

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

November 20, 2025

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Executive compensation and governance

CCGG developments

According to the Canadian Coalition for Good Governance (CCGG), public company boards are responsible for establishing and independently verifying compensation philosophy, setting performance targets and assessing performance against these targets, while giving due consideration to the perspective of company shareholders when designing compensation plans. CCGG has released a new [Executive and Director Compensation Guidebook](#), which provides an institutional investor perspective on topics that are relevant to the Canadian market, such as:

- Executive compensation structure: A significant portion of executive pay is at-risk and tied to performance
- Performance metrics and targets: Compensation should be linked to metrics that are within management control and drive long-term and sustainable shareholder value creation
- Risk mitigation policies: CCGG continues to encourage boards to implement policies to minimize compensation-related risks, such as anti-hedging and anti-monetization policies, broad clawback policies, and share ownership policies
- Target compensation: CCGG encourages boards (and compensation committees) to take an active role in selecting the organizations that comprise defined peer groups used for sourcing executive talent and setting target compensation. They also suggest that the quantum of compensation offered to executive officers be determined within the context of the organization as a whole and justified primarily by company-specific factors such as size, complexity and, most importantly, a company's and an officer's past performance
- Non-executive director compensation: Non-executive board members should take at least 50% of their total director compensation in the form of common shares or full value, share-based awards such as deferred share units (DSUs)

Say-on-pay vote results

The 2025 proxy season marked the 16th year of voluntary say-on-pay in Canada. Overall, results saw a slight improvement over the prior year, with average shareholder support at 92% (same as in 2024).

Three companies in 2025 received less than 50% shareholder support (versus five in 2024), with pay-for-performance misalignment and problematic pay practices likely factors in the voting results. The vast majority of issuers received support above 80%, generally indicating alignment between disclosed executive compensation levels and overall company performance. Highlights of the 2025 proxy season, according to a WTW analysis as at September 19, 2025, include:

- 256 companies adopted say-on-pay (compared to 258 in 2024 with the decline in companies due to some issuers being delisted), including 53 constituents of the S&P/TSX 60 Index and 167 constituents of the S&P/TSX Composite Index
- Among the total sample, 244 companies held a vote this year up to September 19th (compared to 247 in 2024)

2024		2025
258 / 247	Number of companies / number of votes held	256 / 244
92%	Average shareholder support	92%
3% (7)	ISS say-on-pay “against” vote recommendation	2% (6)
2% (5)	Failure rate (less than 50% shareholder support)	1% (3)

Climate disclosures

The Canadian Sustainability Standards Board has [finalized CSDS 1 and CSDS 2](#), plus a related Criteria for Modification Framework. It has also released a new Guide on how to adopt a climate-first approach in sustainability reporting. Note that the Canadian Securities Administrators have paused work on developing a new mandatory climate-related disclosure rule (see our [Client Advisory](#) dated May 30, 2025).

Securities developments

According to Toronto Stock Exchange (TSX) [Staff Notice 2025-0002](#), stock options, rights and other entitlements (Options) granted up to three months before the filing of a preliminary prospectus for an initial public offering should generally be priced at or above the offering price, failing which the Options will likely have to be cancelled, forfeited or re-priced to the offering price as a condition of listing. However, TSX may consider accepting Options with an exercise price that is below the offering price, if the relevant securities have been issued at that lower price pursuant to a recent material financing to arm's length parties.

The **maximum amount** for certain fines under the *Securities Act* has been increased from \$5 million to \$10 million, effective June 5, 2025. This includes fines against a director or officer of a company who authorizes, permits or acquiesces in the commission of an offence.

