue.

Another key gap that needs to be addressed is the fact that only 43.2 per cent of FP500 boards have reached the threshold that has shown to increase organizational innovation, also known as “Critical Mass” (three or more female directors sitting on the board). 41.9 per cent FP500 boards have one to two female directors, and are just below the Critical Mass threshold. If these boards added one or two more female directors, 85 per cent of FP500 organizations would be benefiting from a Critical Mass of female directors and increasing their organizational KPIs. If boards do not acknowledge a lack of female representation and achieve Critical Mass, their profitability, growth and innovation will suffer.

A shocking 15% of FP500 boards have no female representation.
Finally, 91.3 per cent of board members claim that they know between two to six FP500 board-ready women in their network. 46.7 per cent of FP500 directors reported to have six or more FP500 board-ready women within their personal network. 44.6 per cent claim they know between two to five board-ready women. The answer lies with those who responded to our survey: there are numerous qualified women who are ready for FP500 board positions.

In response to the above research, the Canadian Board Diversity Council recommends the following course of action:

1. Create a diverse talent pipeline throughout all levels of the organization, so there are diverse candidates available for executive and board positions.

2. Organizations need to set a goal of having three or more women on their boards to reach Critical Mass.

3. Current board members should utilize their current network to identify board-ready women to fill open board positions.

In the inaugural Annual Report Card released in 2010, our vision was to reach 30 per cent female representation on FP500 boards by 2018. As these results show, we are not there yet. We are calling on corporate Canada to strive for proper representation and strive for gender parity on their boards and executive teams.

We cannot give up. For the health of FP500 and TSX60 companies and the Canadian economy, we must grow our pipelines’ representation, nourish our future talent, and give opportunities to people who provide new perspectives and insights, to build innovation.

It’s time everyone woke up to the fact that unless companies seize this opportunity, we can’t achieve equality.

Sherri Stevens
President & CEO of WXN and CBDC
Members of the PhaseNyne network of companies
Uniting to serve our diverse customers.

Message from BMO, 2018 ARC Sponsor

Diversity and inclusion are core BMO values that guide our thinking and actions, and help define who we are as an organization. We create an environment where everyone is valued, respected and heard; where our employees can bring their best selves to work — for the benefit of their co-workers, their communities and customers, and themselves.

Since we opened our doors over 200 years ago, there has been one central vision for our company — the importance of serving customers. We recognize that focusing on diversity and inclusion is not only the right thing to do but also good for business — teams that are both diverse and inclusive attain higher levels of employee engagement, customer loyalty and growth through innovation. Our commitment to building a diverse workforce and fostering an inclusive culture helps us better understand different communities’ needs, goals and perspectives, so we are well-positioned to serve them.

Establishing goals and measuring progress.

Setting deliberate goals and measuring progress increases transparency and accountability, and has been an integral part of our success to date. This year we included diversity dashboards for discussion in Performance Committee meetings which are led by our CEO and held on a quarterly basis. At these meetings, our most senior leaders gather to discuss business results and progress against goals.
How we are doing.

- 40% Women in senior leadership roles
- 31% Minorities in senior roles in Canada
- Over 1/3 of our independent Board of Directors is female
- Our inclusivity score is 86%, ahead of leading company levels
- Won the Catalyst Award for the second time in 2017
- Named one of the 25 most diverse and inclusive companies in the world by Thomson Reuters in 2017 and 2018
- Named to the Bloomberg Gender Diversity Index for the past three years
- Named one of the most Ethical Companies in the world by Ethisphere
Shared accountability to drive action.

Setting goals was just one step in our journey, it was also critical to follow our commitments with action. Advocacy for diversity and inclusion starts with our senior leadership team. Our CEO is a vocal and active champion of inclusivity who holds himself and BMO’s leaders accountable to deliver on our inclusion goals. Our leader-led approach is spearheaded by our Leadership Committee for Inclusion and Diversity (LCID), an enterprise-wide committee of twenty five diverse senior business executives who establish our strategic priorities. Members work in collaboration with business group diversity committees to implement programs and initiatives. At least once a year, we present a diversity and inclusion update to the Board of Directors.

Our leader-led approach to diversity and inclusion is complemented by an employee-led approach driven by our Enterprise Resource Groups (ERGs). Each ERG is championed by an executive, providing direct connection to our senior leaders; this partnership has been integral to the progress we’ve achieved. Our fourteen ERGs go beyond traditional affinity groups. We view them as strategic partners that help attract and develop diverse talent, strengthen relationships with diverse communities and build a culture of inclusion across the bank. Allyship is important, and these voluntary groups are open to all our employees whether or not someone identifies as a member of a diverse group.

Our journey continues.

We are very proud of the progress we have made but we are not at end of job. Our work continues through our Vision 2020 strategy, and over the next two years, we will:

- Maintain efforts in the gender equity and minority segments to sustain progress
- Increase focus on the Indigenous segment in Canada and the African American and Hispanic/Latino segments in the U.S.
- Expand our Learn From Difference program which focuses on actions to lessen the impact of unconscious bias and create an inclusive environment for all employees
- Further leverage the capability of ERGs to support our diversity and inclusion goals
- Increase accountability of leaders to take action and deliver against diversity and inclusion goals
Respondent profile.

Self-reported gender.

- 37% Female
- 63% Male

Self-reported language.

- 90.3% of FP500 respondents speak either English or French as their first language.

Self-reported international business experience.

- 68.8% of director respondents indicated having international experience.

By sector:

- 93.7% Manufacturing
- 65.1% Finance & Insurance
- 85.9% Mining/Oil/Gas
- 59.3% Retail/Trade
- 78.9% Utilities
- 65.8% All other

Self-reported diversity.

<table>
<thead>
<tr>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Visible Minorities</td>
<td>5.9%</td>
</tr>
<tr>
<td>LGBTQ</td>
<td>1.3%</td>
</tr>
<tr>
<td>People with Disabilities</td>
<td>0.8%</td>
</tr>
<tr>
<td>Indigenous Persons</td>
<td>0.8%</td>
</tr>
</tbody>
</table>

Self-reported age.

- 3/5 are 60+
In the inaugural Annual Report Card released in 2010, the Canadian Board Diversity Council set an aspirational target to reach 30 per cent women representation on FP500 boards by 2018. As shown in this year’s results, that target has not been realized.

Overall, women hold nearly one-quarter of all seats on FP500 boards. Of note, women hold one-third of total board seats in the Finance and Insurance sector.

The Utilities sector is the second industry to have reached the 30 per cent target set by the Canadian Board Diversity Council.

Though the Mining/Oil/Gas sector is lagging in terms of gender diversity, this sector has achieved a considerable increase of women representation, up 2.5 percentage points since 2017.
Year over year analysis: Women's representation on FP500 boards.

(n=4723)
Almost all major sectors of the FP500 demonstrated a rise in women’s representation at the board table. Some sectors, including Finance and Insurance and Mining/Oil/Gas, saw significant year-over-year increases. The Construction sector was the only sector to see a slight decrease in women’s representation.

Notably, the Mining sector continues to make strides towards greater women representation on its boards. Women make up nearly 15 per cent of total board seats, an increase of 2.5 percentage points since last year.

Women represent one in four FP500 directors in 2018.

