

**Corporate Diversity: Too Little, But Not Too Late**

Greater diversity including equal gender representation are worthy pursuits that business

**Speaker Key:**

- DP David Pett
- KM Kevin McCreadie
- JG Judy Goldring

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00:00:07	DP	Greater diversity, including equal gender representation, are worthy pursuits that business leaders have been talking about for years. But to this day, many of the world's largest companies fall short on making them a reality. On this episode of the podcast, Kevin McCreadie, AGF's CEO and chief investment officer, welcomes Judy Goldring, AGF's president and head of global distribution, to discuss how progressive corporate governance can effect change, and the role that investors play in demanding a more diverse and equal workplace. I'm your host David Pett. Let's get into it.
00:00:42		So, I want to start us off with a survey stat. This is from MSCI, in a recent report they put out. They say, at the current pace, a 50/50 gender split among global directors might be reached by 2044. That seems like a long time out.
00:00:55	JG	Well, when you add to the fact that we've been talking about this for my entire career of 25, almost 30 years, it's a very long time to reach gender parity.
00:01:05	KM	I think part of it is also this is a global study, and there are parts of the world that are more advanced than others around this issue. So, I think there has been some strides made, but clearly not enough. You go to certain parts of the world, take the emerging

**Time**

markets, much harder to think about diversity on boards yet it's an issue for all of us as investors, but you have to look at it relative to, again, I think, different regions.

00:01:27 DP So, Judy, you talked about it's been 25 years that we've been talking about this issue, and yet we're, I think, as of last year, according to this report, we're at 20%, and that's up from about 18% the year before

so, it is increasing, but certainly not at the rate that I think a lot of people would hope for. What are the obstacles?

00:01:45 JG Well, I think as Kevin points out, there are regional issues, for sure. And what is perhaps more disappointing from my perspective is in North America, where this issue has been really at the forefront, we are very slow in moving.

Some of the obstacles, I think, are just some of the retention policies, some of the ideas around how to get women into the pipeline, and how you get them in a frame or a networking opportunity that allows them access to where people are making those decisions.

00:02:11 KM I still think there's also a fair bit of what we call tokenism out there. Some firms think that just putting one person on a checkbox on things. And I think we think about it, some of these initiatives really take, have to take a proactive, thoughtful approach.

And as Judy said, you need to build a pipeline of people that you think about it. You should start the conversation with, do we have the right mix of people for the skill set that we need? So, I think, though, that it's going to take time to change. Sadly, though, in many industries, hard to find, potentially, in the mix of people, people qualified, and that's a gating factor as well. And so, I think it's a combination of things. But I would agree, even in North America, we should be much further along.

00:02:50 JG I can honestly say, too, I mean, at AGF, we're really proud of the fact that we have 50% of our non-executive board members are female, and we were very conscious about that. And so, I think that there has to be a conscious set of actions for people to really see that number change, and change more quickly.

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00:03:05	DP	So, when we think about that, what type of criteria is required to get to parity quicker?
00:03:11	KM	Yes, I think, for me, David, when I look at it and I've been in the industry 30-plus years. And I think that, probably, when I started my training class, where I was, was probably two thirds men, one third women. So, as I've gotten to the level I have, you can see that you didn't bring enough people into the pipeline back then. So, I think we're going to have to start from scratch, if you will, as we think about hiring practice early on, right out of university, as people track through their careers, to develop enough women and diverse candidates who can fit into these spots.
		I think you also have to look at, do you ask the right question? Do you start the conversation with, can we find diversity in the mix first, rather than just the skill set? Match the skill set that you're looking for, but start the conversation with, can we look for this? And I think that helps. Certainly, if you have that mindset, it will force you to open your thinking around the issue versus, hey, I know Bob. Bob is good at this over there. Let's bring Bob over here.
		I think that silos you back into this mentality rather than opening your criteria set.
00:04:08	JG	I mean, there's the classic Rooney Rule, right? Which really changed the face of NFL coaches. And that is a simple thing that anybody should be introducing, where you just ensure, as Kevin says, that you have a slate that ensures gender diversity.
		When we at AGF were looking for talent, you do start with the skill set you're looking for, and I can tell you there is no shortage of qualified women, all whom want to be on a board. I have tons of friends who all say, how do I get on certain boards? It is a bit about who you know. But I think that if you do have an open slate and you make sure you've got the right diversity mix coming forward, you will be able to find that talent.
00:04:45	DP	So there's absolutely no reason to believe a woman on a board is a token position.
00:04:49	JG	I don't think so. I think we're past that now. I think, really, there are so many qualified women, just by virtue of being a woman

**Time**

isn't going to get you on a board. You do have to have skills. And I think the reality is people are open to that, and it really is, I think, more about getting the women forward, their names being brought forward and getting them in the pipeline, than any shortage of skill set.