Accounting developments

The Accounting Standards Board (AcSB) has released **Detailed Review of Accounting Standards for Private Enterprises** (Consultation Paper). In this Consultation Paper, “private enterprises” refers to companies that are not publicly traded. As no changes are proposed with respect to measuring employee stock options and other equity instruments in stock-based compensation (issue 10), entities would continue to measure equity instruments issued to employees and the cost of services received based on their fair value. The Consultation Paper also notes that:

- It is often challenging to determine the fair value of employee stock options for private enterprises, because it is difficult to determine some of the inputs to the valuation model
- Employees receiving stock-based compensation would require alternative compensation (e.g., cash or other benefits) if they did not receive stock-based compensation
- Stock-based compensation plans could result in cash payments by the entity to an employee

The Consultation Paper also notes that some private enterprises include significant termination benefits in employment contracts with executives, and that some startup companies include significant termination benefits in employees’ contracts (not necessarily executives) to manage cash flows in their early stages. The AcSB is therefore proposing that the amount of any termination benefit would continue to be a liability on the balance sheet, and to review the drafting requirements for termination benefits for readability and understandability. It will also develop guidance on the requirement to accrue termination benefits to encourage compliance.

Work, rewards and careers

Pay transparency

British Columbia

On November 1, 2025, employers in British Columbia with between 300 and 999 employees had to file their first annual pay transparency reports. For details of the *Pay Transparency Act* and its Regulation, see our **Client Advisory** dated December 21, 2023. Starting next year, all British Columbia employers with 50 or more employees must file an annual report.

Ontario

On January 1, 2026, employers in Ontario with 25 or more employees must meet certain content requirements in all publicly advertised job postings. For details, see our **Client Advisory** dated January 23, 2025.

Minimum wage increases

Effective October 1, 2025, the hourly minimum wage increased in:

- [Saskatchewan](#) from \$15.00 to \$15.35 (at which time automatic annual indexation, suspended in 2022, was re-instated)
- [Manitoba](#) from \$15.80 to \$16.00
- [Ontario](#) from \$17.20 to \$17.60
- [Nova Scotia](#) from \$15.70 to \$16.50
- [Prince Edward Island](#) from \$16 to \$16.50

Effective September 1, 2025, Manitoba [amended](#) *The Construction Industry Minimum Wage Regulation* to:

- Update the minimum wage rates for the industrial, commercial and institutional, and heavy construction sectors for 2025, 2026, and 2027
- Add a new Trainee 3 level to all Skilled Tradespersons wage schedules
- Update and modify the classification of trades descriptions for the Heavy Construction sector

The Regulation was last amended in 2022 (see our [Client Advisory](#) dated November 14, 2022).

Employment/labour standards developments

Federal

As set out in Federal [Budget 2025](#), the *Canada Labour Code* (Code) will be amended to restrict the use of non-compete agreements in employment contracts for federally regulated businesses.

According to the government, this will protect workers' rights, promote labour mobility, strengthen competition, and empower workers to move to a higher-paying job or start their own business. The federal government will also consult with workers and employers on increased penalties for federally regulated employers who commit wage theft.

Draft regulations supporting the [right to disconnect](#) (RTD) under Part III of the Code will be released early next year. Employers will have one year after the coming into force of the statutory and regulatory changes to comply with the new provisions and develop their internal RTD policies. For details of the Code changes, see our [Client Advisory](#) dated June 3, 2024.

Effective [June 20, 2025](#), the *Code* and *Industrial Relations Board Regulations* were amended to provide an exception to the newly expanded prohibition relating to replacement workers, permitting their use to prevent serious damage to property and threats to public health or safety. Employers and unions must also now agree within 15 days after notice to bargain is issued to determine what work must be continued. If they cannot agree, the Canada Industrial Relations Board will decide instead. However, bargaining unit members must be offered the opportunity to perform the work. Employers

could be subject to fines of up to \$100,000 per day. For further details, see this [Backgrounder](#) and our [Client Advisory](#) dated December 21, 2023 (on earlier consultations).

British Columbia

A panel of advisors has [recommended](#) changes to the *Labour Relations Code*, including:

- Not to amend the definition of “employee” to include gig workers or managers, or the current provisions on successorship and common employers
- Clarify that union-employer consultation committees address technological change, including the use of Artificial Intelligence (AI) and Generative AI
- Clarify that a union that wants to continue health and welfare benefits during a strike can choose to continue some (and not all) benefits
- Ensure, where there is no physical site, that employees are given expressive rights consistent with the intent and purpose of picketing (in 2023, 25% of workers performed some work remotely)

Saskatchewan

[Amendments](#) to *The Saskatchewan Employment Act* with respect to leaves of absence, medical certificates, terminations, layoffs and other matters, will take effect on [January 1, 2026](#). For details of these amendments, see our [Client Advisory](#) dated May 30, 2025.

