

Trends in executive compensation, workforce rewards and DEI – Spring 2025

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Executive compensation and governance

Tariff loan assistance

The federal government's new [Large Enterprise Tariff Loan Facility](#) (LETL) is accepting applications. It will support eligible businesses in all sectors (and certain not-for-profit enterprises) facing difficulties in accessing traditional sources of market financing. Companies must: have significant operations, or a significant workforce, in Canada; have approximately \$300 million or more in annual Canadian revenue; and require a minimum loan size of \$60 million. Eligible companies must make efforts to maintain jobs and sustain their business activities in Canada. Those convicted of tax evasion or already involved in insolvency proceedings before the current tariff crisis are not eligible. The applicable rate is Term Canadian Overnight Repo Rate Average (CORRA). LETL will be administered by the Canada Enterprise Emergency Funding Corporation (which also administered the COVID-era Large Employer Emergency Financing Facility – see our [Client Advisory](#) dated October 26, 2020).

Ontario will also provide up to \$1 billion in immediate liquidity relief through the [Protecting Ontario Account](#) for businesses that face significant tariff-related disruptions and have exhausted available funding.

Corporate law and governance

Beneficial ownership

The federal government has taken steps to strengthen Canada's anti-money laundering framework, including a requirement to report discrepancies between information provided to private institutions and the [federal beneficial ownership registry](#) (see our [Client Advisory](#) dated June 12, 2023).

Ontario will [consult on options](#) to establish a registry for business corporations to file prescribed beneficial ownership information, in alignment with the federal registry (see our [Client Advisory](#) dated December 21, 2023).

Electronic signatures in Saskatchewan

The Business Corporations Act, 2021 has been amended (see [Bill No. 10](#)) to permit prescribed documents to be signed with digital signatures when submitted for receipt, filing or registration.

Québec insurers

[Amendments](#) to the *Insurers Act* have been introduced to require that only one-third of an insurance company's directors must be resident in Québec (instead of a majority) if the company belongs to a financial group with more than 40% of premiums collected outside Québec, provided a majority of directors of the company reside in Canada.

OSFI Integrity and Security Guideline

The Office of the Superintendent of Financial Institutions (OSFI) has released its first [Annual Report on the Integrity and Security Guideline](#) (see our [Client Advisory](#) dated June 3, 2024). OSFI will reach out to specific financial institutions to address areas of weakness relative to expectations, and will develop enhanced expectations on corporate governance, including the suitability and accountability of boards and senior management. OSFI will also apply its integrity and security-related focus to banks' oversight of foreign operations. A draft Corporate Governance and Accountability Guideline will be released for consultation later this year.

Canadian Coalition for Good Governance (CCGG)

CCGG has released its [2024 Best Practices for Proxy Circular Disclosure](#). It provides examples of model disclosures in various areas of corporate governance, including director and executive compensation, risk management, shareholder engagement, and oversight of material environmental and social (E&S) matters. Investors increasingly expect boards to address how E&S factors impact other areas such as development of corporate strategy, incentive systems, and director recruitment. The Report also notes that approximately 80% of S&P/TSX issuers held say-on-pay votes in 2024 (versus more than 70% last year).

CCGG has released its [Annual Report on 2024 Engagement Season](#). CCGG met with boards of 28 TSX-listed issuers in nine sectors with a median market capitalization of \$7.5 billion and includes 63 recommendations. It continued to focus on structural elements of executive compensation programs (including performance measures), executive share ownership requirements, and material sustainability risks (social and environmental, including climate-related transition risks) and related board oversight. Of 27 issuers with whom CCGG had engaged in 2022, 16 made at least one material positive change to their policies, practices or disclosure, with significant improvements in sustainability disclosure.