<table>
<thead>
<tr>
<th>Industry</th>
<th>Male Directors</th>
<th>Female Directors</th>
<th>Total</th>
<th>Percentage Male Directors</th>
<th>Percentage Female Directors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health Care and Social Assistance</td>
<td>29</td>
<td>16</td>
<td>45</td>
<td>64.4%</td>
<td>35.6%</td>
</tr>
<tr>
<td>Finance and Insurance</td>
<td>533</td>
<td>264</td>
<td>797</td>
<td>69.9%</td>
<td>33.1%</td>
</tr>
<tr>
<td>Accommodation and Food Services</td>
<td>87</td>
<td>40</td>
<td>127</td>
<td>68.5%</td>
<td>31.5%</td>
</tr>
<tr>
<td>Administrative and Support and Waste Services</td>
<td>25</td>
<td>11</td>
<td>36</td>
<td>69.4%</td>
<td>30.6%</td>
</tr>
<tr>
<td>Utilities</td>
<td>195</td>
<td>84</td>
<td>279</td>
<td>69.9%</td>
<td>30.1%</td>
</tr>
<tr>
<td>Retail/Trade</td>
<td>243</td>
<td>102</td>
<td>345</td>
<td>70.4%</td>
<td>29.6%</td>
</tr>
<tr>
<td>Arts, Entertainment and Recreation</td>
<td>77</td>
<td>31</td>
<td>108</td>
<td>71.3%</td>
<td>28.7%</td>
</tr>
<tr>
<td>Transportation and Warehousing</td>
<td>159</td>
<td>62</td>
<td>221</td>
<td>71.9%</td>
<td>28.1%</td>
</tr>
<tr>
<td>Real Estate Rental and Leasing</td>
<td>115</td>
<td>38</td>
<td>153</td>
<td>75.2%</td>
<td>24.8%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>622</td>
<td>187</td>
<td>809</td>
<td>76.9%</td>
<td>23.1%</td>
</tr>
<tr>
<td>Information</td>
<td>252</td>
<td>71</td>
<td>323</td>
<td>78.0%</td>
<td>22.0%</td>
</tr>
<tr>
<td>Mining</td>
<td>680</td>
<td>142</td>
<td>822</td>
<td>82.7%</td>
<td>17.3%</td>
</tr>
<tr>
<td>Professional, Scientific, and Technical Services</td>
<td>75</td>
<td>15</td>
<td>90</td>
<td>83.3%</td>
<td>16.7%</td>
</tr>
<tr>
<td>Construction</td>
<td>100</td>
<td>19</td>
<td>119</td>
<td>84.0%</td>
<td>16.0%</td>
</tr>
<tr>
<td>Wholesale/Distribution</td>
<td>236</td>
<td>47</td>
<td>283</td>
<td>83.4%</td>
<td>16.6%</td>
</tr>
<tr>
<td>Agriculture, Forestry, Fishing and Hunting</td>
<td>112</td>
<td>22</td>
<td>134</td>
<td>83.6%</td>
<td>16.4%</td>
</tr>
<tr>
<td>Management of Companies and Enterprises</td>
<td>27</td>
<td>5</td>
<td>32</td>
<td>84.4%</td>
<td>15.6%</td>
</tr>
<tr>
<td><strong>OVERALL</strong></td>
<td><strong>3567</strong></td>
<td><strong>1156</strong></td>
<td><strong>4723</strong></td>
<td><strong>75.5%</strong></td>
<td><strong>24.5%</strong></td>
</tr>
</tbody>
</table>
Many FP500 organizations still have no representation of women on their board.

Number of women directors represented on FP500 company boards. (n=480)

- 0 Female Director: 15.0%
- 1 - 2 Female Directors: 41.9%
- 3 Female Directors: 19.4%
- 4+ Female Directors: 23.8%
- Total Female Directors: 41.9%
Diversity seen to be increasingly very important for FP500 boards.

There has been a considerable shift in terms of the board’s perception on the importance of diversity over the years. In 2018, 54.7 per cent of respondents indicated that their board feels that diversity is very important; this represents an increase of 6.6 percentage points since last year.

The gap between individual and board perceptions around the importance of diversity is also shrinking with a difference of only 7 per cent between director and board perceptions. This is the lowest reported gap since this data was first analyzed in 2010.

We know that many companies are committed and are taking some action. But this year’s findings make it clear that companies need to increase their efforts even more. To achieve true equality, companies must turn their best intentions into real change.

Historical comparison:

**Directors’ who view diversity as “very” or “somewhat” important to them.**

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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td>85%</td>
<td>87%</td>
<td>91%</td>
<td>93%</td>
<td>91%</td>
<td>96%</td>
<td>95%</td>
<td>94%</td>
<td>95%</td>
</tr>
</tbody>
</table>

**Perception gap between FP500 boards and individual directors who report diversity is “very important.”**

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td>11%</td>
<td>12%</td>
<td>15%</td>
<td>11%</td>
<td>9%</td>
<td>10%</td>
<td>9%</td>
<td>13%</td>
<td>7%</td>
</tr>
</tbody>
</table>
Men and women don’t see eye-to-eye when it comes to diversity.

Men vs women: perception on the importance of diversity.
Boards continue to feel they are diverse.

One of the more challenging aspects of the Annual Report Card has been the persistent disconnect between our observations on the state of diversity and the apparent confidence of directors that they are already diverse. The failure to identify that more must be done is a major barrier to accelerating change. As an increased number of people recognize that more must be done, we have seen a decline in confidence this year. In 2018, 81.3 per cent of all director respondents indicated that they feel that their board is diverse; a decrease of nearly five percentage points since last year.

Notably, two of the leading sectors in terms of gender diversity – Finance and Insurance and Manufacturing – have reported the most significant decline in director confidence, declining nearly 18 percentage points since 2017.

Historical comparison:
Directors who report that their board is diverse.

<table>
<thead>
<tr>
<th>Directors who report that their board is diverse.</th>
</tr>
</thead>
<tbody>
<tr>
<td>All sectors (n=256)</td>
</tr>
<tr>
<td>Utilities (n=9)</td>
</tr>
<tr>
<td>Mining/Oil/Gas (n=46)</td>
</tr>
<tr>
<td>Retail/Trade (n=33)</td>
</tr>
<tr>
<td>Finance &amp; Insurance (n=88)</td>
</tr>
<tr>
<td>Manufacturing (n=10)</td>
</tr>
<tr>
<td>All Other (n=70)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FP500 director respondents who said “yes” their board is diverse.</th>
</tr>
</thead>
<tbody>
<tr>
<td>62%</td>
</tr>
</tbody>
</table>
Defining diversity for FP500 boards.

The Canadian Board Diversity Council’s definition of diversity includes 13 distinct categories of diversity. These categories include five elements of diversity grounded in industry expertise and experience: management experience, functional area of expertise, industry experience, education and international experience. An additional eight elements identify diverse personal characteristics of board members: gender, geography, age, ethnicity, visible minorities, Indigenous peoples, persons with disabilities, and those who identify as members of the LGBTQ community.

As we’ve seen in recent years, diversity measured by expertise and experience significantly outweigh the diversity relating to personal characteristics.

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management experience</td>
<td>4.3</td>
</tr>
<tr>
<td>Functional area of expertise</td>
<td>4.2</td>
</tr>
<tr>
<td>Industry experience</td>
<td>4.1</td>
</tr>
<tr>
<td>Education</td>
<td>4.1</td>
</tr>
<tr>
<td>Gender</td>
<td>3.8</td>
</tr>
<tr>
<td>Geography</td>
<td>3.5</td>
</tr>
<tr>
<td>International experience</td>
<td>3.5</td>
</tr>
<tr>
<td>Age</td>
<td>3.3</td>
</tr>
<tr>
<td>Ethnicity</td>
<td>2.4</td>
</tr>
<tr>
<td>Visible minorities</td>
<td>1.5</td>
</tr>
<tr>
<td>LGBTQ</td>
<td>1.3</td>
</tr>
<tr>
<td>Indigenous peoples</td>
<td>1.2</td>
</tr>
<tr>
<td>Persons with disabilities</td>
<td>1.1</td>
</tr>
</tbody>
</table>

1 means not diverse, 5 means very diverse.

