CHAPTER 06

Navigating Gender Diversity in 2019

Canadian public companies remain under sustained pressure to improve gender diversity. In this chapter, we provide a snapshot of the current state of gender diversity among Canadian public companies, which reveals meaningful progress on a number of diversity-related metrics. We also explore how institutional investors continue to incorporate diversity-related guidelines into their voting decisions; with increased investor attention on promoting gender diversity, in 2019, for the first time in Canada, a majority of investors voted in favour of a shareholder proposal relating to gender diversity. We also discuss the ever-expanding framework of gender diversity–requirements and guidelines from corporate and securities regulators, the Toronto Stock Exchange, proxy advisers and governance watchdogs, and provide practical tips on how boards and senior management can continue making headway in increasing diversity.

Top Developments in 2019

Even though it's been five years since the Ontario Securities Commission (OSC) implemented the comply-or-explain disclosure requirements on gender diversity, regulators, stock exchanges, institutional shareholders, governance watchdogs and the media keep demanding more disclosure and better gender diversity practices from Canadian companies.

The regulatory framework and the state of gender diversity for Canadian publicly traded companies continue to evolve, requiring boards to take into account an ever-expanding array of regulations and guidelines when assessing and disclosing their diversity-related policies and practices. Significant developments this year include the following:

- Nearly one-quarter of board seats of companies on the Toronto Stock Exchange (TSX) Composite and SmallCap indices are occupied by women.
- Nearly three-quarters of companies on the TSX Composite and SmallCap indices have a gender diversity policy.
- New diversity disclosure requirements applicable to federally incorporated Canadian public corporations will apply in the 2020 proxy season.
- The first shareholder proposal on diversity in Canada passed.
- Many institutional investors now include a gender diversity component in their proxy guidelines.
- Glass, Lewis & Co. (Glass Lewis) may vote against the nominating committee chair if the board has not adopted a gender diversity policy.

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Snapshot: Gender Diversity Trends

We continue to track developments in gender diversity disclosure since the 2015 implementation by the OSC of comply-or-explain disclosure requirements under National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (NI 58-101).

BOARDS OF DIRECTORS

Based on our review of companies on the TSX Composite and SmallCap indices (see Table 6-1), many of the data points – including the percentage of newly elected directors who are women – show only a modest increase in 2019 (32% of newly elected directors in 2019 are women, compared with

28% in 2018). However, meaningful progress has been seen on a number of other fronts, in particular with respect to the percentage of issuers with written gender diversity policies (up from 37% in 2015 to 73% in 2019); the number of issuers that put no women up for election (down from 32% in 2015 to 6% in 2019); and the number of issuers that have adopted gender targets (up from 11% in 2015 to 35% in 2019). Of note, according to a recent report published by *The Wall Street Journal*, as of July 2019, there are no longer any all-male boards among S&P 500 companies in the United States.[127] At the time of writing this report, Canada has reached a similar milestone with each issuer on the Composite Index having at least one woman on their board. There remain around 20 Canadian issuers on the SmallCap Index that still have no women on their board.

TABLE 6-1:
Diversity Progress at Issuers on the TSX Composite and SmallCap Indices (2015–2019)

	2019	2018	2017	2016	2015
Board seats held by women	24%	21%	19%	18%	15%
Newly elected directors (by board seats) who were women	32%	28%	24%	25%	26%
Issuers that put at least one woman up for election	94%	87%	80%	77%	68%
Issuers that put two or more women up for election	61%	51%	48%	44%	37%
Issuers that put no women up for election	6%	13%	20%	23%	32%
Issuers with diversity policies	73%	61%	51%	48%	37%
Issuers with diversity targets	35%	24%	19%	16%	11%

EXECUTIVE OFFICERS

The Canadian Securities Administrators (CSA) also provided an update in September 2018, in Multilateral Staff Notice 58-310 – *Report on Fourth Staff Review of Disclosure regarding Women on Boards and in Executive Officer Positions* (2018 CSA Review), based on the CSA's review of 648 TSX-listed companies that had year-ends between December 31, 2017 and March 31, 2018, and that had filed information circulars or annual information forms by July 31, 2018. The 2018 CSA Review indicated that 66% of companies had at least one woman in an executive officer position, which is a modest improvement from 62% in 2017 and 60% in 2015. The CSA also presented two new statistics relating to executive officers in its review: the proportion of issuers with a female CEO (see Figure 6-1) and the proportion of issuers with a female CFO (see Figure 6-2).