CCGG has updated its policy document on [Building High Performance Boards](#) (last updated in 2013). Key changes include the incorporation of:

- Federal corporate law amendments in various areas, including the common law fiduciary duty of directors; adoption of majority voting and say on pay; diversity disclosures; and employee, retiree and pensioner well-being

- Provincial corporate and securities law amendments with respect to virtual shareholder meetings, and provision of related investor information
- Oversight of diversity and inclusion, and material sustainability matters
- New guidance on oversight of corporate culture, materiality assessments and consideration of broader stakeholder interests aligned with strategy and risk
- Importance of reconciliation and the role of Indigenous Peoples as rights holders

Securities law developments

Climate-related disclosures

The Canadian Securities Administrators (CSA) are [pausing development](#) of new mandatory climate-related disclosures. CSA note that securities legislation already requires issuers to disclose material climate-related risks in the same way they disclose other types of material information, while issuers are encouraged to refer to the Canadian Sustainability Standards Board's (CSSB) voluntary sustainability standards (see our [Client Advisory](#) dated December 21, 2023) when preparing disclosures (CSSB remains [committed to supporting adoption](#) of CSDS 1 and CSDS 2). CSA will monitor domestic and international developments regarding climate-related disclosures and expects to revisit this project in future years to finalize requirements for issuers. It will continue to monitor disclosure practices and work with issuers to address misleading disclosure (such as greenwashing). Further information and guidance will be provided as appropriate.

This follows the US Securities and Exchange Commission's recent decision to [end its defense](#) of recently adopted rules requiring disclosure of climate-related risks and greenhouse gas emissions (see our [Client Advisory](#) dated June 3, 2024) which are now described as "costly and unnecessarily intrusive". The Commission had previously stayed their effectiveness pending final resolution of litigation brought by states and other parties.

Ontario Securities Commission (OSC) developments

[Amendments](#) have been introduced to the *Securities Act* (see Schedule 17 under Bill 24) to increase the maximum amount for certain fines, from \$5 million to \$10 million, including fines against a director or officer of a company who authorizes, permits or acquiesces in the commission of an offence.

The OSC has released its [Corporate Finance Division 2024 Annual Report](#), according to which Reporting Issuers:

- In some cases provided insufficient discussion in their CD&A, including how each element of compensation is tied to each NEO's performance. The CD&A often does not fully or accurately describe the process for making executive compensation decisions. For example, the requirement to quantify performance goals based on objective measures applies regardless of whether they are guidelines or hard targets; Reporting Issuers should state what percentage of the NEO's total compensation is tied to each objective measure.

- May not have assessed whether changes to their board of directors or executive management constitute a material change that would require a news release and related filings, including departure of certain NEOs or persons in equivalent positions.
- In some cases provided deficient collateral benefit disclosure that is qualitative only or sometimes entirely missing; for example, if a transaction is a business combination or related party transaction for which minority approval is required, disclosure should include quantitative disclosure regarding benefits received by related parties that could be collateral benefits. For purposes of MI 61-101, securities that a person has the right or obligation to acquire within 60 days are deemed to be beneficially owned by that person, including options that have vested or will vest within 60 days.
- Should follow accepted best practices relating to the conduct of shareholder meetings; OSC will continue to monitor the practice of virtual shareholder meetings and review proxy disclosures.

Work, rewards and careers

Pay transparency in Ontario

New pay transparency rules under the *Employment Standards Act, 2000* will take effect on January 1, 2026. These rules are set out in two separate amendments (Bill 149 and Bill 190) as well as recently released regulations. For details, see our [Client Advisory](#) dated January 23, 2025.

Minimum wage increases in multiple jurisdictions

The hourly minimum wage for federally regulated workers has increased from \$17.30 to \$17.75 (effective April 1, 2025), and has increased or will increase in:

- [Manitoba](#) from \$15.80 to \$16.00 (April 1, 2025)
- [New Brunswick](#) from \$15.30 to \$15.65 (April 1, 2025)
- [Newfoundland and Labrador](#) from \$15.60 to \$16.00 (April 1, 2025)
- [Nova Scotia](#) from \$15.20 to \$15.70 (April 1, 2025), followed by a further increase to \$16.50 on October 1, 2025
- [Québec](#) from \$15.75 to \$16.10 (May 1, 2025)
- [British Columbia](#) from \$17.40 to \$17.85 (June 1, 2025)
- [Ontario](#) from \$17.20 to \$17.60 (October 1, 2025)
- [Prince Edward Island](#) from \$16 to \$16.50 (October 1, 2025) followed by a further increase to \$17.00 on April 1, 2026