Director-ranked diversity criteria as it relates to their board composition.
FP500 directors report that gender diversity has made the most progress.

For the second year, the Canadian Board Diversity Council probed directors on where they’ve made the most progress in terms of diversity in the past year. Nearly 67 per cent of director respondents reported that their board has made the most progress in gender diversity. There has been a significant increase (9.3 percentage points) in the percentage of directors who identified age diversity as a top area of improvement with almost half (49.2 per cent) of the directors reporting their board made progress in this area.
Accountability for diversity rests with the entire board.

For the first time, the Canadian Board Diversity Council has probed FP500 directors on who they think should be held accountable for the state of their board's diversity. Nearly two-thirds (60.2 per cent) of all respondents have indicated that the board as a whole should be held accountable for diversity. Other suggestions included government and/or those who nominate and appoint board members.

The board as a whole: 60.2%
- The chair: 14.8%
- The chair of the governance and nominating committee (or equivalent): 12.9%
- Other: 9.0%
- The CEO: 2.0%
- The search firm in charge of director recruitment: 0.4%
- Don’t know: 0.8%

Accountability for the state of board diversity. (n=256)
Written diversity policies.

This year, 57 per cent of respondents stated that their board has a written diversity policy, a slight decrease of 3.6 percentage points since 2017. Directors in the Retail/Trade sector are more reluctant to implement a diversity policy; nearly a quarter of respondents state that their board does not intend to write a diversity policy unless it becomes a legal obligation.

### Adoption of a written diversity policy.

<table>
<thead>
<tr>
<th>Sector</th>
<th>Yes (%)</th>
<th>No, but we are open to the possibility of adopting a diversity policy (%)</th>
<th>No, we do not intend to write a diversity policy unless this becomes a legal obligation (%)</th>
<th>Don’t know (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>All sectors (n=256)</td>
<td>57.0%</td>
<td>17.2%</td>
<td>8.2%</td>
<td>17.6%</td>
</tr>
<tr>
<td>Manufacturing (n=10)</td>
<td>70.0%</td>
<td>10.0%</td>
<td>10.0%</td>
<td>10.0%</td>
</tr>
<tr>
<td>Utilities (n=9)</td>
<td>66.7%</td>
<td>11.1%</td>
<td>0.0%</td>
<td>22.2%</td>
</tr>
<tr>
<td>Finance &amp; Insurance (n=88)</td>
<td>62.5%</td>
<td>12.5%</td>
<td>5.7%</td>
<td>19.3%</td>
</tr>
<tr>
<td>Mining/Oil/Gas (n=46)</td>
<td>58.7%</td>
<td>23.9%</td>
<td>6.5%</td>
<td>10.9%</td>
</tr>
<tr>
<td>Retail/Trade (n=33)</td>
<td>48.5%</td>
<td>12.1%</td>
<td>24.2%</td>
<td>15.2%</td>
</tr>
<tr>
<td>All other (n=70)</td>
<td>50.0%</td>
<td>22.9%</td>
<td>5.7%</td>
<td>21.4%</td>
</tr>
</tbody>
</table>

### Historical comparison:

Directors reporting that their board has a written diversity policy. (n=256)

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>62%</td>
</tr>
<tr>
<td>2011</td>
<td>73%</td>
</tr>
<tr>
<td>2012</td>
<td>68%</td>
</tr>
<tr>
<td>2013</td>
<td>76%</td>
</tr>
<tr>
<td>2014</td>
<td>74%</td>
</tr>
<tr>
<td>2015</td>
<td>82%</td>
</tr>
<tr>
<td>2016</td>
<td>76%</td>
</tr>
<tr>
<td>2017</td>
<td>86%</td>
</tr>
<tr>
<td>2018</td>
<td>81%</td>
</tr>
</tbody>
</table>
The majority of all sector respondents (50.4 per cent) do not believe that regulators should impose written diversity policies in the effort to increase board diversity. Directors from the Finance and Insurance sector – an industry that is already heavily regulated – are more optimistic on the positive impact mandated diversity policies may have on increasing diversity in the boardroom.

On the other hand, 63.6 per cent of respondents in the Retail/Trade sector do not believe regulators should intervene and impose a requirement for boards to adopt a written diversity policy.
Term limits.

Overall, 40.9 per cent of those surveyed currently have tenure-based term limits in place.

One-quarter of all sectors also reported that their board has implemented age-based term limits.

We have seen a significant decrease in the resistance to adopting term limits. In 2018, 23.9 per cent of all director respondents reported that their board does not currently have term limits and does not plan on implementing them unless it becomes a legal obligation; this is down from nearly 36 per cent in 2017.

Directors are split when it comes to the effectiveness of term limits to increase diversity. Just one-third (36.9 per cent) of FP500 respondents feel that term limits are an effective way of increasing board diversity. On the other hand, another third of directors also feel that term limits are either “ineffective” (17.8 per cent) or “very ineffective” (12.0 per cent).

Overall, 40.9 per cent of those surveyed currently have tenure-based term limits in place.

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We have seen a significant decrease in the resistance to adopting term limits. In 2018, 23.9 per cent of all director respondents reported that their board does not currently have term limits and does not plan on implementing them unless it becomes a legal obligation; this is down from nearly 36 per cent in 2017.

Directors are split when it comes to the effectiveness of term limits to increase diversity. Just one-third (36.9 per cent) of FP500 respondents feel that term limits are an effective way of increasing board diversity. On the other hand, another third of directors also feel that term limits are either “ineffective” (17.8 per cent) or “very ineffective” (12.0 per cent).
Diversity targets.

In 2018, 43.7 per cent of FP500 director respondents reported that their board has a target for the number of directors that are women. The percentage of director respondents from the Mining/Oil/Gas sector who’ve indicated that their board currently has a diversity target, has increased by 13.4 percentage points since last year.

Adoption of diversity targets for the number of women directors.

<table>
<thead>
<tr>
<th>Sector</th>
<th>Yes (%)</th>
<th>No (%)</th>
<th>Don’t know (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>All sectors (n=254)</td>
<td>43.7%</td>
<td>45.3%</td>
<td>11.0%</td>
</tr>
<tr>
<td>Utilities (n=9)</td>
<td>55.6%</td>
<td>44.4%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Finance &amp; Insurance (n=88)</td>
<td>52.3%</td>
<td>37.5%</td>
<td>10.2%</td>
</tr>
<tr>
<td>Manufacturing (n=10)</td>
<td>40.0%</td>
<td>50.0%</td>
<td>10.0%</td>
</tr>
<tr>
<td>Retail/Trade (n=33)</td>
<td>36.4%</td>
<td>57.6%</td>
<td>6.1%</td>
</tr>
<tr>
<td>Mining/Oil/Gas (n=45)</td>
<td>28.9%</td>
<td>55.6%</td>
<td>15.6%</td>
</tr>
<tr>
<td>All other (n=69)</td>
<td>44.9%</td>
<td>42.0%</td>
<td>13.0%</td>
</tr>
</tbody>
</table>
Among those who currently have gender targets in place, the majority (30.6 per cent) of all sector respondents indicated that they have a target to reach three women board members. Despite their resistance to regulatory quotas, the Retail/Trade sector is quite open to organizational targets with nearly 60 per cent stating they have adopted a target for women directors on the board. Among those who do not currently have gender targets in place, 16.8 per cent would support a target of three women board members and 21.0 per cent would not support a gender target.
Use of search firms.

Just over 60 per cent of board member respondents indicate that their board uses the services of a search firm to aid in director recruitment “always” or “sometimes”.

Use of search firms for director recruitment.

