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## New policy template aims to encourage gender diversity on boards

By JANET McFARLAND

*The Institute of Corporate Directors has teamed up with law firm Osler, Hoskin & Harcourt LLC to develop a general model of a board-diversity policy, aiming it at smaller companies that have not complied with new diversity-reporting guidelines*

Canada's leading association for corporate directors is hoping to nudge more companies to add women to their boards by offering a free template of a board-diversity policy.

The Institute of Corporate Directors has teamed up with law firm Osler, Hoskin & Harcourt LLC to develop a general model of a board-diversity policy, aiming it at smaller companies that have not complied with new diversity-reporting guidelines. The template includes alternative wording options so companies can customize the content and it is free to download from both organizations' websites.

ICD chief executive officer Rahul Bhardwaj said his organization launched the project after seeing the results of a review of diversity-reporting rules by securities regulators in September. The review showed that just 21 per cent of 677 companies listed on the Toronto Stock Exchange clearly disclosed that they have adopted a gender-diversity policy for their boards and their executive ranks. While that is an improvement from the 15 per cent of last year, it still signals slow progress since regulators introduced new "comply or explain" rules in 2015 requiring companies to report on their approach to gender diversity.

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Mr. Bhardwaj said he was concerned about the lukewarm response by companies to the new reporting rules and concluded that many smaller companies weren't acting because they didn't know where to start or didn't have the resources to hire consultants and lawyers to help them develop policies.

"The first step is to actually turn their mind to it," he said. "For organizations saying, 'How do we actually start to craft a policy?', we're saying, 'Here's an easy way to do it.' It will get you into the game and thinking about it."

He said his hope is that boards will not simply "tick the box" by quickly downloading the sample policy and adding it to their disclosure documents, but will instead have a discussion about their approach to diversity.

Osler lawyer Andrew MacDougall, who wrote the policy, said many small companies could find it helpful to have access to a model that is similar to policies adopted by larger companies with help from professional advisers.

"Often the hardest part about making any change is taking that first step," Mr. MacDougall said. "We thought that the easiest way to jump-start a dialogue at the board level would be to help them with the first step, which is the adoption of a policy."

The template allows boards to choose whether to make a general statement about diversity, including having an "appropriate number of women directors," or whether to commit to a specific target level of diversity on the board. They can also choose to add a time frame for reaching the target.

The policy also includes a provision that any search firm hired to help identify board candidates will include multiple women on the possible hiring list, as well as a clause that says female candidates will be included on any "evergreen" list of potential nominees.

Mr. MacDougall said he hopes many who use the template will opt to implement a concrete target for women on the board, but that might be a step too far for some.

"We wanted to make sure that they at least had a policy that forced them to have a dialogue about whether or not to adopt a target," he said.

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