

DIVERSITY REPORT

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VISIBLE MINORITIES

Statistics Canada estimates that, by 2031, the percentage of the Canadian population belonging to a visible minority group will roughly double to between 29 and 32 per cent. By that time, proponents of diversity in boardrooms would like to see the percentage of directors who represent this population catch up. But it’s a big leap – nearly four-fold – for the nation’s boards, as those numbers would have to more than double to bring them in proportion with the general population today. About 16 per cent of Canadians were of a visible minority at the time of the 2006 census.

In absolute numbers, the visible minority population is expected to grow from about 5.3 million to between 11.4 million and 14.4 million by 2031.

One trend that might help is globalization, and the shift in many Canadian companies’ focus from Europe and the U.S. to Asia and emerging markets. Husky Energy, which has business interests in Asia, came out at the top of a *Corporate Knights* ranking of corporate boards with the highest representation of visible minorities and Aboriginals: seven directors out of 15.

Other firms near the top of the *Corporate Knights* ranking include Sears Canada, Teck Resources, SaskTel and CI Financial. While none of them come close to the 47 per cent visible minority showing on Husky's board, the composition of their boards on this front is more in keeping with that of the general Canadian population.

Rising diversity on boards is something that should happen naturally, but it will have to start in the lower ranks of corporations, where managers must help to ensure that members of visible minority groups obtain the same training and experience as non-visible minorities, suggests Bill Holland, executive chairman of CI Financial.

"The most important thing is to try to get highly qualified directors that understand in some manner the business that you're in and that want to be engaged and that fit well both in terms of skill set and personality with the group that exists," says Holland. "That doesn't mean they all have to get along and agree on everything; it means they have to get along in a way that exchanges ideas the best. Ideally, I'd like to have the most diverse board you could from the perspective of having females and minorities. But the reality is you ultimately have to look for what is the best fit."

WOMEN

The data on boardroom diversity compiled by *Corporate Knights* found two major public and private companies whose boards include a much higher proportion of women versus the Canadian population. And those two companies have something in common.

Both Vancouver City Savings Credit Union (Vancity) and Mountain Equipment Co-op, two firms with well-established reputations for corporate social responsibility, have boards that are 67 per cent female.

The finding raises a chicken and egg question: does having more female directors make a board more socially conscious, or do socially conscious companies attract more women directors? The answer appears to be that it's a combination of both.

Coro Strandberg, a consultant who was a director of Vancity for more than a decade, says that, in her experience, having women on a board changes a company's mentality.

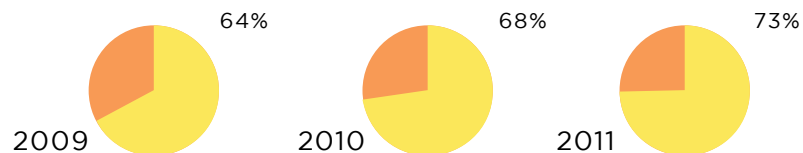
VISIBLE MINORITY OR ABORIGINAL REPRESENTATION ON BOARD OF DIRECTORS

TOP CANADIAN CORPORATIONS

REPRESENTATION

1	Husky Energy Inc.	47%
2	Sears Canada	25%
3	Teck Resources Limited	21%
4	SaskTel	17%
5	CI Financial Corp.	14%
6	Bank of Nova Scotia	14%
7	Thomson Reuters Corporation	14%
8	Westport Innovations Inc.	13%
9	Ballard Power Systems Inc.	13%
10	HSBC Bank Canada	13%
11	Vancouver City Savings C.U.	11%
12	MDS Inc.	11%
13	IAMGOLD Corporation	11%
14	Mountain Equipment Co-op	11%
15	Magna International Inc.	10%
16	BC Hydro	10%
17	Manitoba Hydro-Electric Board	10%
18	Catalyst Paper Corp.	10%
19	Manitoba Telecom SVCS Inc.	9%
20	Gerdau Ameristeel	9%

COMPANIES WITH NO VISIBLE MINORITY OR ABORIGINAL MEMBERS ON BOARD



"I think one of the problems with boards is they group-think," she says. "And I think women bring a diverse perspective and style of operating on a board, a way of probing and understanding issues, a way of brokering resolution of issues."