FIGURE 6-1:
Proportion of Issuers with a Female CEO

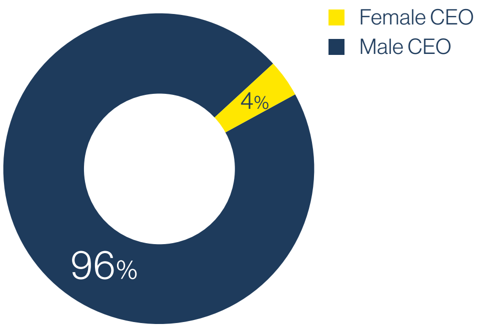
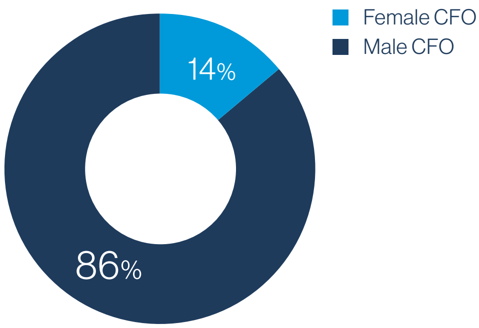


FIGURE 6-2:
Proportion of Issuers with a Female CFO



Source: 2018 CSA Review

Global Reach: Beyond Board Representation

Equileap, a non-profit organization based in Amsterdam, tracks, compares and ranks companies around the world based on 19 criteria, including metrics ranging from the number of women on boards of directors and in executive positions to equal pay and parental leave policies (Equileap Criteria).[128] The Equileap Criteria include 19 data clusters divided into four categories that measure (i) gender balance in the workforce of a company, (ii) equal compensation and work-life balance, (iii) policies promoting gender equality and (iv) commitment to women's empowerment, transparency and accountability.

Equileap scores and ranks the covered companies' commitment to gender equality using a four-stage approach. The first stage measures 12 criteria against publicly available data (including gender balance at the non-executive, executive and senior management levels and in the workforce; promotion and career development opportunities; and seven types of policies in the workplace that promote equal treatment and opportunities for men and women). The second stage involves a subset of these companies completing a questionnaire about their performance on all of the primary first-stage criteria, plus seven additional criteria (including questions relating to parental leave policies, flexible work schedules and combatting sexual harassment). The third stage awards companies points on a scale from 0 to 100, primarily based on which companies perform best on the promotion and career development of women. The final stage involves conducting searches to determine whether any of the covered companies have any legal judgments against them in the previous two years relating to sexual harassment or discrimination (which results in those companies being marked in the ranking with a notation).[129]

Equileap's *2018 Gender Equality Global Report & Ranking* (Equileap 2018 Report)[130] includes a database of 3,206 public companies (including issuers in Canada and the United States), which all have a primary listing on a stock exchange in one of 23 developed economies around the world and a market capitalization above US$2 billion. The highest-ranking one-third of those companies, based on the Equileap Criteria and the process described above, were then researched in depth by Equileap's team, to compile the 2018 Equileap top 200 ranking (Top 200 Ranking).

Of the covered Canadian companies, 9% made the Top 200 Ranking. On average, these Canadian companies scored 34% based on the Equileap Criteria; those on the TSX 60 scored an average of 29%. Interestingly, despite the fact that Canada arguably has a more robust disclosure regime concerning gender diversity than the United States, the Equileap 2018 Report suggests Canadian issuers are not faring any better than their U.S. counterparts. For example, 11% of covered U.S. companies made the Top 200 Ranking; on average, these U.S. companies scored 35% based on the Equileap Criteria, and all of those U.S. companies on the S&P 100 Index scored an average of 45% in their rankings.

