



Strength in diversity

Why corporate board diversity is essential
and how it can be achieved.

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There's never been more evidence that diversity and balance in the boardroom leads to better business decisions and outcomes.

A recent study by McKinsey found a correlation between more diverse leadership teams and financial outperformance. "Companies in the top-quartile for gender diversity on executive teams were 21% more likely to outperform on profitability and 27% more likely to have superior value creation,¹" the report found.

AGF Management Limited (AGF) is a member of the 30% Club Canada, an organization that encourages and supports companies, through a voluntary approach, to appoint more women at the board level as well as to senior management positions.

I am proud to serve as Lead Director of the AGF Board of Directors. AGF has been an industry leader driving change, with 40% women representation on the

Board, championing greater diversity within the firm (evidenced with 30% women in executive roles) and as an advocate for diversity across the broader industry.

Of course, diversity extends beyond gender, AGF's Board is comprised of talented and dedicated directors with a diverse mix of expertise, skills and backgrounds.

As a member of the Board since 2009, I have personally seen the evolution around the table over that time and witnessed first-hand the elevation of dialogue and enhancement in our ability to steward and oversee the business that has come through greater diversity.

But, broad industry change has been slow moving with still only 16.4% of all board seats of TSX-listed companies being held by women². It is crucial that we all, men and women included, continue to advocate and champion initiatives that move forward change.

¹ "Delivering through Diversity" by McKinsey & Company is available at www.mckinsey.com/business-functions/organization/our-insights/delivering-through-diversity

² Source: Osler "2018 Diversity Disclosure Practices: Women in leadership roles at TSX-listed companies"

The women on AGF's Board of Directors recently participated in a special roundtable to discuss what makes a successful board, providing a number of insights from their experience.

Questions and answers that follow have been edited for clarity and length.

What makes a board of directors successful?

Judy Goldring (JG): Attracting really top-quality talent is key, but, in addition to that, diversity is critically important. AGF currently has four women on our ten-person board and the dialogue and tenor of discussion that occurs with that kind of a mix is materially different than other boards that I've previously sat on where the members are predominantly men.

Jane Buchan (JB): I totally agree with what Judy says. What I have found over the years is that when you get more women involved, the nature of the discussion completely changes for the better.

Sarah Davis (SD): When I think about what represents a good board there are four key qualities that are essential. The first is diversity of thought and that can be achieved by more equal gender representation as well as through differing ethnicities and geographical and/or cultural backgrounds. Second, a board needs to operate with integrity and transparency. Third, there needs to be a focus on managing risk and the fourth key element is making sure performance is measured. All of these functions are enhanced when a board is more diversified.

Kathleen Camilli (KC): Globalization has resulted in a diverse labour force across the G20 economies and also a diverse investor base. As board members,



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that's who we represent, so it's only natural that we see an evolution towards more diversity in the boardroom in terms of gender and ethnicity. The all-white, all-male board will be part of history as we go through this process, but we still have a lot more work to do.

Based on your own experiences as board members, what is it that each of you brings to the table?

JB: I just retired from running a US\$32-billion asset management firm and have a lot of experience in the institutional investment world here in the United States. In particular, I have a very strong background in the alternatives [investment asset class] space.

SD: I've spent most of my career in finance and have experience working at large Canadian corporate companies and family-controlled businesses as well. So, whether it be an audit committee, compensation committee or governance committee, my professional background allows me to contribute in a number of different ways.

KC: I spent 25 years as a Wall Street economist serving the institutional investor community and have also been trained within the U.S. Federal Reserve system. Because of that, I can offer a perspective on what's happening in the U.S. economy and also some expertise and forecasting related

to the business cycle. At the same time, having started my own firm 15 years ago, I can bring an entrepreneurial perspective to the table and try to stay on the cutting edge of changes in technology, such as artificial intelligence that can be disruptive to a business like AGF.

JG: As a management executive, I do my best to contribute to the strategic direction of the company, but I'm also a lawyer by background so add value in that regard as well.

Has the pace of change on diversity initiatives been fast enough?

KC: In the U.S., we've had very few states that have moved forward to mandate diverse boards. Among S&P 500 companies, for example, women still only represent about 17 percent of all board positions and the needle on that hasn't really moved in about 15 years. So it's been very slow.

JB: There are still a lot of companies with very few women on boards. In California, a bill was signed into law last September to have at least one female director for each public company headquartered in California by 2019 and have two or three depending on the size of the board, by the end of 2020.

JG: In Canada too, there is growing sentiment that change is not happening fast enough. Publicly-traded

companies are now required to disclose their policy regarding board diversity, but if they aren't hitting the target, they only need to be able explain why. So, it's more of a disclosure regime that we have here rather than a quota system that mandates a fixed number of women be on a board as is the case in some European countries like Norway.

Are quotas necessary to move the needle further?

JG: I never used to believe in quotas but maybe we need to consider them now – even if it is a trial period – in order to force more effective change.

SD: I'm with Judy. I was sort of anti-target [i.e. quota] as well, but if nothing actually happens naturally, than maybe there needs to be a little bit more force involved.

KC: I'm also not a big proponent of quotas, but these changes are slow in coming and perhaps that is the way to achieve it. Employees get frustrated not being able to see themselves in a boardroom.

How else can greater board diversity be achieved?

KC: In addition to legislation, another way to tackle the issue is through proxy voting and the institutional investor community in the U.S. is starting to take a more aggressive stance in this area. Some of the world's largest asset managers have publicly said

they will vote against companies that don't have a certain percentage of women on the board.