Manitoba

Effective June 3, 2025, Manitoba’s *Workplace Safety and Health Act* was [amended](#) to facilitate psychologically safe workplaces, permit wages lost due to a reprisal to be collected as unpaid wages, and permit related employers to be treated as a single employer.

Ontario

[Amendments](#) have been introduced to Ontario’s *Employment Standards Act, 2000* to permit extended lay-offs in certain circumstances (i.e., 35 or more weeks in any period of 52 consecutive weeks, but not 52 or more weeks in any period of 78 consecutive weeks). The *Occupational Health and Safety Act* would also be amended to authorize inspectors to impose administrative penalties for contraventions of or failures to comply with the latter Act, in prescribed amounts.

Employment Insurance (EI) developments

The federal government has introduced a [new temporary EI measure](#) increasing the number of weeks of income support for long-tenured workers, from 45 to 65 weeks, effective until April 11, 2026. It will also extend, until April 11, 2026, its earlier waiver of the one-week EI waiting period and suspension of treatment of monies paid on separation.

For details of other recent temporary EI measures, see our [Client Advisory](#) dated May 30, 2025.

Financial consumer protection

The Canadian Securities Administrators (CSA) have proposed an [updated framework](#) for Ombudsman for Banking Services and Investments (OBSI) dispute resolution. It would introduce external decision makers when a compensation amount above \$350,000 is sought. For details on the OBSI, see our [Client Advisory](#) dated May 30, 2025.

The Financial Consumer Agency of Canada (FCAC) has [released](#) its [Supervisory Highlight: Thematic Review on Complaint Handling](#) of small and medium-sized banks, which were identified as being at a higher risk of having issues with implementing the new complaint handling measures under the Financial Consumer Protection Framework (see our [Client Advisory](#) dated November 14, 2022). Areas of concern include that banks did not:

- Treat all expressions of dissatisfaction from consumers as complaints
- Always deal with complaints within the prescribed period of 56 calendar days after receipt
- Maintain adequate records

FCAC will monitor subject banks to ensure they comply with the complaint handling requirements

The Ontario Securities Commission and Canadian Investment Regulatory Organization (CIRO) have published [survey results](#) from 3,000 mutual fund dealing representatives at five bank affiliated dealers. Areas of concern include that 25% of representatives across banks had recommended products or services that were not in their clients' interests at least "sometimes", while 40% believed scorecards (that track performance against target measures, including sales targets and/or activity-based targets) can influence product and service recommendations; one-third of representatives also provided incorrect information about recommended products and services.

CIRO will also draft rule amendments to implement an [incorporated advisor compensation option](#), subject to approval by the CSA. The proposed amendments would promote greater investor access to regulated advice by permitting a more viable compensation approach for sponsored advisors, and harmonize allowable compensation options available to individual advisors sponsored by investment dealers and mutual fund dealers.

CIRO has released its [2024-2025 Enforcement Report](#), which includes data on complaints, investigations, prosecutions, completed enforcement proceedings, and fines (including costs and disgorgement).

For further details on CIRO, including last year's Enforcement Report, see our [Client Advisory](#) dated November 21, 2024.

Accessibility and disability developments

General

According to Statistics Canada, after adjusting for differences in characteristics, in 2022 the job tenure of [employees with disabilities](#) was in line with that expected given their age, gender and

sector of employment. However, job tenure was lower than expected for employees with developmental, learning or mental health-related; for employees with non-episodic disabilities; and for employees with severe or very severe disabilities.

Federal

Accessibility Standards Canada (ASC) has revised its [Employment Standard](#) to clarify certain requirements and include new requirements for removing and preventing employment-related accessibility barriers, and meeting individual employee needs (accessibility support systems). Also included are three new Annexes that provide background to the Standard, context on lived experiences with disability, and practical guidance for integration into existing policies.