To see how Canada fared against other countries around the world, see Figure 6-3, from the Equileap 2018 Report.

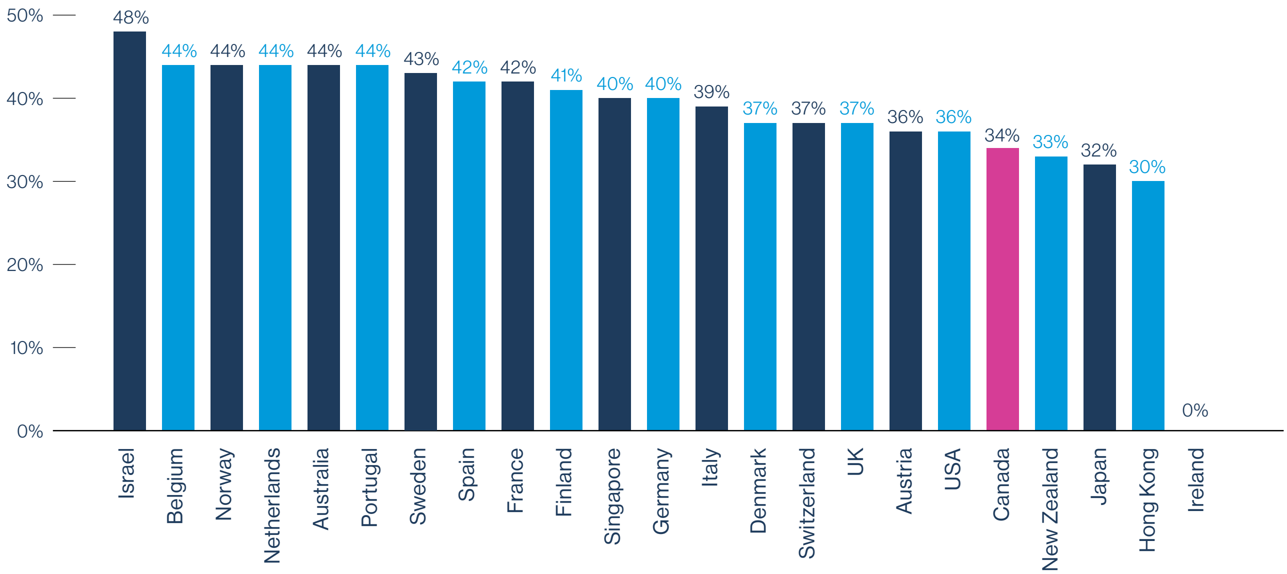
TD SAYS *SMALL* COMPANIES CAN HAVE A *BIG* IMPACT ON CANADA'S RANKING

The TSX has a higher prevalence of resource issuers and smaller companies than the S&P 500 Index in the United States. For example, small resource firms represent 30% of all board seats on the Composite Index, compared with just 12.5% on the U.S. Benchmark Index.[131] This could in part explain why Canada is lagging behind the United States in the representation of women on boards: smaller companies have slower turnover of board seats and therefore fewer opportunities to change the status quo, and they are also more likely to cite limited resources for candidate searches.

This lends support to the claim by a Toronto-Dominion Bank (TD) economist, who says that "ultimately, to move the needle in corporate Canada as a whole, stronger headway needs to be made among smaller firms, and disproportionately within the resource sector,"[132] which tends as an industry to have lower representation of women.

TD estimates that if all of Canada's small firms were to hit the tipping point of having three women on their boards, that would move the representation of women on boards of Composite Index issuers up by 10%, to 34%.

FIGURE 6-3:
Equileap's Gender Equality Global Comparison (2018)



Source: Equileap 2018 Report

Navigating Canada's Increasingly Complex Diversity Framework

To help executives and boards navigate the myriad of rules, guidance and best practices surrounding gender diversity in Canada, the following section synthesizes the requirements and guidelines on gender diversity from corporate and securities regulators, the TSX, proxy advisers and certain governance commentators.

