

Andrew MacDougall and Jennifer Jeffrey on diversity disclosure practices in Canada and what's promoting change at the top – Lexpert TV

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Andrew MacDougall, a partner, and Jennifer Jeffrey, an associate in the Corporate department at Osler, recently spoke with *Lexpert TV's* Kavita Musty about the firm's seventh annual [Diversity Disclosure Practices report](#) on diversity disclosure practices in Canada.

In the interview, Andrew indicated that while over the last seven years there have been some "dramatic developments", this year there has been "continued progress" in terms of the representation of women on boards. Women now hold approximately 23.4% of the board seats among TSX-listed companies – almost a 2-percentage point increase over last year.

"When you compare it to when we started this in 2015, when women only held about 10% of the outstanding seats, that is a remarkable improvement. It's still not moving very fast, that's progress over seven years, but it is still continuing which is the good news story that comes out of this report – it hasn't fizzled out and disappeared," Andrew says.

The rate at which women are being added to boards has gone up – 39.1% of the vacant positions that became available have gone to women.

"If we're going to make progress then we need to get that well above the 50% level, but that is still a much better rate of adoption of women directors than even last year when it was 35% and prior years when it was less than a quarter," Andrew says.

S&P/TSX 60 companies are consistently the leaders amongst the group and right now, one third of the seats of S&P/TSX 60 companies are held by women.

When it comes to Canada Business Corporations Act (CBCA) disclosure this year, women hold about 21.8% of board seats at CBCA companies, which represents an increase of about 1.5 percentage points from last year.

"We did see some improvement as well in the percentage of board members that identify as members of visible minorities, up from 5.5% in 2020 to 6.8%, but obviously some work needs to be done," says Jennifer.

There are also a number of non-CBCA TSX-listed issuers that were providing voluntary disclosure regarding the number and percentage of persons on the board that identify as Aboriginal people, as visible minorities and persons with disabilities and other diverse groups.

"This tells us that people are really turning their minds to diversity beyond gender and suggests that these companies will continue to do so even in the absence of a mandate," says Jennifer.

Reasons for gains

Andrew noted that a large part of the reason continued progress is being seen in the representation of women is a result of continuing pressure from the investor community.

“The investor community really came on board in 2017 and took on diversity and the representation of women in particular as being important from an investor perspective,” says Andrew.

In 2018, the proxy advisory services ISS and Glass Lewis adopted diversity requirements looking to make sure that boards had at least one woman, or a board policy that was going to get them to the position of having one woman on their board.

More recently, the proxy advisory services have adopted guidelines that come into effect next year. In the case of ISS, for TSX/S&P Composite Index companies, they will have to have at least 30% of the board members being female, or a policy with a target of 30% to be achieved in a reasonable timeframe. Glass Lewis is looking for at least two women to be on the board of a company if there are seven or more board members.

Jennifer noted that very little progress is occurring when it comes to women at the executive officer level – the proportion of women executive officers increased slightly this year to 18.2% up from 17% last year.

“This is really unchanged, unfortunately, since 2015, where the percentage of women executive officers was 15%, and only 10.7% of TSX-listed issuers, we found, have targets for women in executive officer positions, which is really unchanged from last year, so there is some work to be done there and improvements to be made,” she says. “In the past year we would have also liked to have seen more significant improvement in the disclosure of underrepresented groups other than women.”

For example, the percentage of board members who identify as Aboriginal peoples remains largely unchanged from last year and the percentage of persons who identify as persons with disabilities has only slightly increased.

Andrew and Jennifer also discussed the effectiveness of having targets regarding women in executive officer positions, which sectors are doing better than others when it comes to improving diversity in their senior leadership ranks, and best practices for increasing diversity.

View the full interview with Jennifer and Andrew at [Lexpert.ca](https://www.lexpert.ca).