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KM

And I think there's another issue. I think the fact... The issues around the 30% issue, which is really sponsored by the UN's Principles for Responsible Investing. We're a signatory to that. It really makes boards and their governance structure aware that these are real issues for investors. A board thinks about their duty to shareholders, right? And I think they have to start to look at this in a different lens. That alone will start to help them, as they go through their nominating process about who the next directors are.

They look at this and say, our investors are starting to demand this, and so we really have to take this more seriously. So, I think that certainly helped in certain parts of North America, and certain industries it's going to be easier than others. But for sure, that has had an impact.

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JG

I think, that diversity... And really, we should be broadening it to just beyond gender diversity as well. But certainly, just gender diversity allows for opportunities around an executive table, where you're not thinking the same. You're bringing different perspectives, and that different perspective has resulted in outperformance of companies that have that kind of broad gender split.

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I think this issue is big, and I think there are studies, if you're a shareholder, right, and you want to invest in a company, there are actually studies out there now. We have enough data finally to say that women CEOs, women CFOs, those companies with a C-suite that is 50% women have actually outperformed companies that are run predominantly by men.

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Kevin, I just want to go back to something that you mentioned earlier about there is a sector dynamic to this, too. From your experience not only as a CEO of a publicly listed company, but also as an investor, what sectors are better positioned on this front than others?

**Time**

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00:06:44            KM            Sadly, some of the new data, interestingly, is that the tech sector is falling behind. You look at the venture cap sector, which is seeding new tech companies, one would think that's where job growth is, where great innovation is being had, great opportunities, and yet they're starting to fall way behind on some of these issues, in terms of employer representation, executive representation of women and diversity period in some of these companies.

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And I think that's a sad statement in the sense that we have put so much innovation and so much on the future about tech, and where it sits, and how it feeds into everything, that if we don't solve it there, that's a problem. Other industries that are old and mainstream, harder to find people maybe, as I said, with the skill set match that are diverse or women. So, take the energy sector. Take the mining sector, right?

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Just the national representation history of how have we trained that many geologists, if it's a mining company, that are women or diverse. And so, putting them in a criteria to have expertise on a board is going to be harder to find. Whereas, financial services, frankly, it should be a lot easier. And yet, still, when I look at it, probably pretty disappointed in the fact where the industry is relative to where it could be.

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00:07:49            JG            Yes, I would absolutely agree. I think we're seeing some interesting developments more regionally, I think, beyond the sector sort of focus.

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And in fact, I heard that all-male boards in Japan has reduced from 45%, as represented on the MSCI ACWI index, down to 33%. So, that's a huge jump, a huge shift in culture. And so, there are some positive signs that we're seeing. Brazil has also been one that's been moving very quickly, from a regional perspective. But when you do compare between regions, then you look at certain sectors, you're going to see some opportunities that will, hopefully, drive some pick up of the pace.

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But I do think that financial services is one of the slowest moving, and it is unfortunate, because I think it's the highest opportunity for women.

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00:08:32 DP We've talked a lot about diversity at the board level. But these same challenges exist across all levels of an organization, do they not?

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00:08:39 KM I'm pretty pleased with how we approached this topic. I think the firm has done a phenomenal job over many years being in front of this issue. So, when I look at our workforce, not only just the gender piece of it, but just pure diversity, it is really unbelievably, in my mind, enriching.

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And as many of you guys know, I'm an American. When you go back to the US, it would be hard for us to find this diversity in our industry, in certain cities, in certain parts of the US, and I don't know why that is to this day. But for this company, I would say, our practices about how we think about hiring, to Judy's point, do we start with a diverse slate of candidates? Before we even think, is it Bob? I know Bob from my former life. You really got to start the conversation, is the pool of people that we're looking at the right pool? Are they diverse enough?