1 **Disclose whether your company has adopted a written policy relating to the identification and nomination of women on the board.**

a. If your company has *not* adopted such a policy, then disclose why your company has not done so.
b. If your company has adopted such a policy, your company must disclose (i) a short summary of the policy's objectives and key provisions; (ii) the measures taken to ensure that the policy has been effectively implemented; (iii) annual and cumulative progress by your company in achieving the objectives of the policy; and (iv) whether and, if so, how the board of your company or its nominating committee measures the effectiveness of the policy.

This disclosure is required under NI 58-101 for reporting issuers (other than venture companies) in all provinces and territories in Canada, other than British Columbia and Prince Edward Island. If you are a reporting issuer, then this disclosure must be provided to your shareholders at every annual meeting, and in the management information circular whenever management solicits proxies from the company's securityholders to elect directors to the board.

Section 472 of the *TSX Company Manual* requires companies listed on the TSX that are subject to NI 58-101 to disclose their corporate governance practices in accordance with NI 58-101. The TSX penalties for non-compliance include requiring such issuers to publish amended disclosure in their next quarterly report and publishing the names of the non-compliant issuers with a request for amended disclosure. Continued non-compliance may result in suspension or delisting. Listed companies that evidence a "blatant and consistent disregard" of the TSX's disclosure requirements may be referred to the OSC and may be subject to other legal proceedings.

In *Davies Governance Insights 2018*,[133] we discussed the federal government's proposed amendments to the *Canada Business Corporations Act* (CBCA) and related regulations that would require CBCA public corporations to provide prescribed information with respect to diversity among directors and senior management to their shareholders at every annual meeting. The amendments to the CBCA and associated regulations (CBCA Amendments) require the same gender diversity–related information from all CBCA public companies (including those on the TSX Venture Exchange (TSXV)) as under NI 58-101, but they go further, also requiring disclosure about designated groups under the *Employment Equity Act* (i.e., women, Aboriginal peoples, persons with disabilities and visible minorities). The CBCA Amendments come into force on January 1, 2020, which means CBCA public corporations will be required to comply with these disclosure requirements in the 2020 proxy season.[134] Further details about these and other CBCA Amendments can be found in Chapter 1, CBCA Reforms: Canadian Government Codifies Corporate Governance Practices.

The amendments to the CBCA and associated regulations require the same gender diversity–related information from all CBCA public companies as under NI 58-101, but they go further, also requiring disclosure about designated groups under the *Employment Equity Act*.

2 **Consider adopting a formal written diversity policy, and, when preparing the policy, consider the following:**

a. include measurable goals and/or targets denoting a firm commitment to increasing board gender diversity within a reasonable period of time;
b. include a clear commitment to increasing board gender diversity; and
c. refrain from using boilerplate or contradictory language.

Institutional Shareholder Services, Inc. (ISS) and Glass Lewis continue to make voting recommendations relating to gender diversity disclosure and progress based on their additional gender-related guidelines developed since 2015.

Based on ISS's *Proxy Voting Guidelines for TSX-Listed Companies* (Canada),[135] ISS will *generally* recommend withholding votes from the chair of the nominating committee (or equivalent), or the chair of the board if no committee chair has been identified, where (i) a company has not disclosed a formal written gender diversity policy and (ii) there are no female directors on the board. This policy applies to widely held companies (i.e., Composite Index issuers, as well as other companies that ISS designates as such based on the number of ISS clients holding securities of the company). The policy does not apply to companies that are newly publicly listed within the current or prior fiscal year, companies that have transitioned from the TSXV within the current or prior fiscal year, or companies with four or fewer directors.