Employment standards developments

Federal

The federal government has released [draft regulations](#) supporting earlier *Canada Labour Code* amendments (expected to take effect by early 2026) prohibiting federally regulated employers from paying different wage rates based solely on differences in employment status (see our [Consultant Advisory](#) dated December 28, 2018). Temporary help agencies could not charge employees or clients various fees, and a new review mechanism would be established to ensure equal treatment. The government could also modify the list of conditions under which rates of wages must be equal, or the criteria to justify wage differences. Employers would also be subject to new record keeping requirements, and to administrative monetary penalties for contravening their new obligations.

Saskatchewan

Recent amendments to *The Saskatchewan Employment Act* (see [Bill 5](#)) will, on proclamation:

- Allow the government to create new categories of employees by regulation
- Allow employers to define a day as either any period of 24 consecutive hours or a calendar day for the purposes of work schedules and overtime provisions
- Require an eight-hour rest period in any period of 24 hours rather than in a day
- Allow part-time workers to participate in a modified work arrangement
- Allow employers to deduct certain amounts from an employee's wages, and restrict employers from withholding or deducting gratuities from wages, except to facilitate a pooling arrangement
- Clarify that employers do not have to provide vacation pay for the notice period in cases of termination or layoff, when providing pay-in-lieu of notice
- Change the group termination notice threshold, from 10 to 25 employees
- Permit the Director of Employment Standards to order employers to cease discriminatory action, reinstate employees, pay lost wages, and remove reprimands from employment records

Québec

The *Act respecting labour standards* has been [amended](#), effective April 9, 2025, to remove the obligation for an employer to send a copy of a notice of collective dismissal to the Commission des normes, de l'équité, de la santé et de la sécurité du travail. The employer must still provide notice to the Minister of Labour and the certified association representing affected employees, and post it in the affected workplace. A collective dismissal occurs when an employer terminates or lays off for a period of six months or more, 10 or more employees at the same establishment over two consecutive months.

EI Work-Sharing Program changes

The federal government introduced [temporary flexibility to the EI Work-Sharing Program](#) that will, until March 6, 2026, increase access and maximum agreement duration. The Program provides Employment Insurance benefits to employees who agree to work reduced hours due to a decrease

in business activity beyond their employer's control. It helps employers retain experienced workers and avoid layoffs, and helps workers maintain their skills while supplementing reduced wages.

Accessibility developments

All jurisdictions

Accessibility Standards Canada has released [CAN/ASC-1.1:2024 – Employment standard](#), which provides practical guidance to proactively remove barriers in the workplace. With respect to compensation, the Standard requires an organization to eliminate compensation discrepancies between persons with disabilities and other workers with the same responsibilities and job functions, and to apply the equal wages provision in the *Canadian Human Rights Act* to workers with disabilities. Other areas addressed include: recruitment, hiring and onboarding; retention and redeployment; performance management, career development, and promotion; and job exit.

Manitoba

The [Accessible Information and Communication Standard](#) took effect for [all private sector and non-profit with one or more employees](#) on May 1, 2025. It sets out requirements for:

- Implementing and documenting measures, employee training (for employers with 50 or more employees), policies and practices
- Providing accessible information (on request) and web content
- Establishing an accessible feedback process

Recruitment and training

All jurisdictions

The federal government has [announced](#) the 2025 Express Entry categories to align the selection of federal economic immigrants with long-term labour shortages and encourage candidates with experience working in Canada to apply for permanent residence. Efforts will also be made to meet Francophone immigration targets.