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And if you start the conversation that way, you just open the filter and funnel a bit. So, I think we've done a really good job of it. I think we can always do more. But I look at our statistics as a company, I think, relative to the industry, I feel pretty good.

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00:09:31 JG Yes. And I think, beyond just the corporate policies, there are some better policies more broadly. If you talk about parental leave, you talk about maternity policies, social policies that do help and really will facilitate women having an opportunity to be more in the business, if you will, and stay in.

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Sometimes, there just weren't choices like that, that could be made by a two-parent working family. And so, when you look at some of those societal changes, I think that that's been very positive. But I do believe the companies have a huge onus to ensure that not only are they bringing women in and ensuring that the right policies allow them to flourish, but then you continue to manage and assist with their career and and make sure that they have the same opportunities as their counterparts do.

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00:10:15 DP We talked about some sectors do this better than others. Do you find that, when we get into the layers of a corporate

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		organization, that there are some areas that are more diverse than others?
00:10:27	JG	Yes. I mean, they always talked about the traditional female-oriented roles, whether it be in HR, marketing or something like that; those type of, I'll call them, corporate opportunities.
		To see more women in P&L roles is a really great trajectory, and I think, again, that is still changing. That is definitely changing, where women are given those opportunities, and they will succeed.
00:10:46	KM	Yes, I think the data supports it, as I said. You look at some of the data coming out S&P companies run by women CFOs and CEOs, while they're still a minority, their stocks have done pretty well. And again, the data is still fairly emerging, but I'm encouraged by that. So, I think the data supports it.
00:11:02	DP	How do we speed things up on this front. It seems to me it's more than just a corporate issue, it's a societal issue.
00:11:08	KM	<p>I still think are gating factors for that problem. I think the largest one is I think it is very difficult to be a working mother still in many industries. I think companies like ours that try to make that easy, hopefully, can attract and keep people. And by easy, it's using technology, it's having policies. So, what Judy said, about how we try to make it easier. How do we think about working from home? In the day and age today, it is a lot more enabled to do that.</p> <p>We talked about it in the last podcast, about how technology will enable remote work. I think many industries have yet to really pull that through into their workforce. So, I think that will help some of this, for sure. But I think it starts even beyond that, which we can get into in a second. But I think there are going to be other issues that happen along the way about a women's career that we have help along.</p>
00:11:55	JG	Yes. Technology has been a massive changer, for sure. I mean, I can honestly say, when I look back to senior women, I came from the law firm environment, and they had no choice but to go back to the office to do their work at night. And I knew people who would go home, feed their kids, put the kids to bed, and

**Time**

then come back downtown to the office. You don't have to do that anymore.

So, technology has massively provided greater flexibility for everybody.

00:12:16 DP And then is there a particular role as a woman in terms of a support network. How important is that in terms of driving this change?

00:12:24 JG We talk about this all the time. Women network differently. You talk about, and I hate to say this, the whole #MeToo environment. We now have a situation where men, rightly or wrongly so, are anxious about mentoring women one on one, and there still is a dearth of women at senior leadership levels to support all of the women, hopefully, coming up the pipeline. So, what do you do about that? So, you have to create safe environments.

You've got to figure out ways where women can still get that leadership, and guidance, and support, and frankly championing that you need to be able to succeed. I mean, Kevin has been a huge supporter of mine, and I wouldn't be where I am today if he hadn't been doing the stuff he had been doing to support me in my way, and teaching me, and learning me, and letting me have access to opportunities that I wouldn't necessarily get otherwise. If you don't have that leadership supporting you, it does prevent women from really being able to see a long-term success, potentially.

00:13:10 KM I'd go back to something even more simpler, right? I have two boys. One is a teenager. One is just 20. They went to a boys' school. And Judy knows my view on this. I think that we should have them mentored by women. And I've said, let's go. I'll go out and find the women, and let's get a bunch of teenagers to see different role models at an early age, really early ages, so they start to identify leadership differently than what they've classically been taught in school.