ASC has also published its new [Plain Language Standard](#), an optional, equity-based standard to help organizations identify their intended audience, and remove barriers by ensuring communications are in plain language in terms of wording, structure and design.

The federal Chief Accessibility Officer has released the [second report on outcomes](#) achieved under the *Accessible Canada Act* (ACA). The Report deals with employment and is based on a review of accessibility plans and progress reports of 117 federally regulated enterprises (FREs). It notes that employment is generally not more accessible to persons with disabilities since the ACA came into force in 2019, especially in the private sector. For example, persons with disabilities are still less likely to be employed, to have a full-time job, or to have an income above \$80,000. Other reported barriers relate to recruitment, disability benefits, and responses to accommodation requests. To advance accessibility in employment, the Report recommends:

- Creating a centralized centre of excellence to raise awareness, provide supports and help build capacity for FREs and the public
- Standardizing the requirements for FRE accessibility plans and progress reports
- Aligning accessibility-related definitions in all federal laws
- Developing national-level supports to improve disability inclusion

The federal government is providing new funding to [support women with disabilities](#) participate more fully in the workforce through training opportunities and employer engagement. In 2024, 59% of persons with disabilities or long-term conditions experienced a labour market-related barrier to accessibility, either at work or during the hiring process. In 2022, 43% of women had a severe or very severe disability, versus 39% of men.

Alberta

Alberta has launched [consultations](#) on a new Disability Assistance Program (ADAP) which will help persons with disabilities pursue job opportunities while continuing to receive government supports. Topics addressed will include program eligibility; benefits, income and asset exemptions; and employment supports and expectations. When implemented, Albertans on ADAP will be able to earn higher incomes while receiving benefits.

Labour mobility, recruitment and training

Federal

The federal government has passed [Bill C-5](#), the *One Canadian Economy Act*. It will establish a framework through the *Free Trade and Labour Mobility in Canada Act* (Act) to remove federal barriers to interprovincial trade, and improve labour mobility. In the case of workers, it provides for the recognition of provincial and territorial authorizations to practice occupations, and for the issuance of comparable federal authorizations.

The government has also concluded [consultations](#) on regulations needed to bring the Act into force. With respect to labour mobility, they would specify what makes federal requirements comparable to existing provincial and territorial requirements, as well as potential exceptions to protect the health, safety and security of Canadians, their social and economic well-being, and the environment. The criteria that should be used to assess comparability (i.e., outcome-based, level of public protection, enforcement mechanisms) will be set out. The federal government will also work with provinces and territories to improve the fairness, transparency, timeliness and consistency of [foreign credentials recognition](#), with a focus on health and construction sectors, and has announced new funding to:

- Provide [training](#) and [settlement services](#) to assist mid-career, long-tenured workers affected by US tariffs and global market shifts, as well as underrepresented groups; and help fill vacancies in high demand sectors such as health care and skilled trades
- [Encourage apprenticeship](#) and help apprentices, journeypersons and other workers acquire green skills and address competency gaps ([eligible organizations](#) include: for-profit organizations; not-for-profits; provincial, territorial and municipal governments, agencies and institutions; Crown corporations; and Indigenous organizations)
- [Modernize the Job Bank](#) (Canada's official national employment service) by launching a new online training platform, including integrated artificial intelligence (AI), automatically enrolling Employment Insurance claimants into advanced job matching services, and requiring that all job postings disclose salary details and employer use of AI in the job selection process (similar disclosure requirements will take effect in Ontario on January 1, 2026 – see our [Client Advisory](#) dated January 23, 2025)

Federal [Budget 2025](#) announced that the government will accelerate the transition of up to 33,000 work permit holders to permanent residency, launch a targeted initiative to recruit over 1,000 highly qualified international researchers, and establish an accelerated pathway for US H1-B visa holders.

In fiscal year 2024-2025, Employment and Social Development Canada conducted 1,435 [compliance inspections under the Temporary Foreign Worker Program](#) (TFWP) through which 10% of employers were found to be non-compliant. Penalties increased to \$4.9 million, while 36 employers were banned from the Program. For TFWP inspection details during the previous fiscal year, see our [Client Advisory](#) dated May 30, 2025.

