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Have Your Say: Ontario Securities Commission Consults on Introducing a “Comply or Explain” Model to Promote Gender Diversity on Corporate Boards

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Gender diversity on corporate boards is a hot issue in Canada. A recent report by TD Economics showed the extent of the disparity between Canada and other developed economies. Women represent only 11% of board members for companies in the S&P/TSX Composite Index, with 43% of boards being all-male and 28% having just one female board member. The report concluded that, in light of gender diversity initiatives in the European Union, Australia, and New Zealand, Canada is sliding down the international rankings.

The report suggested introducing a "comply or explain" policy, which would provide Corporate Canada with a "gentle push" to increase the numbers of women directors. A "comply or explain" policy would suggest that gender diversity considerations should be embedded into corporate governance standards ("comply") but allow companies the flexibility to deviate at their discretion, so long as they indicate to shareholders the reasons for deviation ("explain"). The report rejected quotas on the basis that appointments should be made on merit.

The Ontario Government included a statement supporting gender diversity in its May, 2013 budget. The following month, the Government requested that the Ontario Securities Commission (OSC) undertake a review and public consultation process considering a comply or explain disclosure requirement relating to board and senior management gender diversity for TSX listed companies. The OSC has undertaken the consultation process by publishing a consultation paper which can be accessed [here](#).

The consultation runs until **September 27, 2013** and represents an opportunity to shape the policy before the OSC makes recommendations regarding disclosure requirements. This is an earlier stage of the process for input than the customary "request for comments" process that the Commission adopts before



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publishing a new instrument. That part of the process will still follow if the Commission determines to advance in that direction, but by that time the policy direction will have been set.

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