And I'd say the same maybe for women, but they, unfortunately, I think, need to see both. This issue has to be championed by men. It can't be just championed by women alone. And I think that's the second piece that we have to ingrain in... whether it be in the school system, but in corporate life as well. And I think,



**Time**

to Judy's point, Judy is very credible in her own right, but we as leaders have to help in this change.

00:13:54 DP And then beyond that, regulation. Is that important for moving the bar?

00:13:59 JG So, we've always had, again, conversations about, do you need to mandate a quota, for example, of women on boards, or a certain percentage of women at your senior executive level? In terms of women on boards, different countries have taken different approaches. What was an interesting twist when you saw some of the Scandinavian companies mandate certain percentage of women representation. You had the same woman on six different boards.

And so, that's not achieving the right diversity either. You really want diversity of thought, diversity of culture, diversity of all kinds, and to have mandated result that ends up having the same woman on six boards, well, that's not achieving the kind of diversity we're really looking for. So, often, too, women object to the regulation concept because they think, well, that just means you're filling a quota. Again, I think we're past that. But I do think that unless you force change, change won't happen.

00:14:43 KM I do think, though... And I ruined our diversity, right? We were 50/50... More than 50% women on our board until I joined the board, but we'll fix that. But I think that you get something from it. If you think about the end consumer of most products, right, they're equally women and men. Financial services, whatever thing you're talking about. And to be able to have someone who represents that other buyer's view [unclear] buyer, right? Whether it be...

We have the fortune of having someone who runs a large retailer, who's a female on our board, who can think about that perspective on buying habits and marketing, and I think it just enriches the dialog, the conversation, the outcomes. So, the regulatory thing might be one, but I think you just go beyond it, and I think you're going to find it's the right business thing to do.

00:15:25 JG Yes, Where there is a will there is a way.

00:15:28 DP What role do we play as investors?

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00:15:30	KM	Well, as you know, we are a signatory to the UN Principles for Responsible Investing. One of the issues that we've signed on as a corporation is the 30% initiative.
		Judy as our president actually chairs our sustainability council, where we vet issues that the firms sign off on. In some markets that we invest, take Malaysia, and we referenced Japan earlier, it's difficult to find companies that have met that criteria. So, it doesn't mean we can't invest. We flag the issue. We risk monitor the issue, and we engage those companies about this and its importance to us. But we recognize that we, our duty is to engage, and it's a flagging mechanism for us.
		But we know that, as we've said earlier, the regional biases are still out there, but it's something we look at, right? Some regions are going to be easier; others harder. But as an investor, it's something that is a duty of ours to think about, as we would build a portfolio, as we would many of the other issues that come out of the UN PRI.
00:16:20	JG	And just going to comment. Through the sustainability council, what we're trying to do is ensure that we are tracking that engagement. We're making sure that there's a time horizon where we can see effective results from that engagement, and see how we can really influence and impact and be committed to this particular issue.
00:16:37	DP	And we are seeing stats that show that this does make a difference from a performance standpoint.
00:16:43	KM	Yes, as I said earlier. There's data finally coming out that suggests that women at the CEO and CFO level, those companies today have shown some recent outperformance. As that data has started to change and build, people get more data over time, I would tell you, the next ten years, we've talked at other of these podcasts, that ESG is a large issue for our investors, our younger investors, our older investors.
		So, I would hope to see that, as we move through this next decade, we make a lot of progress on many of these issues, but particularly this one.

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00:17:10	DP	And then just one last thing I want to add here. We've talked a lot about gender diversity, but it goes beyond that, right?
00:17:16	JG	Yes. Whenever I'm on panels, which I really do enjoy talking about this issue, one of my goals is that we can actually broaden the conversation. It's taken however, 40...  How many? 25, 30, 40 years to get to the point we're at, which as you've pointed out at the outset of this, is a very slow-moving change, pace of change. So, I can only imagine that we need to continue this dialog in order to really continue to try to make that change more broadly.
00:17:45	DP	So, that feels like a pretty good place for us to end our conversation today. Judy, thank you.  And Kevin, until next time, when we tackle the energy transition now underway to reduce global carbon emissions, and what it all means for investors.  For a full transcript of today's episode, visit <a href="http://agf.com/podcasts">agf.com/podcasts</a> . And don't forget to subscribe to hear more from us at Apple Podcasts, Spotify or Google Play Music.
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