In Glass Lewis's *2019 Proxy Paper Guidelines for Canada*,[136] Glass Lewis *may* recommend voting against the nominating committee chair if the board has not adopted a formal written gender diversity policy. Depending on other factors, including the size of the company, the industry in which the company operates and the governance profile of the company, Glass Lewis may extend this recommendation to vote against other nominating committee members. Glass Lewis will also generally recommend voting against the nominating committee chair of a board that has no female members. When making these voting recommendations, Glass Lewis will review a company's disclosure of its diversity considerations and may refrain from recommending that shareholders vote against directors when the companies are outside the Composite Index or when boards have provided a sufficient rationale for not having any female directors. Such rationales may include a disclosed timetable for addressing the lack of diversity and any restrictions in place regarding the board's composition, such as nomination agreements with significant investors.

Given these recommendations from ISS and Glass Lewis, it is not surprising that we have witnessed a meaningful increase in the number of companies that have recently adopted gender diversity policies (73% in 2019 versus 61% in 2018).

The Canadian Coalition of Good Governance (CCGG) *2018 Board Gender Diversity Policy* also indicates that boards should adopt a written gender diversity policy, pointing out that companies with a written policy tend to have a higher percentage of women on boards than those without.[137] CCGG's policy advocates for the CSA to move to prescribe written gender diversity policies as a best practice in its corporate governance guidelines.

3 **Disclose whether and, if so, how the board or the nominating committee considers the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board. Disclose whether and, if so, how your company considers the level of representation of women in executive officer positions when making executive officer appointments. If your company does not consider the level of representation of women in either respect, then disclose your company's reasons for not doing so.**

This disclosure is required by NI 58-101, the *TSX Company Manual* and the CBCA Amendments. Related to this requirement, boards should be aware that NI 58-101 also requires issuers to describe the process by which the board identifies new directors for nomination.

The Canadian Coalition of Good Governance 2018 Board Gender Diversity Policy also indicates that boards should adopt a written gender diversity policy, pointing out that companies with a written policy tend to have a higher percentage of women on boards than those without.

Securities regulators continue to look at the more general disclosure requirements for identifying and nominating candidates to the board, recognizing that many issuers provide boilerplate disclosure about this process, including with respect to how the representation of women fits into it. Issuers should consider enhancing their disclosures in this area, including providing greater transparency about whether the board has a formal policy on the recruitment of board candidates; how director candidates are sourced, screened and selected; how criteria (including diversity) are established to identify the core competencies sought of prospective directors (including having regard to any established skills matrix); and the role of the board chair and the issuer's CEO in the director recruitment process. Enhanced disclosure may be required in due course, and in any event this appears to be an area that many investors are seeking more information about. Additional guidance concerning disclosure on the director nomination process is contained in CSA Staff Notice 58-306 – *2010 Corporate Governance Disclosure Compliance Review.*

4 **Disclose whether your company has adopted a target regarding women on the board and in executive officer positions. A target means a number or percentage, or a range of numbers or percentages, adopted by your company, of women on the board or in executive officer positions by a specific date. If your company has adopted a target, then disclose (i) the target and (ii) the annual and cumulative progress of your company in achieving the target. If your company has not adopted a target, then disclose why it has not done so.**

This disclosure is required by NI 58-101, the *TSX Company Manual* and the CBCA Amendments.

U.S. UPDATE: SEC COMPLIANCE AND DISCLOSURE INTERPRETATIONS ON DIVERSITY

On February 6, 2019, the U.S. Securities and Exchange Commission (SEC) updated its Compliance and Disclosure Interpretations of Regulation S-K to clarify the disclosure of "self-identified diversity characteristics" required under item 401 (Directors, Executive Officers, Promoters and Control Persons) and under item 407 (Corporate Governance) with respect to director nominees.