British Columbia

According to British Columbia's latest [Labour Market Outlook](#), between 2025 and 2035:

- More than 1 million job openings will be posted in the province, increasing employment by 1.2% per year on average, from 2.9 million to 3.3 million positions
- Slower population growth due to reduced immigration will affect labour supply, with reduced demand for workers in certain sectors
- Five key industries will generate 58% of all job openings: health care and social assistance; professional, scientific and technical services; retail trade; construction; and finance, insurance and real estate
- 77% of job openings and every high-opportunity occupation will require some type of post-secondary education and training, or previous experience

Saskatchewan

[Bill 24](#), *The Saskatchewan Internal Trade Promotion Act*, has been introduced to enable [mutual recognition](#) of goods and services. As a result, similar regulatory requirements in other provinces and territories would be considered acceptable in Saskatchewan.

Manitoba

Manitoba has [designated](#) four provinces as reciprocating jurisdictions under *The Fair Trade in Canada (Internal Trade Mutual Recognition) Act*. As a result, the mutual recognition rules under the Act apply to the goods and services of British Columbia, New Brunswick, Nova Scotia and Ontario, effective July 1, 2025.

Ontario

Effective [January 1, 2026](#), new “as of right” rules will apply to over 50 regulatory authorities and 300 certifications (see our [Client Advisory](#) dated May 30, 2025). As a result, Canadians in certified professions will be able to begin working in Ontario within 10 days once credentials and requirements are confirmed by the regulator (down from up to six months before being registered and able to start a job), helping employers fill critical gaps faster and boost productivity.

Ontario will also create up to 4,000 [new apprenticeship training seats](#) each year, and has launched the [sixth round](#) of its [Skills Development Fund](#) (SDF) Training Stream to support hiring, training and upskilling of workers in manufacturing, health care, construction, automotive and other skilled trades.

Québec

Québec [Bill 99](#) (2025 Budget Bill) has received Assent and will amend the non-refundable tax credit for career extension, and various tax holidays on the recruitment of specialized employees, as set out in our [Client Advisory](#) dated May 30, 2025.

New Brunswick

The federal government and New Brunswick have negotiated an [increased immigration allocation](#). The province will now receive 4,250 permanent resident nominations this year, up from 1,500, with all additional nominations allocated to the Provincial Nominee Program. Due to continued demand for workers in priority sectors, New Brunswick will focus its nominations on health, education and construction trades.

Nova Scotia

To [facilitate labour mobility](#), Nova Scotia now automatically recognizes provincial certifications from Alberta and Québec for professionals in Red Seal skilled trades. As a result, tradespeople certified in those provinces can work in Nova Scotia without further applications or approvals, even without a Red Seal endorsement. The government has also eliminated the five-year certification renewal requirement for journeypersons in most compulsory trades.

Newfoundland and Labrador

Newfoundland and Labrador's [Fair Registration Practices Act](#) and supporting regulations came into force on August 25, 2025 (see provincial [Gazette Part I](#) dated August 29, 2025, starting at page 711). The legislation governs how applicants to 17 regulatory bodies who were educated internationally or who are registered with a similar body elsewhere in Canada can practice their profession in the province.

Newfoundland and Labrador has also [announced](#) new funding to support women apprentices, and a new Online Journeyperson and Apprentice Registry to improve labour mobility and credentials verification.

Tariffs relief

According to Statistics Canada, [tariff exposed industries](#) – such as pipeline transportation, rail transportation, oil and gas extraction, chemical manufacturing, and computer and electronic product manufacturing – generally involve high quality jobs that may be challenging to replace (i.e., unionized, full-time permanent, and with access to employer-sponsored pension plans). Meanwhile, in 2023 and 2024 [workers in tariff exposed industries](#) tended to be male (especially if in single-earner couples), older, born outside Canada, and without a bachelor's degree or higher.