The federal government has also [announced](#) new multi-year funding under the Canadian Apprenticeship Strategy to help tradespeople acquire green skills, and separate new funding to support apprenticeships in the [healthcare and construction sectors](#).

Between April 1 and September 30, 2024, Employment and Social Development Canada (ESDC) conducted 649 employer [compliance inspections](#) under the Temporary Foreign Worker Program (TFWP) of which 11% were found to be non-compliant, while penalties doubled to \$2.1 million from the prior year period. Inspections resulted in 20 employers being banned from the Program, a fivefold increase. ESDC also significantly expanded its monitoring of the Labour Market Impact Assessment (LMIA) process to prevent misuse or illicit activity at an earlier stage, and to apply stricter application standards.

The federal government has released a [Report](#) from its Union-Led Advisory Table which was established to help workers acquire skills that match current labour market needs, and those in at-risk jobs transition into other areas. Key recommendations include:

- Aligning skills and workforce development strategies with industry and sector needs
- Supporting workers through job transitions from declining sectors to growth sectors, and enabling portable skills recognition and training
- Ensuring workers have access to continuous learning opportunities
- Increasing opportunities for women and under-represented groups to access skilled trades and in-demand occupations

According to [Statistics Canada](#), in 2023 new apprenticeship registrations and certifications (excluding Alberta) were up 8% to 70,521 and surpassed the 65,967 recorded in 2019. However, the 42,021 issued trades certifications remained below pre-pandemic levels.

Also according to Statistics Canada, in 2022 the median employment income of [newly certified journeypersons](#) one year after certification was up 1% to \$56,580 compared with the previous year. However, several trades (ironworkers, early childhood educators) have yet to recover to pre-pandemic median employment income levels.

British Columbia

British Columbia's [2024 Labour Market Outlook](#) (LMO) estimates more than one million job openings over the next decade, up by 122,000 compared with the 2023 LMO. Of these job openings, 449,000 will result from economic growth, and the remainder will replace retiring workers. As well, 105,300 job openings are expected in the trades. By 2034, employment is projected to reach 3.3 million, up from 2.8 million in 2024.

Measures announced in British Columbia's [Budget 2025](#) and/or introduced in the [Budget Measures Implementation Act, 2025](#) include extending the training tax credit for First Nations apprentices and apprentices with disabilities, until the end of 2028; and continuing the enhanced tax credit for individuals who complete level 1 or level 2 of an eligible apprenticeship program, even after the federal Apprenticeship Incentive Grant program ends.

Alberta

Alberta's has [announced](#) new funding for:

- New apprenticeship and adult learning initiatives
- Expanded early learning and childcare programs
- New incentives for small and medium-sized firms through the Innovation Employment Grant

Alberta will fund a [pilot program](#) to address skill shortages in high-demand sectors such as aviation, aerospace, construction and tech. The government will partner directly with industries to identify skill

gaps and create targeted training solutions. The program is open to employers and industry associations operating in the province or supporting Alberta employers and workers.

Saskatchewan

Amendments to the *Income Tax Act, 2000* (see Bill 1) have increased the maximum lifetime amount of Graduate Tuition Tax Credits an individual may claim, from \$20,000 to \$24,000.

Saskatchewan will provide new funding to support **skills training programs and services** for unemployed or underemployed persons, northern communities, and **healthcare workers**, including by creating additional apprenticeship spaces.

Various changes to the **Saskatchewan Immigrant Nominee Program** will be implemented, including prioritizing approvals for certain overseas candidates. Nominations in other sectors will be capped at 25% of total annual nominations.

Manitoba

Bill 47, *The Fair Trade in Canada (Internal Trade Mutual Recognition) Act* has been **introduced**. It is based on mutual recognition rules recently proposed in Ontario (see below) and would remove trade barriers for goods and services within Canada.

Prospective **Manitoba Provincial Nominee Program** candidates whose work permits expired in 2024 or expire in 2025 can now apply for a two-year work permit extension.