To the extent that a board or nominating committee considered the "self-identified diversity characteristics" of an individual who consented to the disclosure of those characteristics, SEC staff expects a company's discussion under item 401 to identify those characteristics and how they were considered. SEC staff also expects any description of diversity policies under item 407 to include a discussion of how a company considers the self-identified diversity characteristics of nominees, and any other qualifications a diversity policy takes into account, such as diverse work experiences, military service or socio-economic or demographic characteristics.[138]

Companion bills have also been introduced into the U.S. House of Representatives and the U.S. Senate that would require every U.S. public company to disclose in proxy statements, among other things, data regarding the racial, ethnic and gender composition of its directors, director nominees and executive officers. The bills would also require companies to disclose whether the board or any committee has adopted a policy, plan or strategy to promote racial, ethnic and gender diversity among the board, director nominees or executive officers. At the time of writing this report, neither bill had yet been passed.

In determining a company's commitment to gender diversity on the board, ISS also takes into account a board's disclosed approach to considering gender diversity in executive officer positions and its stated goals or targets or its programs and processes for advancing women in executive officer roles, and how the success of those programs and processes is monitored.

CCGG is of the view that as a matter of best practice, gender diversity policies should incorporate targets for women on the board. CCGG also recommends having a method for measuring progress against the target, including a timeline for achieving the target.[139] Also, according to CCGG, while a company's target should not be prescribed by regulators at this time, a company's choice of target should be informed by relevant research and with the intention of increasing gender diversity. CCGG recommends that "in setting an appropriate target, boards should give due consideration to research that supports the adoption of at least a 30% target on the basis that this level constitutes a 'critical mass' whereby the views of the diverse members of a group are viewed not through a prism of tokenism but carry the same weight as the opinions of other group members."

5 **Disclose the number and proportion (in percentage terms) of women on the board and in executive officer positions. For the figures for executive officers, include all major subsidiaries.**

This disclosure is required by NI 58-101, the *TSX Company Manual* and the CBCA Amendments. Another measure that issuers should consider, although it is not currently mandated, is disclosure of their progress in increasing the number of women on boards and in executive positions: for example, by showing year-over-year improvements in their metrics and providing a discussion of the key actions taken by the company that contributed to (and are expected to continue contributing to) the increase in female representation.

6 **Disclose whether your company has adopted term limits for the directors on the board or other mechanisms of board renewal, and, if so, include a description of those term limits or mechanisms of board renewal. If your company has *not* adopted these measures, disclose why it has not done so.**

This disclosure is required by NI 58-101, the *TSX Company Manual* and the CBCA Amendments.

CCGG recommends that "in setting an appropriate target, boards should give due consideration to research that supports the adoption of at least a 30% target on the basis that this level constitutes a 'critical mass' whereby the views of the diverse members of a group are viewed not through a prism of tokenism but carry the same weight as the opinions of other group members."

Glass Lewis strongly supports routine director evaluation, including independent external reviews and periodic board refreshment. Glass Lewis recommends that boards evaluate the need for changes to their composition based on an analysis of skills and experience necessary for their companies, as well as the results of the director evaluations – as opposed to relying solely on age or tenure limits. On occasion, age or term limits can be used as a means to remove directors from boards that are unwilling or unable to police their membership and enforce turnover. Where a board that has adopted age or term limits waives those limits, Glass Lewis will consider recommending that shareholders vote against the nominating and/or governance committee, unless the limits were waived with sufficient explanation, such as consummation of a corporate transaction.[140]

CCGG also recommends setting director term limits and/or a retirement age to help increase the percentage of women on boards.

See Chapter 5, In Focus: Building High-Performing Boards, for additional information about how to build high-performing boards, including when selecting new director nominees.

THE GLOBE AND MAIL'S 2018 BOARD GAMES DIVERSITY CHEAT SHEET

Consideration of the Representation of Women on Boards and Senior Management

- *Two* marks were awarded to a company that disclosed details of its diversity policy for the consideration of the representation of women on its board and senior management and included an internal target for the proportion of women on the board with specifics of the target details and a timeline for achieving the target.
- *One* mark was awarded if a company disclosed details of a process used to consider the representation of women on the board, such as recruitment practices aimed at ensuring female candidates are considered for board seats, but did not have a target or did not disclose a timeline for achieving a target (if a company had already met its target, then a timeline did not have to be disclosed).
- *Zero* marks were awarded if a company did not have a diversity policy or did not describe specific steps it took to ensure gender diversity was reflected in recruitment. That means zero marks if a policy mentions several types of diversity without disclosing any specific measures related to improving gender diversity.

