Nov 11, 2019

Diversity Disclosure Practices report – Forest products & paper industry

Every Canadian corporate sector has its share of stories about women pioneers who broke down barriers, overcame adversity and punched through the glass ceiling to achieve important firsts. However, what’s instructive about the state of diversity in forest products and paper — where, through 2017, women made up just 17% of the total workforce — is that these stories are being told today by women still in the early and middle stages of their careers.

Consider, for example, Shannon Janzen, vice-president and chief forester at Western Forest Products. Now in her early 40s, Janzen became the first woman chief forester at a large forest company when she was named to that post in 2013. A more common narrative comes from Kate Lindsay, vice-president of sustainability at the Forest Products Association of Canada (FPAC). When she started her forestry career at a B.C. logging camp 14 years ago, Lindsay was the first woman ever in that camp. And then there’s Tanya Wick, who in 2014 became vice-president of people and services at Tolko Industries, a privately held B.C.-based forest products company. Wick says she still attends events where others assume she is “the wife of someone in the industry, rather than in the industry myself.”

If nothing else, then, it’s at least obvious where advocates for greater diversity in the forest products and paper sector believe the challenge lies — in encouraging women to pursue opportunities in the sector and supporting them when they do.

Sector-wide initiatives to promote gender equity and diversity are only just emerging. In November 2018, the Canadian Institute of Forestry, a national association of forest practitioners, in partnership with the federal government, launched the Gender Equity in Forestry National Action Plan Initiative. The three-year project aims to have its action plan completed in early 2021. Shortly after, FPAC launched a “Take Your Place” campaign to encourage women to choose careers in the sector.

But even more encouraging, perhaps, is that the barriers seem to be breaking down — at least at the sector’s executive and director levels. Only a couple of years ago, for example, the forest products and paper industry ranked last among TSX-listed groups in overall percentage of women directors; today it’s in the top half. On the executive side, it’s even higher.

LATEST DIVERSITY DATA

As of July 31, 2019, women held 20% of director positions at TSX-listed companies in the forest products and paper sector, according to Osler’s 2019 Diversity Disclosure Practices report. Not only is this a
substantial increase compared to 2015 and 2016, when women held just 6% and 5% of director positions, respectively, but it exceeds the 17% average for all TSX-listed firms at mid-year 2019 (645 companies reporting). The average number of women per board in the sector made a similar climb, hitting 1.54 in mid-year 2019 as compared to 0.44 in 2015. Despite these gains, the numbers for S&P/TSX 60 companies were even more impressive. Women held an average of 29% of director positions at mid-year 2019 (53 companies reporting), while the average number of women directors on a per-board basis at these companies was 3.34.

**BREAKDOWN OF NUMBER AND PERCENTAGES OF WOMEN DIRECTORS IN 2019**

<table>
<thead>
<tr>
<th>Number of Women Directors</th>
<th>1.54</th>
<th>1.44</th>
<th>3.34</th>
</tr>
</thead>
<tbody>
<tr>
<td>on a per-board basis</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Percentage of Women Directors</th>
<th>20%</th>
<th>17%</th>
<th>29%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forest Products &amp; Paper</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TSX-listed Companies</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>S&amp;P/TSX 60 Companies</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The picture for women in executive roles is also strong. As of mid-year 2019, 23% of executive positions at TSX-listed firms in the forest products and paper industry were held by women, second only to the real estate sector. On a per company basis, the average was 3.31. Gains here, over time, have been less dramatic in terms of percentages, but much higher on a per company basis. In 2015, Osler’s report showed a comparable percentage (22%) but a lower per company average of just 1.43. The numbers for S&P/TSX 60 companies, by comparison, were slightly lower: women held an average of 19% of executive officer positions (50 companies reporting) and the average number of women executive officers on a per-board basis was 3.15 (48 companies reporting).

**BREAKDOWN OF NUMBER AND PERCENTAGES OF WOMEN EXECUTIVE OFFICERS IN 2019**
In kicking off the Canadian Institute of Forestry’s work towards a national action plan, executive director CFO Erika Reilly. In its 2019 Diversity Disclosure Practices report, it may already be underway. Will deliver “a needed cultural shift.” Based on the results we see in Osler’s 2019 Diversity Disclosure report. Not only is this a dramatic increase in the percentage of women directors in 2018, but much higher on a per company basis. In 2015, Osler’s report showed that the percentage of women directors in 2018 was 16.4%. That’s well below the overall FP500 2018 average of 24.5%, but up from 10.4% in 2015 (note: the CBDC’s sector data combines forestry with agriculture, fishing and hunting). The CBDC’s tally of women in executive positions shows that women held 14.8% of those roles in 2018, compared to 11.9% in 2016, the first year CBDC began compiling executive officer data.

BEST PRACTICES AND SECTOR LEADERS

Among Canadian companies in this sector, Western Forest Products — the company that broke ground by naming Shannon Janzen to be its chief forester in 2013 — holds a top position. The company has no written diversity policy or targets; however, along with Janzen, there are two other women in executive or corporate officer roles, for a 30% share, while three of the company’s eight directors are also women.

Canfor’s executive signed a leadership commitment to diversity in 2016 under which senior officers are accountable for advancing diversity, providing tools to employees to create an inclusive culture and to monitor progress by reporting on key diversity metrics. In 2017, it redesigned its leadership programs, including those for its executive, adding new diversity modules. For all of that, however, there are still only two women on its 11-member board.

In its 2019 statement of corporate governance practices [PDF], Acadian Timber adopted a diversity policy that included goals to have women hold at least 20% of board positions and 20% of senior management positions by 2021. At the time, one of its two executive officers (50%) was a woman. Since that time, it has already met the director commitment by placing two women on its seven-member board. In September, after major shareholder Brookfield Asset Management sold its stake in the company, the incumbent president and CEO resigned and was replaced on an interim basis by former CFO Erika Reilly.

GLOBAL COMPARISON
The sector-wide story on the under-representation of women in forest products and pulp and paper still prevalent in Canada is equally common among U.S., Nordic and other international forest products and paper companies. It will be interesting to monitor whether recent gains at senior levels here in Canada track or exceed industry trends abroad.

In kicking off the Canadian Institute of Forestry’s work towards a national action plan, executive director Dana Collins — just the second woman to lead the CIF in its 110-year history — said she was optimistic it will deliver “a needed cultural shift.” Based on the results we see in Osler’s 2019 Diversity Disclosure Practices report, it may already be underway.

© Osler, Hoskin & Harcourt LLP. This content is for general information purposes only and does not constitute legal or other professional advice or an opinion of any kind. You can subscribe to receive updates on a range of industry topics at osler.com/subscribe.