



2007 CENSUS OF WOMEN BOARD DIRECTORS OF THE FP500: *Voices From The Board Room*

APPENDIX 1: METHODOLOGY

QUANTITATIVE ANALYSIS

Catalyst's Census research is distinguished by the rigorous verification process we conduct on our data and by the comparability of our data over time and across industries and geographies. Catalyst literally counts the number of women and men in leadership positions, which provides a precise picture of women's status and progress that is comparable from year to year.

In early summer of 2007 Catalyst sent a letter to our contacts in each of the FP500 companies (as published in the June 2007 issue of the *National Post Business Magazine*). The letter requested the companies to:

1. Certify the company's total number of board directors and women directors as of June 5, 2007.
2. Verify the name, profession, and gender of each of the company's board directors as of June 5, 2007.
3. Confirm which directors were inside directors and which were outside directors.
4. Confirm the name and gender of the following chairs:
 - a. Board Chair
 - b. Audit Committee Chair
 - c. Human Resources/Compensation Committee Chair
 - d. Nominating/Corporate Governance Committee Chair

In 2007, 478 companies (95.6 percent) verified their data.

If companies did not respond to the initial letter Catalyst staff followed up with calls, emails and faxed letters. We ensured that multiple opportunities were provided for contacts to verify over the period of three months.

If companies still did not verify, Catalyst's Vice President, Canada sent a letter to the company's chief executive office informing the CEO that we had not received the company-vetted data, and that we would publish the data we had already collected from public sources if the company did not provide verification. We continued communications with all company contacts until we received their verification or a decline of their intent to verify.

Even after repeated attempts to acquire verification, a small percentage of companies refused. For these companies Catalyst published the data that had been collected from public sources, including annual reports and management proxy statements.



2007 CENSUS OF WOMEN BOARD DIRECTORS OF THE FP500: *Voices From The Board Room*

CHAIRS OF BOARDS AND COMMITTEES

Board Chairs

Since 2003, we have counted the number of board chairs of every publicly traded FP500 company. The chair of an organization leads the board of directors in assuring the integrity of the board's processes and in setting the agenda for board meetings. Board chair information for 2005 has been recalculated to reflect the proportion of available board chair positions (243 chair positions in 244 public companies) held by women, rather than the companies they chaired as a percent of all publicly traded companies (244) regardless of whether or not that company verified a chair position. In 2005, two publicly traded companies verified that they had no chair, and two verified that they had co-chairs. We had no board chair information for one public company because such information was not available publicly and could not be verified. As of June 5, 2007, ten of the 241 publicly traded companies verified that their boards had no individual board chairs, and five companies verified that their boards had co-chairs. We had no board chair information for one public company because such information was not available publicly and could not be verified.

Chairs of Board Committees

Since 2003, we have also counted the number of women and men on boards of publicly traded companies who chair three committees—Audit, Human Resources/Compensation, and Nominating/Corporate Governance. We examined these positions of in order to determine how women are represented across levels of board activity and responsibility. We focused on these three committees in particular because they are so vital to company processes and also exist most consistently across publicly traded companies.

Catalyst asked every publicly traded company on the FP500 to verify information on these three committees. Not every public company had chairs for all three committees; some public company boards did not have three distinct committees.

The Census analysis only includes those committees whose chairs were identified. For example, if a company did not indicate upon verification that its Audit Committee had a chair, the Audit Committee and that company was not included in our analysis.

If a company combined two of the three committees, than the chair of that committee was only counted once. For example, if a company verified that its Human Resources/Compensation Committee also served the purpose of the Nominating/Corporate Governance Committee, the chair of that committee was counted as the chair of the Human Resources/Compensation committee; the Nominating/Corporate Governance committee at that company was not included in the analysis.

If the same individual chaired two committees, which the company verified as being two separate committees, than both committees at that company were included in analysis.

If a company had two separate committees for committees we have combined, both chairs were counted. For example, if a company verified that it has two separate committees with two separate chairs for a Nominating Committee and Corporate Governance Committees, then both chairs were counted under the Nominating/Corporate Governance Committee for the purposes of our Census analysis.



2007 CENSUS OF WOMEN BOARD DIRECTORS OF THE FP500: *Voices From The Board Room*

Finally, if a company verified that a committee had co-chairs, both individuals were counted for that committee.

