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CBCA Reforms: Canadian Government Codifies Corporate Governance Practices

Chapter 1 of Davies Governance Insights 2019

In 2019, the Canadian federal government enacted several important reforms to the *Canada Business Corporations Act* (CBCA) that reflect its increased focus on corporate governance best practices. In this chapter, we explore key areas in which the amendments will affect Canadian public companies, including requiring public companies to hold annual non-binding "say-on-pay" votes, and prescribing new disclosure requirements regarding diversity, the well-being of companies' employees, retirees and pensioners, and the clawback of director and executive compensation. We also discuss the codification of key elements of the Supreme Court of Canada's seminal 2008 decision in *BCE Inc. v 1976 Debentureholders* regarding directors' and officers' duties to act in the best interests of the corporation. Finally, we review the CBCA's enhanced investigative powers and expanded enforcement provisions, which necessitate attention by private corporations to the statute's share register requirements.

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This chapter appears in the 2019 edition of *Davies Governance Insights*, our comprehensive annual report on the trends and issues most important to Canadian public companies.

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