

# CCGG INVESTOR PERSPECTIVE\*

## NAVIGATING BOARD AND EXECUTIVE OFFICER DIVERSITY EXPECTATIONS IN CANADA: A ROADMAP FOR HIGH PERFORMING BOARDS



### Introduction

2025 has seen a deep re-examination by public companies of their approaches to diversity and inclusion at the board and within the ranks of executive officers.

In large part, this is a response to significant legal decisions and administrative/regulatory actions targeting diversity, equity and inclusion (DEI) policies and programs that have occurred in the United States<sup>1</sup>. These developments have had a significant ripple effect in Canada. Many Canadian companies and institutional investors are tied to the US's regulatory reach through direct operations, cross-listings and contractual relationships which has led many Canadian companies and investors to take a close look at their approaches to diversity and inclusion policies and practices, and notably how they are disclosing and discussing these issues<sup>2</sup>.

Applying a longer term lens, other jurisdictions such as the UK and Europe, toward which some Canadian companies may begin turning to seek out more diversified trading partners, have their own expectations for disclosures related to diversity on boards and senior management<sup>3</sup>.

While language and terminology may be shifting to address regional geopolitical challenges, global and domestic institutional investors' expectations that Canadian public company boards and senior management will represent diversity of thought and experience material to the business of each company remains core to corporate governance stewardship in Canada. This means that boards should be meaningfully diverse in ways that link to the company's operations, strategy, culture, geographic footprint, employees, customers, communities in which it does business, suppliers and other stakeholders.

This Investor Perspective draws on the Canadian Coalition for Good Governance's (CCGG's) recently updated foundational guidance to Canadian public company boards, [Building High Performance Boards](#).

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\*This perspective is a point in time analysis drawing from published sources and referencing CCGG's own publications. It does not represent a formal CCGG policy statement. As a coalition, CCGG strives to build and reflect a consensus but, while supportive of CCGG's mission and mandate, CCGG's Members are not individually bound by any of CCGG's positions, policies or publications.

<sup>1</sup>[Ending Radical And Wasteful Government DEI Programs And Preferencing - The White House](#); [New DOJ initiative will use False Claims Act to investigate DEI policies | DLA Piper](#); [Memo from Attorney General Bondi: Guidance for Recipients of Federal Funding Regarding Unlawful Discrimination](#)

<sup>2</sup> See Osler LLP [2025 Diversity Disclosure Practices: Diversity and leadership at Canadian public companies report](#)

<sup>3</sup> See for example, a summary of the UK disclosure requirements by Dentons, [Diversity and inclusion disclosure what to expect in the 2023 AGM season](#), April 4, 2023; Also see European Commission, Press Release, [New EU rules to improve Gender Balance in corporate boards enter into application](#), Jan. 2, 2025; Brussels.

In our view, this new guidance provides a useful lens through which boards may wish to consider how to navigate the evolving landscape of expectations around diversity and inclusion, both for the markets in which they currently operate and potential new ones.

## The State of Play in Canada in 2025

The regulatory corporate governance disclosure environment for diversity matters in Canada has not changed.

- Under securities regulations, public companies must make, on a comply or explain basis, disclosures about gender diversity policies, any targets and the numbers of women on boards and in executive officer positions<sup>4</sup>.
- Distributing corporations (public companies) incorporated under the *Canada Business Corporations Act* (CBCA) must make similar disclosures in respect of diversity on boards and senior management for women and three additional designated groups including Indigenous Peoples (First Nation, Inuit and Métis), racialized people, and persons with disabilities, also on a comply or explain basis<sup>5</sup>.
- Federally regulated financial institutions will be expected to make similar disclosures as those required under the CBCA once regulations are finalized<sup>6</sup>.

As a result, regulatory Canadian market norms have not changed but this does not mean that there is unified sentiment in Canada.

Even before the shift in legal and policy approaches in the US, Canada's capital markets were struggling to find a path forward on the topic of the appropriate scope of capital market disclosures for diversity.

This was evidenced by the structure of the Canadian Securities Administrators (CSA's) 2023 public consultation on proposed amendments to expand corporate diversity disclosure requirements to characteristics beyond the existing disclosure regime for women on boards and in senior management. Unusually, the CSA presented two competing options: one which extended disclosures to specific designated groups, similar to the CBCA, and one which did not require substantive disclosures<sup>7</sup>.

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<sup>4</sup>Form 58-101F1 Corporate Governance Disclosure of National Instrument 58-101 Disclosure of Corporate Governance Practices (NI 58-101) and related guidelines; also see <https://www.securities-administrators.ca/news/canadian-securities-regulators-announce-results-of-10th-annual-review-of-representation-of-women-on-boards-and-in-executive-officer-positions-in-canada/>

<sup>5</sup>*Canada Business Corporations Act* R.S.C., 1985, c. C-44, see Part XIV.1 of the Act and Part 8.2 of the Regulations; [Diversity of Boards of Directors and Senior Management of Federal Distributing Corporations – 2024 annual report](#)

<sup>6</sup> See consultation draft and comments in response to the Government of Canada consultation: [Canada Gazette, Part 1, Volume 159, Number 7: Diversity Information Disclosure \(Trust and Loan Companies\) Regulations](#) noting that while the underlying statutes for all federally regulated financial institutions including (a) banks and bank holding companies (b) insurance companies and insurance holdings companies and (c) trust and loan companies have all been amended to incorporate diversity disclosures upon the finalization of regulations, the referenced regulatory consultation was limited to trust and loan companies.