Manitoba will provide **new funding** to recruit and retain frontline health care workers, ensure faster approval of provincial nominee applications, and expand \$10-a-day child care.

Ontario

Bill 2, *Protect Ontario through Free Trade within Canada Act*, and a supporting **regulatory proposal** have been introduced to allow the government to remove labour mobility barriers, reduce administrative burdens and simplify the movement of certified workers across Canada. By expanding labour mobility with new “As of Right” rules, Ontario will allow certified workers from other provinces and territories to begin working before they complete a streamlined registration process. In addition, more regulated health professionals in good standing could begin practicing while they wait for registration in an Ontario regulatory college. As part of this effort, the government has signed memoranda of understanding with **Manitoba**, **Nova Scotia** and **New Brunswick**, and will begin **consultations** to allow American health professionals, including doctors and nurses, to be included under these new “As of Right” rules. A related **regulatory proposal** has also been released.

Ontario has announced new **general funding** to further support workers in the skilled trades, and **separate funding** to train automotive workers.

Québec

Québec has **amended** the *Taxation Act* to eliminate the refundable tax credit to retain experienced workers, effective for employer contributions made after March 13, 2024, and has introduced separate **amendments** to repeal tax holidays for foreign researchers, experts and specialists (often

working in the financial services sector) as of March 26, 2025; and to adjust, for the 2025 taxation year, the [non-refundable tax credit for career extension](#) so that the age to eligibility is increased from 60 to 65 years, and the eligible work income amounts, reduction threshold and reduction rate are all increased. Québec has also [announced](#) that it will further amend its tax legislation to:

- Amend provisions relating to financial assistance for tuition fees (adult basic education), as of the 2026 taxation year
- Amend the tax credit for childcare expenses so that it will be available to parents of children under age 14 (down from age 16) as of the 2026 taxation year
- Repeal the tax credit for salaries (R&D) as of a taxation year or fiscal period beginning after March 25, 2024
- Repeal the refundable tax credit (tax shield) implemented in 2016 to render work effort more appealing for low- and middle-income households, as of the 2026 taxation year

New Brunswick

New Brunswick has passed [amendments](#) to the *Fair Registration Practices in Regulated Professions Act* to allow eligible applicants to begin working in the province once the relevant New Brunswick regulatory body receives proof of registration in the same or similar profession in another Canadian jurisdiction, thus reducing the associated wait time.

New Brunswick has also signed [memoranda of understanding](#) on free trade and labour mobility with Ontario and Newfoundland and Labrador.

Nova Scotia

Nova Scotia has [passed](#) the *Free Trade and Mobility within Canada Act* which grants recognition to service providers and licensees certified or licensed outside Nova Scotia if they are in good standing with no outstanding complaints in a reciprocating province.

Nova Scotia has also announced [new funding](#) to:

- Maintain tax refunds for workers under age 30 in high-demand occupations
- Increase participation and retention of women in the skilled trades
- Help Nova Scotians on Income Assistance develop job skills
- Create 3,244 paid internships

Newfoundland and Labrador

To incentivize entry into the skilled trades, Newfoundland and Labrador has [eliminated](#) 10 fees for apprentices and trade qualifiers, effective April 1, 2025.

Prince Edward Island

[Amendments](#) to the *Interprovincial Trade & Mobility Act* have been introduced to eliminate unnecessary barriers to trade and labour mobility by requiring [expedited licensing and certification](#) for regulated professionals and other individuals coming from reciprocating jurisdictions (excluding regulated health professionals, lawyers or other professionals where there are significant differences in scope, education or training requirements among provinces).

Prince Edward Island has announced [new funding](#) to hire more internationally trained registered nurses, and support worker reskilling and upskilling.

Ombudsman for Banking Services and Investments

Effective [November 1, 2024](#), federally regulated banks must be members of the Ombudsman for Banking Services and Investments, an independent, not-for-profit organization that provides a fair and impartial process for consumers whose complaints have not been resolved to their satisfaction or dealt with in a timely manner (see our [Client Advisory](#) dated November 14, 2022).