While it's a controversial opinion, she also suggests that women tend to be more forward-looking.


"I think they bring natural compassion to the board," she says, "and I think they would tend to have a bit more of a multigenerational perspective. Because of their role as mothers, they naturally bring a perspective of future generations to the table."

Whatever their gender, directors first and foremost must be individuals who possess the key skills required by a board, including integrity, sound judgment, financial knowledge and strategic thinking. But boards must also understand their customers, and Strandberg notes that "women represent a significant part of the consumer market. They have a lot of economic power in the marketplace."

That might go partway towards explaining why two retail firms, Shoppers Drug Mart and Jean Coutu Group, are also near the top of the list of boards with a high composition of women, at 40 and 33 per cent respectively.

But the proportion of women on the vast majority of corporate boards continues to be much smaller than the proportion of women in the broader Canadian population.





















Peter Aceto, chief executive of ING DIRECT Canada and a director on its board, says he has benefited from having a relatively strong proportion (30 per cent) of women on the bank's board.

"We have an extremely diverse workforce, as well as a relatively diverse board, and we reap the benefits of that diversity all the time," he says. "Our board meetings are hard work. And I think the diversity really does make a difference in terms of the perspectives that you get and the types of questions that you get, which really helps us in management in terms of thinking and executing." 

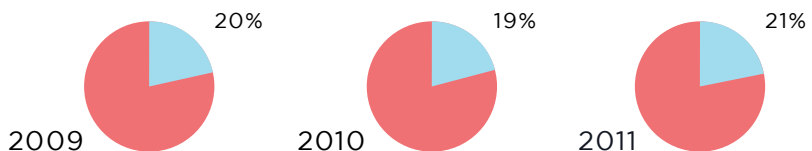
FEMALE REPRESENTATION ON CORPORATE BOARD OF DIRECTORS

TOP CANADIAN CORPORATIONS

REPRESENTATION

1	Vancouver City Savings C.U.		67%
2	Mountain Equipment Co-op		67%
3	Corus Entertainment Inc.		50%
4	Shoppers Drug Mart Corp.		40%
5	Jean Coutu Group (PJC) Inc.		33%
6	Hydro-Québec		31%
7	ING DIRECT Canada		30%
8	BC Hydro		30%
9	Mouvement des caisses Desjardins		29%
10	Imperial Oil		29%
11	Toronto-Dominion Bank		28%
12	Manitoba Telecom SVCS Inc.		27%
13	Tim Hortons Inc.		27%
14	Hydro One		27%
15	EnCana Corp.		27%
16	National Bank of Canada		27%
17	Transcontinental Inc.		27%
18	Westport Innovations Inc.		25%
19	Potash Corporation of Saskatchewan Inc.		25%
20	Bank of Montreal		25%

COMPANIES WITH NO WOMEN ON BOARD



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TOP CANADIAN SECTOR LEADERS—VISIBLE MINORITY OR ABORIGINAL

SECTOR	CANADIAN CORPORATIONS	REPRESENTATION
Consumer Discretionary	Sears Canada	 25%
Consumer Staples	Empire Co. Ltd.	 6%
Energy	Husky Energy Inc.	 47%
Financials	CI Financial Corp.	 14%
Health care	MDS Inc.	 11%
Industrials	Westport Innovations Inc.	 13%
Industrials	Ballard Power Systems Inc.	 13%
Materials	Teck Resources Ltd.	 21%
Telecommunication Services	SaskTel	 17%
Utilities	BC Hydro	 10%
Utilities	Manitoba Hydro-Electric Board	 10%

TOP CANADIAN SECTOR LEADERS—FEMALE

SECTOR	CANADIAN CORPORATIONS	REPRESENTATION
Consumer Discretionary	Mountain Equipment Co-op	 67%
Consumer Staples	Shoppers Drug Mart Corp.	 40%
Energy	Imperial Oil Limited	 29%
Financials	Vancouver City Savings C.U.	 67%
Health care	MDS Inc.	 22%
Industrials	Westport Innovations Inc.	 25%
Materials	Potash Corporation of Saskatchewan Inc.	 25%
Telecommunication Services	Manitoba Telecom SVCS Inc.	 27%
Utilities	Hydro-Québec	 31%