

Human Resources Legislative Update

Diversity Disclosure Requirements under CBCA in force January 1, 2020

Date: July 12, 2019

As [previously reported](#), 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](#) received Royal Assent on May 1, 2018 and will, among other things, impose new obligations on corporations incorporated under the *Canada Business Corporations Act* (CBCA) with the goal of strengthening equity and diversity.

The corporate diversity disclosure requirements under the CBCA (Part XIV.1) will come into force on **January 1, 2020**. Under this new Part, certain prescribed information respecting diversity among the corporation's directors and members of its senior management will be required to be provided to shareholders at each annual meeting, as well as to the Director under the CBCA.

[Amendments to the Canada Business Corporations Regulations, 2001](#), registered on June 25, 2019, define the prescribed diversity information and the rank of senior management captured by the new reporting requirements. In accordance with the *Regulations*, these disclosure requirements will apply to all distributing corporations. The prescribed information includes:

- Whether the corporation has term limits for directors on its board or other mechanisms for renewal. If so, the corporation must provide a description of the term limits. If not, the corporation must provide the reasons for not adopting such limits.
- Whether the corporation has a written policy relating to the identification and nomination of members of designated groups for directors. If not, why not? If so, the corporation must provide a summary of the policy's objectives and key provisions, a description of the measures taken for implementation, a description of the progress made by the corporation in achieving the objectives, and whether or not the policy's effectiveness is measured, and, if so, how?
- Whether the level of representation of designated groups on the board is considered in identifying and nominating candidates for election or re-election to the board. If so, how it is considered? If not, why it is not considered?
- Whether the level of representation of designated groups is considered when appointing members of senior management. If so, how? If not, why not?
- Whether the corporation has, for each designated group, adopted a target number, percentage or range of representation of members of designated groups on the board of directors and in senior management positions by a specific date. If not, why not?

The senior management positions captured by the reporting requirements are:

- the chair and vice-chair of the board of directors;
- the president, CEO and CFO;
- the vice-president in charge of a principal business unit, division or function, including sales, finance or production; and
- an individual who performs a policy-making function in respect of the corporation.

For a complete list of the prescribed information that is required to be placed before shareholders at each annual meeting, the [Regulations](#) should be consulted.