Québec Charter of the French Language

In 2022, Bill 96 amended the *Charter of the French Language*, introducing new requirements for businesses and workplaces in Québec (see our [Client Advisory](#) dated June 27, 2022). As of June 1, 2025, companies employing between 25 and 49 persons are subject to the Charter's francization process and must register with the Office québécois de la langue française.

Artificial intelligence

The World Economic Forum has released its [Future of Jobs Report 2025](#), according to which the three fastest-growing jobs are big data specialists, fintech engineers, and artificial intelligence (AI) and machine learning specialists. Over 85% of respondents expect AI and information processing technologies to transform their business by 2030, while robots and automation are forecast to displace 5 million more jobs than they create. The Forum has also released a [Pledge for a Trustworthy AI in the World of Work](#).

Both [Manitoba](#) and [Newfoundland and Labrador](#) have established AI training initiatives to help small- and medium-sized businesses enhance productivity through AI adoption.

Inclusion and diversity

Diversity disclosure

Federal

The federal government has released draft regulations to implement diversity disclosure requirements in the [banking](#), [insurance](#), and [trust and loan](#) sectors. Distributing (i.e., publicly listed) companies would have to disclose the number and percentage of directors and senior management (seven prescribed office holders) who are members of four designated groups under the *Employment Equity Act* (women, Indigenous peoples, persons with disabilities, and visible minorities). They would also have to provide a description of:

- Term limits or other mechanisms of board renewal

- Written policies relating to identification and nomination of directors from designated groups
- How the board considers the level of representation of each designated group when nominating directors or appointing senior management
- Board and senior management targets for each designated group

Canadian Securities Administrators (CSA)

The CSA are **pausing work** on amendments to existing diversity-related disclosure requirements. However, non-venture issuers must still provide disclosure regarding representation of women on boards and in executive officer positions based on existing National Instrument 58-101. CSA will monitor domestic and international developments regarding diversity-related disclosures and expects to revisit this project in future years to finalize requirements for issuers. Further information and guidance will be provided as appropriate.

Ontario Securities Commission

The Ontario Securities Commission is exploring **potential changes** to diversity-related disclosure requirements, and continues to work toward a harmonized national disclosure framework.

Disability developments

According to **Statistics Canada**, from 2023 to 2024 employment rates among persons with disabilities fell by 0.7% to 46.4%, with the steepest declines experienced by women and young men, while the gap in average hourly wages between employees with and without disabilities widened from \$1.91 to \$2.22. However, the former also experienced improved access to paid sick leave, medical or dental insurance, and paid vacation leave. Meanwhile, last year 59% of persons with disabilities or long-term conditions experienced a **labour market-related barrier to accessibility**.

The Disability Inclusion Business Council has released its **Final Report**, which addresses topics such as workplace culture, inclusive design, accommodations, recruitment and career development, artificial and assistive technologies, and measuring success. It recommends that employers ensure fully inclusive environments by, for example:

- Ensuring job descriptions and postings align with accessible and inclusive best practices
- Ensuring existing training and work experience programs are inclusive and accessible by design
- Implementing paid internships for persons with disabilities
- Providing managers with related training
- Leveraging disability organizations, agencies, resource groups and other experts to access tools and best practices in recruiting, supporting and advancing employees with disabilities

Wage and employment gap trends

According to recently released data from Statistics Canada:

- In 2024 the [income gap](#), or difference in the share of disposable income between households in the top 40% and the bottom 40% of the income distribution, increased by 0.5% to a high of 47.1%, compared with 39.7% in 2020
- Between 2019 and 2021 [gender earnings ratio estimates](#) by population group among individuals aged 25 to 64 showed little change from the 2016 estimates, save for temporary effects of the COVID-19 pandemic; as such, more data is needed on the longer-term evolution of within-population-group gender earnings ratios since 2016
- In 2023 [median wage for women](#), at \$41,640, was 76% of that for wage men, a slight increase over the previous year's ratio of 74.8%; however, in 2022 the median wage gap in the first year after admission between immigrant men and women was 24.4%, down from 36.7% in 2012
- [Real median entry wage](#) of newcomers in 2022 increased by 6.7% to \$42,900 and remained consistent with increases over the previous 10 years, despite a drop of 1.6% in the overall real median wage of Canadians that year, due primarily to an increase in the proportion of immigrants with pre-admission Canadian work experience; nevertheless, the earnings gap for immigrants relative to Canadian-born workers remains statistically significant for at least 10 years after arrival (based on 2021 statistics)