SD: What companies can also do is definitely look at hiring and promoting practices. This is where you can really make a difference that leads to a more diverse organization, including at the board level. For instance, who's the interviewer? Is it always a male? Does the company have a natural, unconscious bias where they always like to hire people in their own image? If so, it's important to understand these biases and strive for ways to change the process.

JB: There still seems to be a very strong preference, at least in the U.S., for choosing people who have gone to certain schools, or have certain credentials, or have very similar career paths. Picking from a more diversified pool that includes self-made entrepreneurs, or people who worked their way through university can help provide the type of diverse perspective that is needed on a board.

KC: There is a generational aspect to all of this too. I recently joined the board of a crypto asset exchange in Chicago that was founded by two young entrepreneurs aged 24 out of MIT (Massachusetts Institute of Technology). Diversity doesn't seem to be an issue for them – they chose three senior women to be on their board and have a highly diverse workforce.

JG: Ultimately there needs to be the culture and desire to make change happen. It was a conscious effort to ensure we brought on very talented women



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who could bring depth and a different thought process to AGF's board. As a result, we were one of the earliest companies in Canada to hit a 30% target of women on boards.

Are there at least more opportunities as a woman to become a board member today than in the past?

KC: There is a lot more potential for board positions to open up in the U.S. given some of the legislation we've talked about, but during the past five years, I would say there hasn't been much movement in this regard. If anything, there seem to be more opportunities with smaller and/or privately-owned companies, but for whatever reason, that's not as true at many of the top, larger companies in the country.

SD: I would say opportunities on some boards in Canada are still reserved for men, but overall, I definitely think there are more opportunities for women now.

What advice would you give other women interested in becoming a board member of an organization?

JB: Most people don't get plucked out of thin air and start on a big corporate board. Normally, you spend some time on a charity board and/or some other type of smaller-sized board. But I can't tell you the number of times that I've seen really good women pass up these opportunities. So, the first thing to do is not to say no when you're asked.

KC: I would add that we do have the phenomenon in the U.S. known as the "golden skirts", whereby the same few women are the ones always being invited to be on boards. This is a bit of laziness on the part of the recruiters who also have a tendency to focus their search solely on female CEOs. So, it's up to them as well to recognize that there are plenty of women of diverse talent, not just in the C-suite, who are very capable of serving on a board.

SD: I think women who are open to being on a board too often wait to be asked instead of being proactive. It's important to let companies know or the headhunting firms they employ that you're interested and available. Furthermore, if you do join a board, make sure that you put in the time and put your full energy into it.



Jane Buchan, PhD, CAIA
Chief Executive Officer,
Martlet Asset Management, LLC

Ms. Buchan is the Chief Executive Officer of Martlet Asset Management, an independent asset management firm focused on liquid alternatives. Until August 1, 2018, she was CEO of PAAMCO.

She served as Director and Chairwoman of the Board for the Chartered Alternative Investment Analyst Association (CAIA) until 2018. She also serves as a member of the Board of Directors for Torchmark (NYSE: TMK), is a founding Angel for 100 Women in Finance, is an active board member for Girls Who Invest, is a trustee for the Standards Board of Alternative Investments and she serves on the Advisory Board for the Journal of Alternative Investments.



Kathleen Camilli
Founder and Principal,
Camilli Economics, LLC

Ms. Camilli is one of the top macro-economic forecasters in the USA.

She started her career at the Federal Reserve Bank of NY, was the US economist on the global team at Credit Suisse Asset Management, and the Chief Economist at Tucker Anthony Sutro.

Ms. Camilli has served on three public company boards, and is currently an independent director at the UniFirst Corporation (NYSE). She is a strategic advisor to two start-ups, one in social media, and the other in fintech. She is a National Association of Corporate Directors Governance Fellow, a member of Women Corporate Directors, and a member of the National Association for Business Economists.

Ms. Camilli has an MBA in Finance/MA in French Studies from New York University. She has served on the boards of numerous not-for-profit organizations.



Sarah Davis, FCPA, FCA
President, Loblaw
Companies Limited

As President, Loblaw, Sarah Davis is responsible for the day-to-day operation of Loblaw's business and execution strategy. Before becoming President, Ms. Davis served as Chief Administrative Officer, Loblaw Companies Limited and had a broad portfolio of responsibilities including corporate strategy, supply chain, information technology, real estate and human resources.

Prior to this, Ms. Davis served as Chief Financial Officer, Loblaw Companies, Canada's largest food retailer. Ms. Davis was named one of Canada's Most Powerful Women: Top 100 in 2011 by the Women's Executive Network and was executive sponsor of the Women@Loblaw network from 2010 to 2017.

Ms. Davis holds an Honours Bachelor of Commerce degree from Queen's University. Currently, Ms. Davis sits on the Board of Directors for PC Bank and is Chair of the Board of Directors for both President Choice Childrens Charity and T&T Supermarket Inc.



Judy G. Goldring, LL.B, ICD.D
President and Chief Administration
Officer, AGF Management Limited

Judy G. Goldring joined AGF as Vice-President and General Counsel in 1998, became General Counsel and Senior Vice-President, Business Operations, in 2001, and became General Counsel and Senior Vice-President, Law and Corporate Affairs in 2004.

In 2009, Ms. Goldring became Executive Vice President, Chief Operating Officer and General Counsel, and in 2011, she became Executive Vice President and Chief Operating Officer.

Effective December 1, 2018, she became President and Chief Administration Officer. Before joining AGF, Ms. Goldring specialized in regulatory and administrative law. She earned her LL.B from Queen's University and was called to the Bar in Ontario.

Judy sits on the Board of the Investment Funds Institute of Canada (IFIC). She is a member of the Law Society of Upper Canada and the Canadian Bar Association.



For more information, visit AGF.com

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