<table>
<thead>
<tr>
<th>Sector</th>
<th>Always</th>
<th>Sometimes</th>
<th>Never</th>
<th>Don't know</th>
</tr>
</thead>
<tbody>
<tr>
<td>All sectors (n=253)</td>
<td>18.6%</td>
<td>41.5%</td>
<td>27.3%</td>
<td>12.6%</td>
</tr>
<tr>
<td>Retail/Trade (n=33)</td>
<td>30.3%</td>
<td>36.4%</td>
<td>21.2%</td>
<td>12.1%</td>
</tr>
<tr>
<td>Manufacturing (n=9)</td>
<td>22.2%</td>
<td>55.6%</td>
<td>11.1%</td>
<td>22.2%</td>
</tr>
<tr>
<td>Utilities (n=9)</td>
<td>22.2%</td>
<td>44.4%</td>
<td>11.1%</td>
<td>22.2%</td>
</tr>
<tr>
<td>Mining/Oil/Gas (n=45)</td>
<td>17.8%</td>
<td>37.8%</td>
<td>33.3%</td>
<td>11.1%</td>
</tr>
<tr>
<td>Finance &amp; Insurance (n=88)</td>
<td>10.2%</td>
<td>45.5%</td>
<td>28.4%</td>
<td>15.9%</td>
</tr>
<tr>
<td>All other (n=69)</td>
<td>23.2%</td>
<td>39.1%</td>
<td>27.5%</td>
<td>10.1%</td>
</tr>
</tbody>
</table>

Mandate to search firms directing that the short list include a target of women vs other diverse candidates.

Among those who reported using the services of a search firm either “always” or “sometimes”, 63.8 per cent have stated that the short list must include a specific target – number or percentage – of qualified woman candidates. Nearly a quarter have reported using recruitment guidelines for other forms of diversity.
Tapping into directors’ personal networks.

Again this year, the Canadian Board Diversity Council asked FP500 directors how many qualified, board-ready women they know that would be well-suited to serve on a FP500 board. Directors reported knowing at least 1,014 potential women directors. If these 1,014 women were to replace the same number of board seats represented by men, 46 per cent of total FP500 board seats would be held by women.
Other forms of recruiting methods used by FP500 boards.

The Canadian Board Diversity Council asked FP500 directors about the likelihood of using various methods for director recruitment. The recruiting effort that is most reported to be used most frequently is the use of directors’ personal networks.

FP500 boards are least likely to rely on traditional and social media to recruit board members.

Frequency in which FP500 boards are likely to use recruitment methods.

<table>
<thead>
<tr>
<th>Method of Recruitment</th>
<th>n</th>
<th>Always</th>
<th>Sometimes</th>
<th>Never</th>
<th>Don’t know</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directors’ personal network</td>
<td>250</td>
<td>36.4%</td>
<td>50.0%</td>
<td>5.2%</td>
<td>8.4%</td>
</tr>
<tr>
<td>Board ready lists prepared by advocacy groups/organizations</td>
<td>250</td>
<td>4.4%</td>
<td>21.2%</td>
<td>42.8%</td>
<td>31.6%</td>
</tr>
<tr>
<td>Alumni of director education programs (eg Institute of Corporate Directors, The Directors College, etc.)</td>
<td>250</td>
<td>1.2%</td>
<td>28.4%</td>
<td>36.8%</td>
<td>33.6%</td>
</tr>
<tr>
<td>Traditional media advertisement (eg newspaper)</td>
<td>250</td>
<td>4.8%</td>
<td>5.2%</td>
<td>66.8%</td>
<td>23.2%</td>
</tr>
<tr>
<td>Social media (eg LinkedIn, Twitter, etc.)</td>
<td>250</td>
<td>3.6%</td>
<td>7.2%</td>
<td>64.0%</td>
<td>25.2%</td>
</tr>
<tr>
<td>Shareholder referrals</td>
<td>250</td>
<td>10.8%</td>
<td>34.4%</td>
<td>25.6%</td>
<td>29.2%</td>
</tr>
<tr>
<td>Use of technology (eg software or other digital solutions) to reduce bias in the application process</td>
<td>249</td>
<td>3.2%</td>
<td>8.4%</td>
<td>47.8%</td>
<td>40.6%</td>
</tr>
<tr>
<td>Other</td>
<td>101</td>
<td>10.9%</td>
<td>8.9%</td>
<td>12.9%</td>
<td>67.3%</td>
</tr>
</tbody>
</table>
FP500 C-suite analysis.

The state of diversity at the c-suite level has remained relatively unchanged since last year. Overall, only 19.5 per cent of senior executive roles are occupied by women. As we've seen in the past, gender diversity in the executive suite is lower than diversity at the board-level on FP500 organizations. The health of this pipeline in terms of diversity can have great impacts on the state of diversity on FP500 boards in the future. Directors should be equally proactive in efforts to increase diversity both of their board and the executive team.

<table>
<thead>
<tr>
<th>Sector</th>
<th>Male Executives</th>
<th>Female Executives</th>
<th>Total</th>
<th>% Male Executives</th>
<th>% Female Executives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health Care and Social Assistance</td>
<td>32</td>
<td>15</td>
<td>47</td>
<td>68.1%</td>
<td>31.9%</td>
</tr>
<tr>
<td>Finance and Insurance</td>
<td>500</td>
<td>178</td>
<td>678</td>
<td>73.7%</td>
<td>26.3%</td>
</tr>
<tr>
<td>Arts, Entertainment and Recreation</td>
<td>72</td>
<td>24</td>
<td>96</td>
<td>75.0%</td>
<td>25.0%</td>
</tr>
<tr>
<td>Utilities</td>
<td>187</td>
<td>60</td>
<td>247</td>
<td>75.7%</td>
<td>24.3%</td>
</tr>
<tr>
<td>Transportation and Warehousing</td>
<td>155</td>
<td>50</td>
<td>205</td>
<td>75.6%</td>
<td>24.4%</td>
</tr>
<tr>
<td>Professional, Scientific, and Technical Services</td>
<td>71</td>
<td>21</td>
<td>92</td>
<td>77.2%</td>
<td>22.8%</td>
</tr>
<tr>
<td>Information</td>
<td>222</td>
<td>55</td>
<td>277</td>
<td>80.1%</td>
<td>19.9%</td>
</tr>
<tr>
<td>Retail/Trade</td>
<td>248</td>
<td>66</td>
<td>314</td>
<td>79.0%</td>
<td>21.0%</td>
</tr>
<tr>
<td>Real Estate Rental and Leasing</td>
<td>91</td>
<td>24</td>
<td>115</td>
<td>79.1%</td>
<td>20.9%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>529</td>
<td>131</td>
<td>660</td>
<td>80.2%</td>
<td>19.8%</td>
</tr>
<tr>
<td>Accommodation and Food Services</td>
<td>112</td>
<td>24</td>
<td>136</td>
<td>82.4%</td>
<td>17.6%</td>
</tr>
<tr>
<td>Agriculture, Forestry, Fishing and Hunting</td>
<td>105</td>
<td>18</td>
<td>123</td>
<td>85.4%</td>
<td>14.6%</td>
</tr>
<tr>
<td>Administrative and Support and Waste Management and Remediation Services</td>
<td>22</td>
<td>5</td>
<td>27</td>
<td>81.5%</td>
<td>18.5%</td>
</tr>
<tr>
<td>Wholesale/Distribution</td>
<td>165</td>
<td>25</td>
<td>190</td>
<td>86.8%</td>
<td>13.2%</td>
</tr>
<tr>
<td>Mining</td>
<td>732</td>
<td>111</td>
<td>843</td>
<td>86.8%</td>
<td>13.2%</td>
</tr>
<tr>
<td>Construction</td>
<td>131</td>
<td>11</td>
<td>142</td>
<td>92.3%</td>
<td>7.7%</td>
</tr>
<tr>
<td>Management of Companies and Enterprises</td>
<td>17</td>
<td>1</td>
<td>18</td>
<td>94.4%</td>
<td>5.6%</td>
</tr>
</tbody>
</table>

Overall | 3391 | 819 | 4210 | 80.5% | 19.5%
There are opportunities to increase efforts that are seen as effective.