Representation of Women on Boards

- *Three* marks were awarded if at least 33% of a company's directors were women.
- *Two* marks were awarded if 25% to 33% of a company's directors were women.
- *One* mark was awarded if there was at least one woman on the company's board.
- *Zero* marks were awarded if there were no women on the company's board.

If a company's board was made up of at least 50% women, a company received two marks even if it did not adopt a formal diversity target.

Spotlight: Shareholder Proposals and Guidelines on Diversity Going Strong

Institutional investors and pension funds in Canada and abroad continue to incorporate diversity-related guidelines into their voting decisions, and in 2019, for the first time in Canada, investors voted in favour of a shareholder proposal on gender diversity.

Below are some examples of diversity-related proposals and policies adopted by leading Canadian investors. Boards should ensure they understand their investor base and remain responsive to shareholders' expectations and evolving voting guidelines.

- For the first time in Canada, investors voted in favour of a shareholder proposal on gender diversity. At TSX-listed Waste Connections, Inc.'s 2019 annual meeting, its shareholders voted 64.49% in favour of a proposal requesting the issuer to establish a clear plan to increase the representation of women on its board, in executive officer positions and across its workforce. The proposal was made by the British Columbia Teachers Federation.[141]
- As of 2019, Ontario Teachers' Pension Plan will consider not supporting the chair of the governance and/or nomination committee or other members of the committee in situations where Teachers' concludes that there is insufficient representation of female directors and the board does not adequately describe its approach to gender diversity.[142]
- As of 2019, BMO Global Asset Management declared that it would continue to use its voting power to drive change at the board level. It will not support the election of nomination committee chairs or other relevant directors on boards without requisite female representation and where there is unwillingness to fully address the issue.[143]
- As of February 2019, if a company's board has fewer than two female directors, RBC Global Asset Management will vote against directors who sit on the nominating or corporate governance committee.[144]

- Canada Pension Plan Investment Board has established a policy to vote against the chair of the board committee responsible for director nominations at its investee public companies if a company's board has no female directors as of December 31, 2018.[145]
- As of April 2, 2018, OMERS will consider withholding its vote from the chair of the nominating committee if a company has no female directors and insufficient policies, such as a lack of specific goals or targets, in place to increase the number of women on its board and at the executive level.[146]
- As of October 2018, Alberta Investment Management Corporation may vote against or withhold its vote from the chair and/or members of the nominating committee or another relevant board director where the issuer exhibits low levels of board gender diversity. Examples are companies with less than 20% female directors, with no stated commitments to achieve gender diversity and/or with no improvement in their board gender diversity year over year.[147]
- British Columbia Investment Management Corporation (bcIMC) provided comments to the OSC on May 28, 2018, recommending that the OSC require issuers to have a formal written diversity policy in place that articulates a specific target for women. bcIMC suggests a target of 30% by 2022.[148] As of 2018, bcIMC will vote against chairs of nominating committees at companies where there are less than 25% female directors and where the board does not provide any explanations or plans to address the issue.[149]
- Healthcare of Ontario Pension Plan will vote against or withhold its vote from the chair of the nominating committee or the entire nominating committee where a board has fewer than two female directors, unless the board has a robust public policy on gender diversity or a robust public policy on board renewal that addresses gender diversity.[150]
- OPTrust will vote against the chair of the nominating/governance committee if a company has less than 30% women on the board and either does not disclose its policy on diversity or has a policy that does not outline the company's plan to achieve that target in a reasonable period of time.[151]

Our Take:
Five Practical Tips to Help Move the Diversity Needle

1 What gets measured gets done. Consider adopting a target.

The 2018 CSA Review and our review of issuers on the Composite and SmallCap indices both support the business case for adopting targets for the representation of women: issuers that had adopted board targets had an average of 27% of their board seats held by women, compared with issuers without targets, which had an average of 21%.

