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Ensuring that men and women are equally represented on corporate boards

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BY CÉLINE HERVIEUX-PAYETTE, SENATOR JUNE 11, 2009

On June 2, as part of a major reform I have undertaken to renew the management of publicly traded companies and Crown corporations, I introduced a bill in the Senate.

Bill S-238 would require publicly-traded companies, financial institutions and federal government enterprises to ensure gender parity on their boards of directors from now on.

Fine words and good intentions on promoting women's equality on boards of directors are no longer enough.

A study by the Catalyst organization has found that the representation of women on corporate boards in Canada remains very low: in 2007, women held only 13 per cent of seats on the boards of FP500 companies, one percentage point higher than in 2005. Again in 2007, 40 per cent of FP500 companies still did not have a single female board member.

Bill S-238 targets all corporations under federal jurisdiction, and includes the following major provisions: Publicly-traded corporations, banks, insurance companies, trust companies and cooperative credit associations would have three years to comply with the new law.

Federal crown corporations would also be subject to the new law.

One of the measures in an earlier bill of mine, S-235, would prevent anyone from sitting on the boards of more than four public corporations. The result would be more seats open to women.

Given the moral crisis that capitalism is experiencing, a radical overhauling of boardroom culture has become imperative. Making corporate boards more diverse, by including more women among other initiatives, would open the way to different

ideas and a change of mindset among directors. Ultimately, shareholders' interests would be better served and they would be able to regain control of their corporations.

The Parliament of Canada did not have to look far to find similar legislation, since the Quebec government introduced such a policy in 2006. In Europe, Norway has since 2006 required 40 per cent female members on the boards of publicly-traded companies. Spain has adopted an identical reform.

Waiting for the situation to correct itself is utopian thinking, and the slow progress toward gender parity proves it. That is why I want to see justice done to women's contribution in society and in the business world. Canada cannot afford the luxury of forgoing half its talent, given our need to compete in a global economy.

Senator Céline Hervieux-Payette is deputy chair of the Standing Senate Committee on Banking, Trade and Commerce.

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