Developing a company’s talent pipeline to include more women and diverse candidates in senior leadership is an important contribution to increasing the diversity of boards. We asked directors to assess the effectiveness of various approaches to increasing the diversity of their executive pipeline as well as identify the approaches they currently have in place. Flexible work-life policies and equal pay policies remain the top two most effective policies to help increase diversity. There are opportunities for FP500 organizations to implement efforts that are seen as effective, but not currently in place. Such efforts include adopting diversity targets for the leadership team, and utilizing director networks to assist high-potential employees to get on smaller external boards to gain experience.

1. Equal pay policies.
   - Say it’s effective: 63.2%
   - Have it in place: 71.5%

2. Diversity-focused mentorship/shADOWING programs.
   - Say it’s effective: 55.4%
   - Have it in place: 40.9%

3. Employee diversity resource/networking groups.
   - Say it’s effective: 47.1%
   - Have it in place: 34.7%

4. Affiliations with diversity-focused organizations.
   - Say it’s effective: 32.7%
   - Have it in place: 36.4%

5. Diversity targets for the leadership team.
   - Say it’s effective: 50.0%
   - Have it in place: 32.6%

6. Reporting on key performance indicators for the diversity of the talent pipeline.
   - Say it’s effective: 54.6%
   - Have it in place: 47.1%

7. Flexible work-life policies (e.g. paid maternity and paternity leave, request part-time work, job protection for pregnant workers, etc.)
   - Say it’s effective: 71.5%
   - Have it in place: 69.8%

8. Utilizing networks of current board members to assist in upcoming high potential employees to get on smaller external boards to gain experience (Not-for-profit, Municipal, Crown corporations, etc.)
   - Say it’s effective: 52.1%
   - Have it in place: 27.7%

9. Utilizing external board governance training to help expand a strong and diverse talent pipeline.
   - Say it’s effective: 41.4%
   - Have it in place: 32.6%
FP500 boards are committed to addressing workplace harassment.

In 2017-2018, the topic of harassment has risen in profile through the #MeToo and #TimesUp movements. Creating a culture that is inclusive and sets zero-tolerance policies for workplace and sexual harassment is a crucial component to building diverse and inclusive leadership teams and boards.

In light of these movements and the greater push for transparency around organizations’ efforts to address these issues, we’ve asked FP500 organizations to identify the activities their board has undertaken to proactively address workplace and sexual harassment.

Overall, 81.6 per cent of respondents indicated that their board has taken a stance and expressed their commitment to preventing workplace harassment and abuse at all levels in the organization. More than three-quarters of boards have also reported that they have reviewed their organization’s harassment policies, ensured the effectiveness of their reporting structures, and reviewed mechanisms in place for employee complaints (such as hotlines).

### Activities the board has undertaken to address harassment.

<table>
<thead>
<tr>
<th>Activity</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expressed that the board and executive leadership are committed to preventing workplace harassment and abuse at all organizational levels</td>
<td>81.6%</td>
</tr>
<tr>
<td>Reviewed the organization’s workplace and sexual harassment policies and procedures to ensure that they are setting the right tone</td>
<td>78.7%</td>
</tr>
<tr>
<td>Ensured that reporting lines to the board allow for issues to effectively be elevated to the executive leadership team and the board</td>
<td>75.8%</td>
</tr>
<tr>
<td>Reviewed the effectiveness of employee hotline mechanisms and that complaints are processed appropriately</td>
<td>75.4%</td>
</tr>
<tr>
<td>Engaged with general counsel to ensure that legally compliant policies regarding sexual harassment are in place and communicated to all organizational levels</td>
<td>55.7%</td>
</tr>
<tr>
<td>Conducted more deliberate conversations on the organization’s culture (where it stands and where it needs to change)</td>
<td>47.1%</td>
</tr>
<tr>
<td>Added information sessions from the legal counsels on potential “red flags” as part of meetings</td>
<td>23.4%</td>
</tr>
<tr>
<td>Other</td>
<td>4.5%</td>
</tr>
</tbody>
</table>

(n=244)
The Canadian Board Diversity Council has also done a deep dive on the diversity of the boards of directors of the TSX60. The TSX60 is a stock market index of the 60 largest companies listed on the Toronto Stock Exchange (TSX) as measured by market capitalization.

The boards of TSX60 companies have 708 seats on them, 27.8 per cent of all board seats are held by women (197). This ratio is higher than the 24.5 per cent of directors who are women from the FP500.

A survey was sent to the corporate secretaries of all TSX60 companies asking them to confirm the composition of their board and its diversity regarding members who are women, Indigenous peoples, visible minorities, people with disabilities or people who identify as LGBTQ.

The survey was completed by 17 companies. These results provide a much more in-depth picture of the diversity on these boards.

The TSX60 companies that chose to participate in our survey reported having 30.5 per cent of the 210 board seats held by women directors.
TSX60 respondents are far more likely to have adopted written diversity policies. Nearly 95 per cent of total respondents reported that their board has adopted a written diversity policy.

The same percentage, (94.1 per cent) of the 17 companies have also indicated that their board has a written definition of diversity. Diversity criteria most often seen in these policies include: gender, ethnicity, expertise, geography, and experience.

Just over 70 per cent of TSX60 respondents said that their board takes an active interest in the diversity of the talent pipeline for senior executives annually. The percentage of respondents who’ve reported that their board has adopted term limits has significantly increased. This year, 56.3 per cent of respondents indicated that their board has term limits in place, this is up from a reported 29.2 per cent in 2017.

TXS60 respondent director profile. (n=17)

- 69.5% are men
  - 0.7% are Indigenous
  - 6.2% are visible minorities
- 30.5% are women
  - 0% are Indigenous
  - 6.3% are visible minorities

210 Total Board Members
The Canadian Board Diversity Council (CBDC) and the Women's Executive Network (WXN) would like to thank our corporate partners, educational sponsors, and members for their commitment to equity, diversity and inclusion. We are grateful that you share in our belief that organizations can improve their performance for the benefit of their customers, employees and shareholders. Thank you to the Board Directors and Corporate Secretaries who responded to the survey. Your transparency and honesty allows for this research to be possible, and to guide the way of improving representation of FP500 and TSX60 boards. A special acknowledgement to our Diversity Council of Canada, including our Diversity CEOs, Diversity Champions and Proxy Members for helping us further advance our equity, diversity and inclusion efforts. Thank you all for your continued support and for working with us to drive real change in Canada’s boardrooms and in senior leadership.
ANNUAL REPORT CARD SURVEY

Diversity in the Boardroom
For the remainder of the survey, when we mention “diversity” or “diverse” we are referring to the representation of women, Indigenous peoples, visible minority groups, persons with disabilities and members of the LGBTQ community.

Indigenous: This refers to a person who is a North American Indian or a member of a First Nation, Métis or Inuit. North American Indians or members of a First Nation include treaty, status or registered Indians, as well as non-status and non-registered Indians.

Visible Minority: In Canada, a member of a visible minority is a person, other than an Indigenous or First Nations person, who is non-Caucasian in race or non-white in colour, regardless of birthplace.

Persons with Disabilities: This refers to those who have long-term or recurring physical, mental, sensory, psychiatric or learning impairment(s).

