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OPINION

Newly listed Canadian companies need to lift their games on gender diversity

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There have been 61 new listings on the TSX this year, but out of a total of 318 board seats just 25 per cent are filled by women,

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Initial public offerings are coming out parties for companies – their first opportunity to make good impressions for a new array of investors. And it's been a busy year so far.

With the investment community laser-focused on environmental, social and governance issues in 2021, gender equality at the highest levels of these companies should be second nature.

It's not.

New research shows that the percentage of women on boards of Canadian companies making Toronto Stock Exchange debuts this year, by IPO or shift from another market, is dismally low. Despite all the stated commitments to ESG that are now must-haves in investor slide decks, it's still very much a bro-fest in the boardroom.

So far this year, there have been 61 new listings on the TSX, bringing with them a total of 318 board seats. Of those, just 79, or 25 per cent, are filled by women, according to Women Get on

Board Inc. (WGOB) of Toronto and Vancouver-based IR Labs Inc., a new investor relations firm specializing in activist investing situations.

Dig a bit deeper, and the picture worsens. Average female board representation among the newly listed companies is just 19 per cent.

There are just three women who serve as board chairs – Dawn Whittaker at Triple Flag Precious Metals Corp., Laura Formusa at Tantalus Systems Holding Inc. and Genevieve Young at Auxly Cannabis Group Inc. Renah Persofsky is vice-chair and lead director at Tilray Inc.

These stats fly in the face of just about all research about governance at public companies over the past several years, as well as recommendations from regulators for boards of directors to better reflect the population as a whole.

"For companies that are just going public, you'd think that there would be a lot more awareness of good governance and sustainability. You have this opportunity – you're being stepped up in the public light. I was quite surprised to see the data," says Deborah Rosati, founder and CEO of WGOB, a member-based company seeking to improve diversity among corporate directors.

"When you drill down, there are still companies with no women on the board."

The numbers are in line with those that showed a male-dominated corporate Canada as reported by The Globe and Mail this year as part of its Power Gap investigation. That series found 27 per cent of public companies in Canada had no female directors.

This isn't just about altruism – it may also be about boardroom survival. For companies with underperforming stocks, failing to meet gender diversity targets makes them an "easy target" for activist investors seeking to oust directors, said Alyssa Barry, principal and co-founder of IR Labs.

Among the new TSX listings, Greenlane Renewables Inc. has the highest percentage of female directors at 43 per cent, or three out of seven, according to the research.

In 2022, proxy advisers Institutional Shareholder Services and Glass Lewis & Co. will step up their requirements regarding gender diversity among Canadian companies. Glass Lewis will recommend investors vote against the chair of a company's nominating committee unless there are at least two female directors.

In its report early this year, the Ontario Capital Markets Modernization Taskforce was clear that greater corporate diversity leads to better governance and business decisions by improving the ability of companies to spot issues that could present risks. Yet it pointed out that from 2015 to 2019, the number of women on boards rose just over nine percentage points to 27.6 per cent. Women on executive teams rose just 2.9 percentage points to 17.9 per cent.

The task force recommended publicly traded companies set a target of five years to achieve 50-per-cent female participation on boards in aggregate, with additional targets for representation among people with diverse racial backgrounds, sexual orientation and physical ability.

Early this month, the U.S. Securities and Exchange Commission allowed Nasdaq to require companies to disclose the gender and racial diversity of their boards, which should include at least two “diverse” directors – a category that includes women – or explain why they will not do so. If companies do neither, they will be encouraged to list elsewhere.

It’s not as if there is a shortage of qualified women. WGOB has more than 700 members across the country, some whom serve on multiple boards and have connections to other qualified candidates, Ms. Rosati says.

“What is it that’s going to drive change? Do we have to go to quotas, or can we just be very mindful and reach out and have a pipeline? Because there is a pipeline of that next generation of women corporate directors. You just have to go deeper than your current network.”

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