To further support the steel sector, the federal government has revised the terms of its Large Enterprise Tariff Loan Facility (LETLF, see our [Client Advisory](#) dated May 30, 2025) to enable the Canada Enterprise Emergency Funding Corporation (CEEFC) to provide targeted support for the sector. These changes include:

- Reducing the proposed initial interest rate from CORRA + 400 basis points to CORRA + 200 basis points
- Reducing the minimum annual revenue criterion from \$300 million to \$150 million
- Reducing the minimum loan size criterion from \$60 million to \$30 million

- Extending the loan maturity from five to seven years
- Enabling CEEFC to hold equity in companies
- Requiring companies to prioritize worker retention

Ontario-based businesses in various sectors, including the steel, aluminum and auto sectors, that are facing tariff-related challenges including payroll, will be able to access a new [Protect Ontario Financing Program](#). This will help businesses avoid closures and layoffs, and will be in addition to federal government supports such as the LETLF. Applicants will face rigorous assessment and due diligence to determine eligibility.

Eligible businesses and organizations in [southern Ontario](#) and the [Prairie provinces](#) can now apply for support through the federal government's Regional Tariff Response Initiative. Priority may be given to applicants in sectors experiencing higher tariff impacts or industries providing significant local or regional economic benefits. Projects must have commenced after March 20, 2025, and be completed by March 31, 2028, with costs retroactively eligible up to 12 months before application. Eligible costs can include labour, consultancy fees, training, and participation in networking or mentoring events.

Ontario will [expand training and employment services for workers affected by US tariffs](#) by providing access to training, upskilling and employment services, and expanding access to vocational and skills training for in-demand jobs, especially for those facing challenges finding stable work (like youth and people on social assistance).

Artificial Intelligence in the workplace

According to the [Brookings Institution](#), although employers who introduce AI in the workplace may be more likely to retain workers than lay them off, early-career roles and learning opportunities for younger workers could become scarce.

According to [WFH Research](#), the option to work remotely two days a week is highly valued (equivalent to 8% of wages on average) and concentrated among better-educated and higher-income workers. However, it is also associated with lower wage growth, which fully offsets this benefit. Consequently, the shift to remote work has resulted in no significant change in overall inequality, but rather a substantial increase in average compensation across the board.

Wage Earner Protection Program

According to [Unifor](#), the wage cap under the federal Wage Earner Protection Program (WEPP) – seven times the maximum weekly insurable earnings under the *Employment Insurance Act*, or \$8,844.22 for 2025 – is far below negotiated severance entitlements and inadequate to meet terminated workers' needs. The union therefore continues to call for raising the wage cap and other reforms to federal insolvency laws including expanding super-priority protections, imposing liability on directors for unpaid compensation, and creating a mechanism to ensure workers are made whole

through trust-held funds or federal guarantees. For details of the WEPP and recent Program changes, see our [Client Advisory](#) dated November 10, 2021.

In *Attorney General of Canada c. Valeo Pharma inc.*, the Québec Court of Appeal granted leave to appeal sought by the Attorney General of Canada from a lower court decision that the *Wage Earner Protection Program Act* applied to former employees of corporations restructuring pursuant to a reverse vesting order under the *Companies' Creditors Arrangement Act*. The Court distinguished its recent decision in *Arrangement relative à Former Gestion Inc.* (see our [Client Advisory](#) dated November 21, 2024) in part because, in that case, all of the insolvent corporation's employees had been terminated, whereas in the present case only some employees were terminated.

Inclusion and diversity

Diversity disclosure

The federal government has released [Diversity of Boards of Directors and Senior Management of Federal Distributing Corporations – 2024 \(fifth\) annual report](#). It reviews 423 proxy circulars submitted by 494 distributing corporations that are required to disclose diversity information under the *Canada Business Corporations Act*, for meetings held in 2024 (i.e., women, Indigenous persons, racialized persons, and persons with disabilities). Metrics across 18 categories were either improved or unchanged compared to 2023, except for those indicating the percentage of:

- Corporations with at least one woman on the board of directors (down 1% to 58%)
- Corporations with at least one Indigenous person on the board of directors (down 1% to 2%)
- All board seats held by Indigenous persons (down 0.02% to 0.05%)
- Women holding senior management positions across all corporations (down 3% to 26%)
- Corporations that set board targets for representation of persons with disabilities (down 1% to 2%)
- Corporations that adopted written policies to identify and nominate Indigenous persons, racialized persons or persons with disabilities for their boards of directors (down 6% to 29%)

The Report also highlights key insights, and trends over the last five years.