<sup>7</sup> See <https://www.securities-administrators.ca/news/canadian-securities-regulators-propose-changes-to-corporate-governance-disclosure-practices-and-guidelines/>

In their responses to the 2023 consultation, institutional investors, generally (although not unanimously) favoured expanded diversity disclosures while public companies generally did not<sup>8</sup>. The CSA announced in April 2025 that it would be pausing work on the diversity disclosure regulations as a result of “increased uncertainty and rising competitiveness concerns for Canadian issuers” arising from a rapidly shifting “global economic and geopolitical landscape”<sup>9</sup>. Investors, and their information requirements, were not referenced. Neither was the conflicted landscape within Canada on this topic.

## CCGG’s Position

Our most recent guidance on the topic of investor expectations of board oversight in respect of director and senior management diversity and inclusion, including with respect to self-determined targets and policies, is incorporated into the 2025 edition of [Building High Performance Boards](#) under **Guidance 3.2: Ensure that the board as a whole is diverse and inclusive**. The guidance integrates evolutions in our policy positions on board and executive officer diversity that go beyond our previous guidance which had focused on gender diversity. The fundamental underpinnings of our thinking, however, have not changed. The updated guidance is:

- Principles based and non-prescriptive;
- Focused on individual director quality as paramount with an expectation that boards as a whole will be inclusive and integrate a meaningful level of diverse views, experiences and perspectives; and
- Anchored in the idea that the board should integrate and reflect the diversity of perspectives and experiences that are material to the company – its operations, strategy, culture, geographic footprint, employees, customers, communities in which it does business, suppliers and other stakeholders.

## Applying a Resilience Lens to Questions of Board Diversity

Potentially more important than Building High Performance Board’s articulation of our position on diversity and inclusion, is the new **Guiding Principle 2: Resilience**, which we define as the ability to adjust easily to misfortune or change. The principle highlights that the capacity of a company to be resilient depends on how successfully a board can integrate the interdependent components of its oversight responsibilities for *corporate culture, strategy, risk management, the consideration of stakeholder interests and understanding and addressing Indigenous reconciliation*.

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<sup>8</sup> See [CCGG Submission to CSA Re: CSA Notice and Request for Comment – Proposed Amendments to Form 58-101F1 Corporate Governance Disclosure of National Instrument 58-101 Disclosure of Corporate Governance Practices and Proposed Changes to National Policy 58-201 Corporate Governance Guidelines](#); see comments received: <https://www.osc.ca/en/securities-law/instruments-rules-policies/5/58-101/proposed-amendments-form-58-101f1-corporate-governance-disclosure-national-instrument-58-101/comment-letters>

<sup>9</sup>See <https://www.securities-administrators.ca/news/csa-updates-market-on-approach-to-climate-related-and-diversity-related-disclosure-projects/>

This guiding principle offers boards a framework for assessing questions of diversity and inclusion within the context of their own approach to corporate governance with a focus on the integrated and iterative nature of each of these components and the importance for boards to respectfully but constructively test assumptions and challenge management as to how changes responsive to one component will impact the others.

Depending on the circumstances of different companies, board oversight of any changes in approaches to diversity and inclusion may look very different and may weigh components differently depending on the factors that are material to that company<sup>10</sup>.

Boards of companies that are cross listed in the US and/or have operations or deep contractual ties to entities impacted by US presidential Executive Orders or investigations are likely to have different conversations than boards of companies with little or no such integration or companies seeking to pivot away from the US and expand to different markets.

#### Key takeaways for boards include:

- Take time to proactively consider, review options and test different assumptions and scenarios:
  - Take a holistic approach to any discussion of changes to board diversity and inclusion policies and practices.
- Expand the lens of any oversight discussion to consider not just risk but cultural, strategic and stakeholder impacts and opportunities:
  - Is there meaningful short term legal, commercial and reputational risk in either maintaining or revising existing approaches and disclosures?
  - Is there a strategic opportunity in maintaining or revising the current approach e.g. employee retention or an opportunity to expand into new markets?
  - How will any change impact the culture of the company and the board?
- Consider whether the current diversity of the board's skills, experiences and backgrounds meets the current and future strategic needs of the company and its stakeholders?
  - If the company is pivoting to new markets, does the board have adequate expertise in respect of the economic and cultural norms of a potential new market?
- Consider how disclosures to regulators, shareholders and stakeholders will reflect any changes by:
  - Anchoring disclosures in what is material to the company; and
  - Considering how Canada's comply and explain regime can support transparent disclosures.

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<sup>10</sup> Laura Levine & Julie Bogle, [Board diversity: A made in Canada approach? March 20, 2025, BLG LLP](#)

## Conclusion

Diversity of thought and the capacity of different experiences and perspectives to challenge the status quo and inform a board's oversight of culture, risk management and strategy in a manner that recognizes and integrates relevant stakeholder interests has always been the underlying rationale supporting CCGG's positions on diversity. That has not changed. Companies applying a resilience lens to their corporate governance frameworks will be able to continue to leverage the substantive benefits of diverse perspectives while navigating the immediate challenges to disclosure, policies and practices.