Labour market participation among working-age mothers with young children increased to 79.6% in 2023, from 75.8% in 2019. The federal government attributes this in part to its [\\$10-a-day early learning and child care initiative](#).

Discrimination in employment

The New Brunswick Human Rights Commission has released a [Guideline on Race Discrimination](#) to help employers and others eliminate racially discriminatory policies and systems, and remove barriers faced by racialized persons. Topics include:

- Race discrimination in employment, cultural differences, and single or isolated comments
- Circumstantial evidence
- Racially poisoned work environments
- Systemic remedies
- Duty to accommodate

Case law

Reasonable notice and components of damages

The Supreme Court of Canada has denied leave to appeal in [Furtado v. Lloyd's Underwriters](#) and in [Egan v. Harbour Air Seaplanes LLP](#). As a result, the Ontario and British Columbia Court of Appeal decisions (respectively) are now final. For details of each, see our [Client Advisory](#) dated November 21, 2024.

In *Boyer v. Callidus Capital Corporation*, the Ontario Court of Appeal dismissed the employer's appeal and confirmed a lower court decision awarding Boyer damages representing accumulated but unpaid vacation pay, earned but deferred bonus payments, and stock options. The Court of Appeal also rejected the argument that a finding of after-acquired just cause (as alleged by Callidus but rejected by the lower court) obviates an employer's statutory obligation with respect to unpaid vacation pay, which in this case totaled \$93,000. For further details of the lower court decision, see our [Client Advisory](#) dated June 3, 2024.

In *De Castro v. Arista Homes Limited*, the Ontario Court of Appeal upheld a lower court decision that termination provisions in the parties' employment contract were void, because the for-cause termination provision purported to define "cause" more broadly than in the *Employment Standards Act, 2000*. As a result the plaintiff, a 49-year old store manager, was not bound by the without-cause termination provision, and received eight months reasonable notice after five years of service (instead of four weeks). According to the Court, if "the language of the agreement violates the law, it is no answer for the employer to say that it did not intend this result. Were it otherwise, it would be an easy matter for an employer, by asserting such intention, to inoculate a contract from judicial review."

In *Graceffa v. Ivanhoé Cambridge inc.*, the Quebec Court of Appeal upheld the Caisse's right to terminate Graceffa's employment for cause, but also his right to certain bonus payments for the year prior to termination. For details of the lower court decision, see our [Client Advisory](#) dated June 3, 2024.

In *Kirke v. Spartan Controls Ltd.*, the employee participated in a Shareholder Profit Sharing Program which allowed participants to purchase shares in Spartech, Spartan's parent company, and receive annual payments based on company profit. However, under a separate Unanimous Shareholder Agreement (USA), Spartech could buy back Kirke's shares at any time on 90 days' notice. At the same time Kirke's employment was terminated by Spartan, Spartech provided notice and paid him the market value of his shares, but no further payments. The trial judge awarded Kirke 20 months' reasonable notice. The Alberta Court of Appeal also confirmed that, as Spartech provided the required 90-day notice under the USA, payments were only required for that period, not for the longer common law reasonable notice period. Finally it held that, based on the Supreme Court of Canada decision in *Matthews v. Ocean Nutrition Canada Ltd* (see our [Client Advisory](#) dated October 26, 2020), since the Agreement had unambiguously limited Kirke's right to compensation for loss of Program payments during the reasonable notice period, there was no unilateral act by Spartan that breached an essential term of Kirke's employment agreement. As employees participating in the Program had always been required to sell back their shares to Spartech on termination, Kirke had no reasonable expectation that he would not be required to do so also, when and if his employment was terminated.