LGBTQ: LGBTQ is an acronym that stands for Lesbian, Gay, Bisexual, Transgender and Questioning.

1. In your personal opinion, how important is the issue of board diversity?
   - Very important
   - Somewhat important
   - Not really important
   - Not at all important

2. From the perspective of this board, how important would you say the issue of board diversity is?
   - Very important
   - Somewhat important
   - Not really important
   - Not at all important

3. Do you believe that your board is diverse?
   - Yes
   - No
   - Don’t know

4. To what extent is your board diverse with regard to:

<table>
<thead>
<tr>
<th>Type of diversity</th>
<th>Don’t know</th>
<th>Very diverse</th>
<th>Diverse</th>
<th>Moderately diverse</th>
<th>Slightly diverse</th>
<th>Not diverse</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industry experience</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Management experience</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Functional area of expertise</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>International experience</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Education</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Geography</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Age</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Ethnicity</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Gender</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Visible minorities</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Indigenous peoples</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Persons with disabilities</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>LGBTQ</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
</tbody>
</table>

5. Where would you say your board has made progress in diversity in the past year? (select all that apply)
   - Age
   - Ethnicity
   - Gender
   - Visible minorities
   - Indigenous peoples
   - Persons with disabilities
   - LGBTQ
   - Don’t know

6. In your personal opinion, who is accountable for the state of board diversity? (select one)
   - The Chair
   - The Chair of the Governance and Nominating Committee (or equivalent)
   - The board as a whole
   - The CEO
   - The search firm in charge of director recruitment
   - Other, please specify: __________
   - Don’t know
EFFORTS IN PLACE TO DRIVE GREATER DIVERSITY

Diversity Policies

7. Has this board adopted a written diversity policy?
   □ Yes
   □ No, but we are open to the possibility of adopting a diversity policy
   □ No, we do not intend to write a diversity policy unless this becomes a legal obligation
   □ Don’t know

8. In your personal opinion, how effective are written diversity policies in increasing the diversity of the board?

<table>
<thead>
<tr>
<th>Not effective</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>Very effective</th>
<th>Don’t know</th>
</tr>
</thead>
</table>

Term Limits

10. Does your board currently have term limits? (select all that apply)
    □ Age-based term limits are in place
    □ Tenure-based term limits are in place
    □ No, but the board is open to the possibility of adopting term limits
    □ No, the board does not intend to adopt term limits unless this becomes a legal obligation
    □ Don’t know

11. In your personal opinion, how effective are term limits in increasing the diversity of the board?

<table>
<thead>
<tr>
<th>Not effective</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>Very effective</th>
<th>Don’t know</th>
</tr>
</thead>
</table>

Diversity Targets

12. Does your board have a target for the number of directors that are women?
    □ Yes
    □ No
    □ Don’t know

   a) What is the target for the number of individuals that are women? (If your board has a percentage target, please convert this percentage to indicate the number of persons it represents on your board)
      □ 0
      □ 1
      □ 2
      □ 3
      □ 4
      □ 5
      □ Other, please specify: _____
      *Show if answered “Yes” to question 12

   b) Since your board does not currently have a target, what target would you support?
      □ Under no circumstances would I support a target for the gender diversity of our board
      □ 1
      □ 2
      □ 3
      □ 4
      □ 5
      □ Other, please specify: _____
      *Show if you answered “No” or “Don’t know” to question 12

13. In your personal opinion, how effective are diversity targets in increasing the diversity of the board?

<table>
<thead>
<tr>
<th>Not effective</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>Very effective</th>
<th>Don’t know</th>
</tr>
</thead>
</table>
NOMINATION AND RECRUITMENT PROCESS

14. Does your board use the services of a search firm when it comes to board member recruitment?
   - Always
   - Sometimes
   - Never
   - Don't know

15. Does the board’s mandate to the search firm direct that the short list of potential directors must include a target (number or percentage) of qualified:
   - Women candidates
   - Other diverse candidates

*Show if answered “Always” or “Sometimes” to question 14

16. What other methods of recruitment does your board use? Please specify the frequency.
   - Directors’ personal network
   - Board ready lists prepared by advocacy groups/organizations
   - Alumni of director education programs (e.g. Institute of Corporate Directors, The Directors College, etc.)
   - Traditional media advertisement (e.g. newspaper)
   - Social media (e.g. LinkedIn, Twitter etc.)
   - Shareholder referrals
   - Use of technology (i.e. software or other digital solutions) to reduce bias in the application process
   - Other, please specify: ___________

DEVELOPING THE PIPELINE

17. How many women in your personal network do you believe would be a good fit to serve on a FP500 board?
   - 0-1
   - 2-3
   - 4-5
   - 6 or more
   - Don’t know

18. Developing the company’s talent pipeline to include more women and diverse candidates in senior leadership is an important contribution to increasing the diversity of boards. In your opinion, how effective are the following efforts in developing a strong and diverse talent pipeline. In addition, please note which efforts are in place at the company you serve.

<table>
<thead>
<tr>
<th>Effort</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>Yes/No/Don’t know</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equal pay policies</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>Yes/No/Don’t know</td>
</tr>
<tr>
<td>Diversity-focused mentorship/shadowing programs</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>Yes/No/Don’t know</td>
</tr>
<tr>
<td>Employee diversity resource/networking groups</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>Yes/No/Don’t know</td>
</tr>
<tr>
<td>Affiliations with diversity-focused organizations</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>Yes/No/Don’t know</td>
</tr>
<tr>
<td>Diversity targets for the leadership team</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>Yes/No/Don’t know</td>
</tr>
<tr>
<td>Reporting on key performance indicators for the diversity of the talent pipeline</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>Yes/No/Don’t know</td>
</tr>
<tr>
<td>Flexible work-life policies (e.g. paid maternity and paternity leave, request part-time work, job protection for pregnant workers, etc.)</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>Yes/No/Don’t know</td>
</tr>
<tr>
<td>Utilizing networks of current board members to assist upcoming, high-potential employees to get on smaller, external boards to gain experience (Not for profit, Municipal, Crown corporations, etc.)</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>Yes/No/Don’t know</td>
</tr>
<tr>
<td>Utilizing external board governance training to help expand a strong and diverse talent pipeline</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>Yes/No/Don’t know</td>
</tr>
</tbody>
</table>

IS HARASSMENT ON YOUR BOARD’S RADAR?

In 2017-2018, the topic of harassment has risen in profile through the #MeToo and #TimesUp movements. Creating a culture that is inclusive and sets zero-tolerance policies for workplace and sexual harassment is a crucial component to building diverse and inclusive leadership teams and boards.
19. What activities has the board undertaken to proactively address workplace and sexual harassment? (select all that apply)

- Reviewed the organization’s workplace and sexual harassment policies and procedures to ensure that they are setting the right tone
- Expressed that the board and executive leadership are committed to preventing workplace harassment and abuse at all organizational levels
- Engaged with general counsel to ensure that legally compliant policies regarding sexual harassment are in place and communicated to all organizational levels
- Reviewed the effectiveness of employee hotline mechanisms and that complaints are processed appropriately
- Ensured that reporting lines to the board allow for issues to effectively be elevated to the executive leadership team and the board
- Conducted more deliberate conversations on the organization’s culture (where it stands and where it needs to change)
- Added information sessions from the legal counsels on potential “red flags” as part of our meetings
- Other, please specify: ________________

22. Are you an Indigenous person?
This refers to a person who is a North American Indian or a member of a First Nation, Métis or Inuit. North American Indians or members of a First Nation include treaty, status or registered Indians, as well as non-status and non-registered Indians.

- Yes
- No

23. Are you a member of a visible minority group?
In Canada, a member of a visible minority is a person, other than an Indigenous or First Nations person, who is non-Caucasian in race or non-white in colour, regardless of birthplace.