"Before we start looking at quotas, I'd like us to focus on targets. What gets measured gets done, but we don't actually say what we're going to achieve. We say it about sales targets or earnings-per-share growth – how about measuring the most important asset, which is people? Some say targets are the same as quotas. They're not. Quotas are rules. Targets are aspirational. We set reasonable milestones to get there. Look at the 30% Club and the impact it has had overseas. When the idea took hold, everyone moved toward it. It gives everybody a road map."[152]

2 Consider whether to expand your board size.

Board turnover continues to be slow. We have heard the views of many expressed over the years, advocating for age and term limits to facilitate board turnover; others, however, are advocating that issuers expand their board sizes to improve diversity. While increasing board size may be appropriate for some issuers, companies should not increase their board size solely for the purposes of enhancing diversity if doing so will not enhance (or could compromise) the composition and effectiveness of their board.

"In the S&P 500 overall, more than half of the new women joining boards in 2018 came on when the board increased its size [...] When TripAdvisor added two female directors [...] it contributed to this trend, boosting its board from eight directors to ten.[153]

3 Consider more diverse board criteria.

As companies look to diversify their boardrooms, the criteria for candidates need to be carefully considered and more flexible, with less rigid focus on all candidates having C-suite experience. Otherwise, the shift in female representation on boards will continue to be contingent on a corresponding improvement in the representation of women in executive officer positions.

"The lack of women in senior leadership positions is a key reason for the shortage of female directors. To be on a board, you need to have exposure at a senior corporate level, and when you look at statistics on women in leadership, it's disheartening. Many boards are looking for people with financial expertise who can chair an audit committee, and you need to have been a CFO at a company of similar size and complexity. Not many women have been in such a role, and those who have are in such great demand that they often have to say no. The pipeline is not as robust as it could be.[154]

4 Look at your culture. Ensure your culture supports diversity and inclusiveness.

The Equileap 2018 Report underscores this point: beyond the representation of women, there are a number of other factors that impact whether a company's culture encourages gender equality more broadly.

"A gender-diversity strategy isn't just about hiring more women. It's about creating the kind of organization that women will want to join and where they'll want to remain because they know it will afford them the opportunity to grow and contribute and eventually lead and govern.[155]

5 Move past the business case approach. It's time to execute.

The business case for diversity in the boardroom and among executives has been made time and time again over the past several years. It's time to move past focusing on, or debating, the business case to the more difficult question of how to take steps within your organization to ensure gender diversity is being prioritized on the same agenda as other high-priority business items.

"We recognize the work financial institutions are doing to move from 'why' they should advance women in the economy to 'how' they can advance women in the economy. The business case has been made – it's time to execute."[156]

Notes

Chapter 6 – Navigating Gender Diversity in 2019

127 Vanessa Fuhrmans, "The Last All-Male Board on the S&P 500 Is No Longer," *The Wall Street Journal* (July 24, 2019), online: https://www.wsj.com/articles/the-last-all-male-board-on-the-s-p-500-is-no-longer-11564003203.

128 Equileap, "Companies in Canada Score Lower than in the US on Gender Equality" (March 8, 2019), online: https://equileap.org/wp-content/uploads/2019/03/20190308_Press-Release_Equileap_Top-60-Canadian-companies-for-Gender-Equality_VF.pdf.

129 Equileap, *2018 Gender Equality Global Report & Ranking* (2018 Edition) (October 4, 2018), online: https://equileap.org/wp-content/uploads/2018/10/Equileap-Gender-Equality-Global-Report-and-Ranking-2018.pdf.

130 *Ibid*.

131 Armina Ligaya, "Canada's board gender diversity behind US as resources, small firms lag: TD," *The Star* (March 27, 2019), online: https://www.thestar.com/business/2019/03/27/canadas-board-gender-diversity-behind-us-as-resources-small-firms-lag-td.html.

132 *Ibid*.

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