

Corporations Canada reports on first year of diversity disclosure (And it's not good)

MAY 13, 2021 3 MIN READ

Related Expertise

- [Corporate Governance](#)

Author: [Andrew MacDougall](#)

Corporations Canada has released their first [report](#) on the representation of women, visible minorities, Indigenous peoples and persons with disabilities on the board and in senior management roles of public companies governed by the *Canada Business Corporations Act* (CBCA). Their report, which analyzes disclosure in proxy circulars filed by 403 companies during the full 2020 calendar year, highlights a lack of any significant representation by Indigenous peoples and persons with a disability, as well as the underrepresentation of women and visible minorities in public company leadership positions.

Highlights from Corporations Canada

| Designated Group | Women | Visible Minority | Indigenous | Disabled Persons |
|---------------------------------------|-------|------------------|------------|------------------|
| Percentage of board seats | 17% | 4% | 0.3% | 0.3% |
| Policy on board representation | 32% | 26% | | |
| Targets for directors | 14% | 1.2% | 1% | 1% |
| Percentage of senior management roles | 25% | 9% | 0.2% | 0.6% |
| Targets for senior management | 5.5% | 1.0% | 0.3% | 0.2% |
| Board renewal policy | 16% | | | |

Corporations Canada notes that according to Employment Equity in the Public Service of Canada for Fiscal Year 2018 to 2019, the Canadian population available to work consists of 52.7% women, 15.3% visible minorities, 4% Indigenous and 9% are persons with disabilities. So it is clear that these groups are substantially underrepresented in leadership roles of Canadian public corporations and considerable effort will be required if publicly-traded CBCA corporations are ever to achieve the aspirational goals of the federal government's [50 – 30 Challenge](#) of gender parity on Canadian boards and senior management and 30% representation on Canadian boards and senior management of other under-represented groups, including racialized persons, people living with disabilities, members of the LGBTQ2 community and Canada's First Nations, Inuit and Métis peoples.

While the conclusions in the Corporations Canada report are consistent with our conclusions as reflected in our most recent annual report on [Diversity Disclosure Practices](#), Corporations Canada reports significantly lower percentage results on each measure. As noted by Corporations Canada, CBCA corporations that are non-venture issuers performed substantially better than venture issuers on diversity across almost all measures. Since the vast majority of issuers that filed their proxy materials after the July 31, 2020 cut-off for our analysis were venture issuers, it is not surprising that Corporations Canada shows significantly poorer average results for the full year than for the first seven months of the year upon which our report was based.

Corporations Canada notes that a material proportion of issuers, especially venture issuers,

failed to provide disclosure in compliance with all of the requirements under the CBCA. This is not unexpected as 2020 was the first year for which disclosure was required under the CBCA, and prior to 2020 venture issuers were not subject to any disclosure requirements regarding the diversity of their board and senior management.

Corporations Canada also notes that many corporations failed to file their disclosure with Corporations Canada. Prior to 2020, filing a proxy circular on SEDAR satisfied the requirement to file a copy of the proxy circular with Corporations Canada. However, this is no longer the case and all CBCA public corporations must file their proxy circular with Corporations Canada via the [Online Filing Centre](#).

In order to help corporations improve the quality and consistency of their disclosure, Corporations Canada has published [guidelines](#) for disclosure. Corporations Canada states that it will reach out to all publicly traded CBCA corporations, especially venture issuers, to make them aware of the diversity disclosure requirements as well as how to file their proxy circulars with Corporations Canada.

For information on best practices for advancing diversity within corporations as disclosed by Canadian public corporations and examples of best practice in providing diversity disclosure, see our 2020 annual report on [Diversity Disclosure Practices](#). For assistance in preparing a written board diversity policy that addresses the requirements under the CBCA, see the complimentary [Board Diversity Policy Template](#) from Osler and the Institute of Corporate Directors.