In *Preston v. Cervus Equipment Corporation*, Preston settled his wrongful termination action for \$100,000 and signed a release acknowledging he had no entitlement or claim to any bonus, share award, stock option, deferred share or similar incentive plan. Later, Preston sued Cervus for refusing to pay \$76,000 representing the value of his vested stock options. Although successful at trial, the employer's appeal was allowed. According to the Ontario Court of Appeal, the Settlement

Documents were clearly “intended to be final and bring an end to the parties’ relationship and obligations.” Neither was it the “province of a judge interpreting minutes of settlement to evaluate the economic benefits conferred under the settlement, absent a party being under disability”. The Supreme Court of Canada [dismissed](#) Preston’s application for leave to appeal on May 15, 2025.

In [Brown v. General Electric Canada](#), the Manitoba Court of Appeal upheld a lower court decision awarding Brown a \$133,000 bonus payment under the parties’ Retention Bonus Agreement but not, despite his constructive dismissal, a \$60,000 bonus under GE’s variable incentive compensation (VIC) plan. Under the plan terms, GE had broad discretion to change, modify or withdraw the plan unilaterally, including in the event of a change in ownership, which occurred when GE sold its business to Wabtech. As part of this sale, GE exercised its discretion to make payment of the 2018 VIC bonus conditional on Brown’s acceptance of Wabtech’s offer of continued employment. Brown failed to meet that condition when he rejected Wabtech’s offer.

Mitigation

In [Maximenco v. Zim](#), the Ontario Superior Court of Justice awarded a 59-year old senior manager with 21 years of service, 24 months reasonable notice on termination without cause (the common law maximum barring exceptional circumstances). There was no failure to mitigate, as Maximenco had applied for over 70 positions. The Court’s award included a bonus component based on a three-year average of her bonuses earned prior to termination, in accordance with the Ontario Court of Appeal decision in [Celestini v. Shoplogix Inc.](#) (see our [Client Advisory](#) dated June 12, 2023) subject to a 23.5% discount because no bonuses were paid in the year of termination.

In [Pateman v. Koolatron Corporation](#), the Ontario Court of Appeal confirmed a lower court award of 24 months reasonable notice (the common law maximum barring exceptional circumstances) in favour of a former employee terminated without cause after 30 years of service. However, the Court of Appeal reversed the lower court’s three-month deduction for failure to mitigate. Although it agreed that Pateman’s post-termination job search was “half-hearted”, greater effort would not have resulted in mitigating employment because there were no such opportunities near his home.

Allowable expenses in computing income

In [Rosen v. The King](#), the Tax Court of Canada confirmed that section 8 of the federal *Income Tax Act* does not permit an employee to compute income using a method other than the cash method (i.e., reporting income and deducting most expenses in the fiscal period they are received or paid). As a result, the employee could not deduct expenses incurred in 2012 against commission income earned in 2013.]

Remote work

In [Syndicat québécois des employés de Telus, section locale 5044 - SCFP and Telus Communication inc. \(policy grievance\)](#), a federal labour arbitrator refused the union’s request for an interim order requiring Telus to suspend application of its return-to-office initiative (mandating a physical presence at least three days per week) pending final determination of the union’s grievance. The Union could not demonstrate that the telework provisions of the parties’ collective agreement

disclosed a *prima facie* entitlement. Neither could any prejudice that employees might suffer not be compensated through an award of damages after a full hearing. Prior to the interim hearing, the union withdrew its corollary request that Telus reinstate any persons who left their job as a result of the return-to-office initiative, including those who had accepted severance.

For more information

This Advisory is not intended to constitute or serve as a substitute for legal, accounting, actuarial or other professional advice. For information on how this issue may affect your organization, please contact your WTW consultant, or:

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