Wage gap trends

The World Economic Forum has released its [Global Gender Gap Report 2025](#) which benchmarks gender parity across 148 economies. Canada's gender gap score was 0.767 (ranking 32nd) up from 0.761 (36th) in 2024 (the global gender gap score was 0.688). Canada is also one of only five economies that has a more supportive framework to promote gender equality (i.e., programs, institutions and policies) relative to its legal environment. The Report notes, however, that in many sectors globally top-level gains are outpacing mid-level promotions, risking the sustainability of balanced talent pipelines.

According to the federal government, [labour force participation of women](#) between the ages of 25 and 54 reached a record 85.1% in 2024, but women still earned only 87 cents for every dollar earned by a man. The gap was even wider for Black, Indigenous and racialized women.

According to Statistics Canada:

- The [income gap](#), defined as the difference in the share of disposable income between households in the top 40% and the bottom 40% of the income distribution, was 48.4% in the second quarter of 2025, the same level recorded a year earlier, which was also a record high
- Between 2006 to 2024 [average hourly wages](#) grew faster (after adjusting for inflation) among women (21.3%) than men (15.9%); however, in 2024 women, recent immigrants and those working in jobs that usually do not require formal education were more susceptible to earning less than the low pay threshold of \$20 per hour
- In 2024, the share of [women in the top 1% of tax filers](#) rose 0.8% from one year earlier, to 26.4%, while their average income increased by 0.4% to \$547,500; men in the top 1% saw their average income decrease 0.8% to \$627,000
- In 2020, [Black non-permanent residents](#) (NPRs) had a higher employment rate and median annual employment income (\$28,200) compared with Black populations overall, though the latter was similar to that of the total NPR population); however, Black NPRs also had the highest proportion of degree holders and were more overqualified than other Black populations
- In 2020, among full-time full-year employees aged 25 to 64, unadjusted earnings were highest at \$81,900 for men who were cisgender (i.e., whose reported gender corresponded to their reported sex at birth) compared with [gender diverse paid employees](#) (transgender men earned \$68,900; cisgender women, \$67,800; non-binary people, \$66,000; and transgender women, \$64,300); earnings gaps persisted after accounting for age and other sociodemographic and employment characteristics

Case law

Reasonable notice and components of damages

The Supreme Court of Canada (SCC) has [dismissed](#) the terminated employee's application for leave to appeal in *Kirke v. Spartan Controls Ltd.* As a result, the decision of the Alberta Court of Appeal is now final, and he is entitled to payments under the parties' shareholder profit sharing program for 90 days only, instead of for the 20-month reasonable notice period. For details of the Court of Appeal decision, see our [Client Advisory](#) dated May 30, 2025.

In *Wigdor v. Facebook Canada Ltd.*, the plaintiff founded Chatham Labs Inc. in 2011, which Facebook (now Meta) acquired nine years later. He continued as an employee with Facebook, as successor employer, but was terminated without cause after 3.25 years. The Ontario Superior Court of Justice (SCJ) held that various termination provisions in the parties' employment agreement were unenforceable and awarded Wigdor 10 months' reasonable notice at common law, taking into

account factors such as his age (44), the highly specialized nature of his work, and lack of comparable positions. However, the Court also determined that Wigdor was not entitled to the value of forfeited restricted share units (RSUs) that would have vested during the notice period. The relevant RSU agreements required a terminated employee to forfeit their RSUs “forthwith”, including any RSUs that would vest during a statutory notice period. The forfeiture language was enforceable and did not breach the *Employment Standards Act, 2000* (ESA). The Court also confirmed that wages and benefits under section 61 of the ESA do not include RSU entitlements.