- Yes
- No

24. Are you a person with a disability?
‘Persons with disabilities’ refers to those who have long-term or recurring physical, mental, sensory, psychiatric or learning impairment(s).

- Yes
- No

25. Do you identify yourself as part of the LGBTQ community?
LGBTQ is an acronym that stands for Lesbian, Gay, Bisexual, Transgender and Questioning.

- Yes
- No

26. Which of the following reflects the first language you learned as a child and can still speak today?

- English
- French
- Arabic
- Chinese
- Italian
- Portuguese
- Punjabi
- Spanish
- Other, please specify: ________________

27. Do you have international business experience (have you worked in a market outside of Canada at any point in your career)?

- Yes
- No
For the remainder of the survey, when we mention “diversity” or “diverse” we are referring to the representation of women, Indigenous persons visible minority groups, persons with disabilities and members of the LGBTQ community.

Indigenous: This refers to a person who is a North American Indian or a member of a First Nation, Métis or Inuit. North American Indians or members of a First Nation include treaty, status or registered Indians, as well as non-status and non-registered Indians.

Visible Minority: In Canada, a member of a visible minority is a person, other than an Indigenous or First Nations person, who is non-Caucasian in race or non-white in colour, regardless of birthplace.

Persons with Disabilities: This refers to those who have long-term or recurring physical, mental, sensory, psychiatric or learning impairment(s).

LGBTQ: LGBTQ is an acronym that stands for Lesbian, Gay, Bisexual, Transgender and Questioning.

1. How many members are on your board? Please indicate the number.

2. How many members of the board are men? Please indicate the number.

3. How many members of the board are women? Please indicate the number.
   a) Of the women on the board, how many are also Indigenous peoples?
      □ We don’t track this element of diversity
   b) Of the women on the board, how many are also a member of a visible minority group?
      □ We don’t track this element of diversity

4. The Canadian Board Diversity Council considers diverse individuals to include women, visible minorities, Indigenous peoples, persons with disability and members of the LGBTQ community. Given this definition, is the current Chair of your board diverse?
   □ Yes
   □ No

Since you answered “Yes” to question 4, please indicate which of the following elements of diversity your Chair represents. (select all that apply)
   □ Woman
   □ Visible minority
   □ Indigenous person
   □ Person with a disability
   □ Member of the LGBTQ community

5. Has your board adopted a written diversity policy?
   □ Yes
   □ No
   □ Don’t know

6. Does the board have a written (documented in clear and comprehensive writing) definition of the elements of diversity it values for the board?
   □ Yes
   □ No
   □ Don’t know
Since you answered “Yes”, does this definition include the following elements of diversity?

<table>
<thead>
<tr>
<th>Type of Diversity</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indigenous peoples</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ethnicity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Functional area of expertise</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Geography</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industry experience</td>
<td></td>
<td></td>
</tr>
<tr>
<td>International experience</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management experience</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Members of the LGBTQ community</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Persons with disabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Visible minorities</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

8. In the past year, has the board of directors updated or changed the organization’s policy addressing workplace harassment and discrimination?
   - Yes
   - No, but we are actively focusing on updating or changing our policies
   - No, we do not intend to update or change our policies
   - Don’t know

9. Are there term limits put in place with regard to how many years a director and/or Chair may serve on your board?
   - Yes
   - No
   - Don’t know

Since you answered that your board does not have term limits (or are unsure), is your board considering introducing term limits for directors and/or Chair?
   - Yes
   - No
   - Don’t know

Thank you very much for your participation!

7. Does the board require regular (at least annual) updates on the diversity of the candidates in the succession pipeline of the senior executive team?
   - Yes
   - No
   - Don’t know
The Conference Board of Canada undertook the survey on behalf of the Canadian Board Diversity Council. The survey was distributed in May 2018 to 5438 FP500 chairs and directors. An individual serving as a director of two Boards received two surveys. Participants completed the survey online via a secure, password-protected survey website. The survey was available for completion in English and French.

**Top 500 Organizations**

The Canadian Board Diversity Council sent electronic surveys to corporate secretaries, chairs and directors who serve on the boards of Canada’s 500 largest organizations as measured by revenue and reported by the Financial Post. The organizations include publicly-listed corporations, public sector corporations, privately held corporations, co-operatives and Canadian subsidiaries of foreign-owned corporations.

The CBDC builds its list of directors through public data filed with the Canadian Securities Administrators through SEDAR for public companies.

CBDC’s methodology for the 2018 FP500 survey included the following:

- FP500 organizations operating in Canada, with an International board of directors
- Subsidiaries of other FP500 organizations located in Canada.
- All Canadian organizations (Public/Private/Crown Corporations)
- All International organizations (Public/Private)
- Canadian Subsidiaries of International organizations:
  - Canadian board + Executives (if applicable)
  - Parent company board + Executives – hybrid if necessary + Canadian Executives + Parent board (If no Canadian board)

**Excluded:**

- Canadian Subsidiaries with no Canadian boards and who’s parent board is already included in FP500 directly:
  - Both organizations on FP500 listing
  - Both organizations subsidiaries
  - Both organizations use same board
  - Included parent board once for organization

The survey was completed by 256 FP500 board members in the summer months of 2018. This is a robust sample of FP500 directors and results are accurate within +/-5.98% at a 95 per cent confidence level. Respondents come from 72 of the FP500 companies. In addition, the FP500 Industry Codes were used to match companies against the North American Industrial Classification System (NAICS).

**TSX60 Survey**

The Conference Board of Canada undertook the TSX60 survey on behalf of the Canadian Board Diversity Council. The survey was distributed in June 2018 to the corporate secretaries of the TSX60 organizations. Participants completed the survey online via a secure, password-protected survey website. The survey was available for completion in English and French. The survey was completed by 17 corporate secretaries representing boards of TSX60 organizations.

**C-Suite**

In May 2018, CBDC began collecting data regarding executive management teams for FP500 organizations in Canada. These are the top executives that oversee the day-to-day operations of the organizations under study. Our definition of c-suite is derived from the definition of the Ontario Securities Commission: C, for chief, as in chief executive officer, chief operating officer and chief information officer. Also called “c-level executives” this definition includes a consistency across organizations and their c-suite, to include different titles and position, which would be the most optimal, reliable and statistically valid method for collecting executive teams:

1. All listed executives in annual report or website “executive/leadership/management team”
2. Executives with “chief” in their title
3. Top 4 or 5 executives
4. All executives on same level as c-suite peer; i.e. EVP & CFO + All other EVP’s – because executive vice presidents are within the c-suite.

**About The Conference Board of Canada**

We are:

- The foremost independent, not-for-profit applied research organization in Canada
- Objective and non-partisan. We do not lobby for specific interests.
- Funded exclusively through the fees we charge for services to the private and public sectors.
- Experts in running conferences but also at conducting, publishing and disseminating research, helping people network, developing individual leadership skills, and building organizational capacity.
- Specialists in economic trends, as well as organizational performance and public policy issues.
- Not a government department or agency, although we are often hired to provide services for all levels of government.
- Independent from, but affiliated with, The Conference Board, Inc. of New York, which serves nearly 2,000 companies in 60 nations and has offices in Brussels and Hong Kong.

The 2018 Annual Report Card results were prepared by Amanda Lee Daoust and Michael Bassett from The Conference Board of Canada.

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Director, Governance Compliance, Risk & Sustainability
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**The Conference Board of Canada**

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Ottawa, ON K1H 8M7
Tel.: 613-526-3280 ext.253 Fax: 613-526-4857
Diversity Council.