CANADIAN-OWNED AND FOREIGN-OWNED COMPANIES

Many large FP500 companies operating in Canada are not majority Canadian-owned entities. For the purposes of this report, we determined ownership based on data provided in the FP500 list. Such data show that approximately 30 percent of the companies on the 2007 FP500 list are foreign-owned companies operating in Canada.

For the purposes of this report, Catalyst defines company ownership based on the definition used by Statistics Canada, which describes two types of foreign control: direct and effective control.¹

PUBLIC, PRIVATE, CROWN AND CO-OPERATIVE COMPANIES

The FP500 list is diverse in terms of company ownership. In 2007, almost half of the FP500 companies were publicly traded. A publicly held company has held an initial public offering and shares that are traded on a stock exchange or in the over-the-counter market. Public companies are subject to periodic filing and other obligations under the federal securities law.

Privately held companies are owned by one or several individual(s), family or parent company, and do not trade shares on a stock market. Crown corporations are owned by either federal or provincial governments. Co-operatives are jointly owned by a collective of individuals and operate on the principles of democracy. For the purposes of the report, we determined ownership based on data provided in the FP500 listing.

ENSURING COMPARABILITY OVER YEARS

Some major findings in the 2007 Catalyst Census emerged as we searched across years of data looking for changes in company board composition between 2005 and 2007.

To monitor these changes, we created a multi-year database to collect data on FP500 companies that existed in 2005 and 2007. Companies were identified by company name, and through research exploring mergers and acquisitions. (Acquired companies no longer have boards of directors; they are treated as if they fell off the FP500 list.)

At the same time, we tracked individual directors who sat on the boards of these companies in both years.

A total of 401 companies existed on the FP500 in 2005 and 2007. Of these 401 companies we identified all the directors who left the company in 2005 and all new directors who entered in 2007. We ensured that each individual was accurately assessed either as a "leaver", "entrant", or individual who remained on the board. This was done by tracking individuals based on their first and last names, company affiliations, and job titles, and also by exploring possible last name changes (e.g. through marriage/divorce).

MULTIPLE DIRECTORSHIPS

¹ Please refer to the Glossary of Terms for further definition of direct and effective control.

This year we added a new analysis to the Catalyst Census, looking at individuals who hold multiple board seats. Men and women sitting on multiple boards were identified by gender, name, and title. Research using publicly available databases was done to ensure that all names were accurately linked.

QUALITATIVE ANALYSIS

Following the end of the verification process, Catalyst staff collected contact information for all the female board directors of the FP500 companies. A letter was sent to each of these women asking if they would like to participate in an interview regarding their experience on corporate boards.

Semi-structured interviews with 56 women who currently sit on FP500 boards were conducted by the Canadian research team. A standard protocol was followed for each interview, and interviewees rarely strayed from the structured questions.

All interviews were taped with the interviewees' consent and then transcribed for analysis. The quotations included in the report were pulled directly from these transcripts after having removed all identifying information to protect the privacy of the interviewees.

The following issues were covered in the interviews:

- The board requirement process.
- The importance of diversity on corporate boards.
- Board promotion of diversity through out the organization.
- The importance of critical mass.
- The competencies needed for board service.
- The importance of being visible in one's career.
- The importance of having a mentor or champion.
- The challenges interviewees faced and the strategies used to address them.
- Committee Chair experiences.
- Experiences of being the only woman on a board.
- Opinions concerning why there are not more women directors.
- Advice to boards to increase gender diversity.
- Advice to women seeking directorships.

To analyze the qualitative research, the team developed a relevant list of themes based on the questions asked in the protocol. The codebook for the analysis of the interviews was developed from this list of themes.

All of the coding and analysis of the interview transcripts was conducted in NVIVO 7, a qualitative software analysis program that provides tools for organizing and sorting qualitative data. This software program allowed the research team to identify patterns, uncover themes, and develop meaningful conclusions about the data.

The research team reviewed and analyzed themes to look for any patterns in the frequency of discussions by specific topics and by company type. We also noted whether the interviewee had ever been the only woman on a board. Major trends and themes were then drawn out into an emergent storyline.