

LAW & POLICY GROUP**GRIST****CANADIAN COMPANIES FACE NEW DIVERSITY REQUIREMENTS IN 2020**

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For annual shareholder meetings held after 1 Jan 2020, federal [distributing corporations](#), including venture issuers, created under the Canada Business Corporations Act must disclose the diversity of their boards of directors and senior management. A recent [order](#) from the Governor General in Council sets the effective date for the diversity-disclosure mandate ([Bill C-25](#)) enacted in 2018. Regulations to implement the law [appeared](#) in the 10 Jul 2019 Canada Gazette.

HIGHLIGHTS OF THE REGULATIONS

According to the [government](#), women make up 48% of the workforce but hold an estimated 14% of all Canadian board seats and approximately 22%-[25%](#) of the board seats in Financial Post 500 companies. The new disclosure rules aim to advance women and other designated groups on corporate boards.

Application. The new disclosure obligations will apply to all distributing corporations under the Canada Business Corporations Act, including venture corporations that are exempted under the provincial rules.

Designated groups. The diversity groups go beyond gender composition and are the same as under the Employment Equity Act — namely, women, aboriginal peoples, persons with disabilities and members of visible minorities. Corporations can include other groups, if desired. At present, most provinces already require companies to disclose the number of women on boards and in executive officer positions.

Senior management. Members of senior management include the corporation's:

- Board chair and vice chair
- President
- Chief executive officer and chief financial officer
- Vice president of a principal business unit, division or function, including sales, finance or production
- Other individuals performing a policy-making function

Information to disclose. Companies must disclose information on the following matters, or if they don't have a process, practice or policy, explain why they don't:

- Term limits or a description of other board-renewal mechanisms
- A description of the written policy for identifying and nominating directors from each diversity group, including a short summary of the policy's objectives and key provisions; a description of the measures taken to ensure effective implementation; a description of the annual and cumulative progress in achieving the policy's objectives; and a statement on whether the policy's effectiveness is measured and, if so, how
- A description as to how representation of the diversity groups is considered when nominating directors or appointing senior managers
- The targets for board and senior management representation of each diversity group and information on the progress made to achieving the applicable annual and cumulative targets.
- The number and proportion (as a percentage) of directors from each designated group on the board and in senior management

The diversity information should be sent at the same time in the annual meeting notice to shareholders and to Corporations Canada. A corporation may choose to include the diversity information in its proxy circular.

RELATED RESOURCES

Non-Mercer Resources

- [Order Fixing Effective Date of Diversity Disclosure Duty \(SI/2019-50\)](#) (Canada Gazette, 10 Jul 2019)
- [Amended Canada Business Corporations Regulations \(SOR/2019-258\)](#) (Canada Gazette, 10 Jul 2019)
- [Diversity of Boards of Directors and Senior Management](#) (Corporations Canada, 15 Jul 2019)

Mercer Law & Policy Resources

- [Canada To Require Annual Remuneration Disclosures](#) (April 30, 2019)
- [Denmark: Employers Face Diversity Reporting Requirements](#) (March 28, 2019)
- [Spain Mandates Nonfinancial, Diversity Information Reporting](#) (Feb. 25, 2019)

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