Our Diversity Council is made up of an influential group of Senior Executives across Canada who represent diverse industries, vocations and who are leading change in respect to equity, diversity and inclusion in their workplaces and communities. Our Diversity Council includes our Diversity CEOs, Diversity Champions and Proxy Committee Members. In collaboration with our Diversity Council, our goal is to increase the representation of women, visible minorities, Indigenous persons, persons with disabilities and members of the LGBTQ community on boards of directors and in senior leadership. Our Diversity Champions and Proxy Members are endorsed by their organizations’ CEOs.
Diversity CEOs.

Thank you to our Diversity CEOs who serve as brand ambassadors to our Equity, Diversity and Inclusion (ED&I) mandate for WXN and CBDC. They help our organization impact change in Canada through research, education, advocacy and recognition. With their support, we are creating social impact and positive change in Canadian business and society.

SARA L. AUSTIN
Founder and Lead Director
Children First Canada

KEITH CREEL
President & CEO
Canadian Pacific

MICHAEL CROTHERS
President & Country Chair, Shell Canada Ltd
Vice President Canada Integrated Gas

YVES DESJARDINS-SICILIANO
President & Chief Executive Officer
VIA Rail

VICTOR DODIG
President & CEO
CIBC

BRIAN FULTON
President & CEO
Mercedes-Benz Canada Inc

DAVID GAROFALO
President & CEO
Goldcorp Inc

NATASHA KOIFMAN
President
NKPR

DAVE E. LEONARD
Partner & CEO
McCarthy Tétrault LLP

STEPHEN LETWIN
President & CEO
IAMGOLD Corporation

DON LINDSAY
President & CEO
Teck Resources Ltd

LISA LISSON
President
FedEx Express Canada

ELIO R. LUONGO, FCA
Chief Executive Officer & Senior Partner
KPMG LLP

CALVIN MacINNIS
President & CEO
Coast Capital Savings

ANDREW MACLEOD
President & COO
Post Media Network Inc

DAVID MCKAY
President & CEO
RBC - Royal Bank of Canada

LOIS NAHIRNEY
President & CEO
dnaPower Inc
Co-Chair of the Top 100 Program

ROB PEABODY
President and CEO
Husky Energy

GEETA SANKAPPANAVAR
President & COO
Grafton Asset Management
Our Diversity Champions are positioned as thought leaders in respect to equity, diversity and inclusion (EDI). EDI is one of the top business issues facing companies around the world. Our Diversity Champions serve as advisory board members for WXN and CBDC to help our organization impact change in Canada through research, education, advocacy and recognition. Along with providing advice and guidance, the Diversity Champions also support the vetting process for both Canada’s Most Powerful Women: Top 100™ Awards and Diversity 50.

L to R:

GILLIAN AKAI
Postmedia Network Inc

TRACEY ARNISH
Coast Capital Savings

VIRGINIE AUBERT
Mercedes-Benz Canada

SARA AUSTIN
Children First Canada

CAROL BANDUCCI
IAMGOLD Corporation

ANDREA BRECKA
Shell Canada Ltd

NANCY FOSTER
Husky Energy

CHINT KULKARNI
CIBC Capital Markets

KATHY MCGARRIGLE
Co-Chair of Diversity 50™ Program

LOIS NAHIRNEY
dnaPower Inc
Co-chair of Top 100 Program

KRISTINE REMEDIOS
KPMG

CHAD ROLSTAD
Canadian Pacific

GODYNE SIBAY
McCarthy Tétrault LLP

PINA STARNINO
FedEx Express Canada

CLAUDIA THOMPSON
Accenture Canada

ANNA TUDELA
Goldcorp Inc

DEAN WINSOR
Tech Resources
Our Proxy Committee members are made up of a select group of executives who are handpicked by our Diversity Champions or Diversity CEOs. Proxy Committee Members serve as a working committee on behalf of our Diversity Champions to evaluate and select our Canada’s Most Powerful Women: Top 100™ Award Winners and the CBDC Diversity 50™ candidates. The candidate selection process has required establishing best-in-class criteria, followed by an application process that sees all qualified applicants vetted and scored.

L to R:

**ZARA GRAY**
Goldcorp Inc

**ANDREW JAMES**
KPMG

**PETRA KURET**
Vancity

**JENNIFER LAIDLAW**
CIBC Capital Markets

**BRENDA LAZARE**
Postmedia Network Inc

**ANNE-MARIE MCINTOSH**
FedEx Express Canada

**LIZ MCLACHLAN**
Accenture

**DEBBIE NAGLE**
BC Hydro

**LORNA NIMMONS**
KPMG

**WAYNE ORMOND**
Husky Energy Inc

**DAVID SHERRARD**
Mercedes-Benz Canada

**EFFIE SIMANIKA**
IAMGOLD Corporation

**ERIN STEIN**
RBC - Royal Bank of Canada

**RORY THOMPSON**
Canadian Pacific

**SAROJ VASANT**
Coast Capital Savings

Not pictured:

**ZOE BALDWIN**
Shell Canada Limited

**BARRY BILLINGS**
Teck Resources Limited

**THERESA FREEMAN**
Children First Canada
"At Coast Capital Savings, our culture of care is one of inclusion, fairness and open mindedness, honouring the fundamental value and dignity of all individuals. We know that diverse experiences, heritages and perspectives drive our innovation and enrich our workplace – that's why we are setting goals, increasing our outreach and establishing internal networks. As we expand nationally, I'm excited to continue this important work, ensuring our people representatively reflect the communities in which we serve our members."

Tracey Arnish, Chief Member and Employee Experience Officer

"At Goldcorp we are committed to increasing diversity within the mining sector. We recognize that the diversity of our Board of Directors and Senior Management provides a depth of perspective that enhances discussion, decision-making and overall operations."

Anna Tudela, Vice President, Diversity, Regulatory Affairs and Corporate Secretary, Goldcorp Inc

"FedEx is powered by a culture that is inclusive and where differences are celebrated as strengths. Our success is based, in part, on embracing the uniqueness in each person and giving everyone opportunities to contribute and progress. Diversity and inclusivity enables us all to succeed in delivering on our promise of outstanding service for our customers."

Pina Starnino, Vice President – Operations, FedEx Express Canada

‘At KPMG, we are committed to creating an inclusive and diverse culture where our people feel empowered to use their unique voices and bring their whole selves to work to reach their full potential. When our people feel a sense of belonging at work, it enables them to think differently and do differently both for the firm and our clients. By collaborating with our people to close gaps, break down barriers and promote equal access for all, we continually challenge the status quo as we strive to be ‘champions of inclusion’. By working together we will achieve great things. Let’s do this.’

Elio Luongo, Chief Executive Officer & Senior Partner, KPMG LLP
“At Mercedes-Benz Canada, we are working hard every day to make sure that we are cultivating and promoting diversity and inclusion. We believe our success lies in our ability to attract and retain employees from diverse backgrounds and experiences, who bring a broad spectrum of skills and perspectives to our organization.”

David Sherrard, National Manager, Product Management, Mercedes-Benz Canada Inc

“It makes perfect sense that Mercedes-Benz Canada’s corporate strategy prioritizes diversity; this country’s highly competitive luxury automotive sector is incredibly diverse, not just in terms of vehicles but audience as well. In order to thrive, we must continue to bring together people who are able to provide valuable insights about our organization, customers, and communities.”

Virginie Aubert VP, Marketing, Mercedes-Benz Canada Inc

“It is encouraging to see progress in appointing more diverse directors to boards. The key long term solution rests in growing diverse senior talent pipelines for the C-suite. This should be a major area of focus for all companies. This will bring greater balance and strength to organizations to deal with the rapidly evolving challenges of the coming decades.”

Dr. Lois Nahimy, President and CEO, dnaPower Inc
Diversity Council.
Corporate Members.