

LAW & POLICY GROUP**GRIST****CANADA TO REQUIRE ANNUAL REMUNERATION DISCLOSURES**

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“Prescribed corporations” under the federal Canada Business Corporations Act (CBCA) would have to develop a remuneration approach, disclose remuneration and diversity information, and hold an annual nonbinding shareholder “say-on-pay” vote under [Bill C-97](#). The legislation, which includes provisions to implement the 2019 federal budget, is expected to receive royal assent in June. Implementing regulations will need to be developed and subject to consultation.

KEY REMUNERATION PROVISIONS

The bill would require “prescribed corporations” to develop a remuneration approach for senior management. At the annual meeting, corporate directors would have to disclose:

- Their remuneration approach
- Diversity information for directors and senior management
- Any “clawback” of remuneration paid to directors and senior management
- Prescribed information about the well-being of employees, retirees and pensioners

Shareholders would have a nonbinding “say-on-pay” vote on the remuneration approach at the annual meeting. Corporations would need to disclose the vote results. Canada currently doesn’t have any legal requirement to hold a say-on-pay vote, although an increasing number of organizations hold voluntarily advisory shareholder votes on executive compensation. Many Canadian companies reportedly have implemented clawback policies as well.

DIVERSITY DISCLOSURES

Bill C-97 reiterates the diversity disclosure requirements for public CBCA companies included in [Bill C-25](#), which received royal assent on 1 May 2018 and could take effect later this year. [Draft regulations](#) to implement the 2018 law would require companies to disclose the representation of “designated groups”

within senior management. As defined by the [Employment Equity Act](#), designated groups include women, “visible” (nonwhite) minorities, indigenous people and people with disabilities.

RELATED RESOURCES

- [Bill C-97](#), an Act To Implement Certain Provisions of the Budget Tabled in Parliament on March 19, 2019, and Other Measures (Parliament of Canada, 8 Apr 2019)
- [Bill C-25](#), an Act To Amend the Canada Business Corporations Act, the Canada Cooperatives Act, the Canada Not-for-Profit Corporations Act and the Competition Act (Parliament of Canada, 1 May 2018)
- [Proposed Regulations for Bill C-25](#) (Government of Canada, 19 Jan 2018)
- [Employment Equity Act](#) (Government of Canada)

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