

# Best Practices in Increasing Women's Representation on Agencies, Boards, & Commissions

Overwhelming evidence shows that boards that are diverse, including in gender balance, perform better on all performance indicators, including financial. That is why jurisdictions around the world are looking at various ways to increase representation of women on corporate and public boards.

***What follows is a summary of the best practices proven to increase gender balance and greater diversity on agencies, boards, and commissions (ABCs).***

## Legislative Action

### Quotas

Quotas are one of the most effective and efficient ways to increase the number of women on agencies, boards, and commissions. Several European countries have adopted legislative approaches to increase the number of women on ABCs.

*Norway legislated quotas that require at least 40% of board members to be women. Since the introduction and enforcement of quotas, the number of women on boards has increased to 40.5%, positioning Norway as a world leader in increased gender balance on boards.*



## Regulatory Action

### Comply or Explain

In practice, comply or explain regulations can look like agency requirements, target programs, stock exchange listing rules, or corporate governance codes. This approach asks the agency, board, or commission to comply with rules or targets for gender and diversity, but allows for an explanation if they do not meet the targets.

Several countries, including Australia and the UK, use some form of regulatory model.

Countries that use comply or explain regulations in combination with legislative and voluntary measures have been successful in increasing the number of women on agencies, boards, and commissions. (Catalyst)

**EXAMPLE:** Since 2014, TSX-listed companies in Ontario are required to report annually on:

1. *The number of women on their boards and in executive officer positions*
2. *Their policies regarding gender representation*
3. *Their nomination and selection process*
4. *Their director term limits.*

Companies that do not have women on their boards are required to explain why that is the case. The regulations are enforced by the Ontario Securities Commission. It is still too early to judge how effective the model has been in Ontario.

# Voluntary Actions

Voluntary approaches are led by individual businesses or organizations and can take the form of pledges, policies, targets, etc. On their own, voluntary approaches are not as effective as legislative or regulatory approaches. They do not hold companies or governments legally accountable.

***However, voluntary approaches include many useful tools, which can be used in combination with other approaches.***

## Formal Board Policies ✓

Many organizations have found that adopting formal board policies related to gender and diversity is an important step. Policies indicate a willingness to formalize goals and signal that the organization values gender and diversity. Making these policies available to the public also increases transparency and accountability.

## Measurable Targets ✓

Establishing and evaluating measurable targets is vital to ensuring gender and diversity policies are successful. Having clear goals, steps, and timelines allows boards to monitor and measure how well they are doing and where they need to improve. Without clear goals and timelines, improving gender and diversity balance is unlikely.

**EXAMPLE:** *Catalyst has created the “Catalyst Accord,” a voluntary pledge by Canadian companies to increase the overall percentage of women on boards to 25% by 2017.*

## Nomination Committees ✓

Homogeneous committees tend to nominate members who are most like them. Ensuring diversity on nomination and selection committees is a best practice for increasing gender and diversity balance on boards and increases the potential for diversity among candidates.

## Recruitment ✓

Reviewing board recruitment processes to identify unconscious bias allows an organization to highlight areas for improvement. Recruiting beyond traditional methods and audiences may mean taking the additional step to promote board vacancies directly to women.

## Term Limits ✓

Low turnover of board positions results in limited opportunities to add women or other under-represented groups. Implementation of term limits for board members creates opportunities for board renewal and opens positions for women.

## Leaders Who Champion Diversity ✓

Boards with leaders who champion women’s participation and create diversity are more likely to increase the number of women on boards.

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