In *Timmins v. Artisan Cells*, the Ontario SCJ held that, by failing to pay the three months severance stipulated in the parties’ employment agreement and by insisting on a broad release, the employer had repudiated the parties’ employment agreement when it terminated Timmins, who was therefore entitled to common law notice. The 44-year old executive vice president with 3.5 years of service received nine months reasonable notice on termination without cause, which was at the high end of the range due to his high level of remuneration (over \$475,000 per year) and because re-employment opportunities in his field of expertise were limited (Artisan was one of only five companies doing similar work in Canada). This included damages for a bonus that had already been partially earned. Both Artisan and its parent company were liable as joint employers, as the two entities “operated a common enterprise and acted interchangeably toward Timmins”.

In *Miller v. Alaya Care Inc.*, the Ontario SCJ held that, because the termination provision in the employee’s Offer Letter did not address any benefits and/or bonuses payable on termination, it was unenforceable and the 62-year old former VP Client Services with seven months service was entitled to 14 months reasonable notice at common law (whereas the Offer Letter would have limited her entitlement to four months only). In addition to a bonus component, her award included over \$90,000 for RSUs that had already vested, despite the employer’s position that, as a private company, its shares were not publicly traded and had no value on the open market.

In *Hoem v. Macquarie Energy Canada Ltd.*, the British Columbia Supreme Court (BC SC) awarded a 43-year old National Account Manager with 17 years of service, 19 months reasonable notice on termination without cause. Hoem’s annual base salary was \$100,000, but he also earned substantial commissions (his total compensation averaged \$657,652 between 2013 and 2022). Macquarie’s Commission Pay Plan restricted Hoem’s entitlement to pay in lieu of notice to a maximum of 52 weeks’ base salary, and excluded commission payments he would have earned during the notice period. As such, it breached the *Employment Standards Act* (ESA), and was void and unenforceable. Damages at common law were therefore assessed by averaging his income over the five years preceding termination, subject to certain adjustments. This resulted in an award of \$836,424. At termination, Hoem was also paid \$27,986.77, representing 73 days of accrued vacation, but only in relation to his base pay. However, vacation pay under the ESA must be based on “total wages” (including commissions). As a result, Hoem was awarded an additional \$106,329 for his partially unpaid vacation entitlement. For details of significant damages awarded for unpaid vacation entitlements in *Boyer v. Callidus Capital Corporation*, see our [Client Advisory](#) dated June 3, 2024. Finally, aggravated damages of \$35,000 were awarded, to compensate Hoem for Macquarie’s maintenance until trial of unfounded allegations of workplace use of intoxicating drugs, which potentially harmed his job search.

In *Cullain v. Wilcox*, the Ontario SCJ awarded a 62-year old Vice President of Operations with seven years of service 12 months reasonable notice on termination without cause, with no deduction for oppression remedy damages received under the *Canada Business Corporations Act* representing the buy-out of his minority interest in the parties' private company.

Constructive dismissal

In *Nunez-Shular v. Osoyoos Indian Band*, the BC SC held that a 52-year old tax administrator was constructively dismissed, after 20 years of service, when she was replaced while on leave (i.e., her responsibilities were cut in half and she no longer reported directly to the Band Chief, while other employees frustrated her return-to-work protocol). As a result, the Band fundamentally altered her contract of employment, and she was awarded 24 months reasonable notice (the common law maximum barring exceptional circumstances). In addition, the Band did not meet its obligation of good faith and fair dealing in the manner of dismissal. As a result, aggravated or "Wallace" damages were also awarded in the amount of \$50,000.

In *Parolin v. Cressey Construction Corporation*, the BC SC awarded a 55-year old Director of Marketing with 18 years of service, 19 months reasonable notice following her constructive dismissal caused by a unilateral change in flexible work arrangements. Upon her return from maternity leave in 2013, the employee was provided flexibility to accommodate childcare commitments, and since the COVID-19 pandemic she had worked mainly from home. In May 2023, however, Parolin was directed to return to the office full-time, but by then the flexible work schedule/arrangement had become part of her employment contract and could not be changed without reasonable notice.

Mitigation

In *Boyle v. Salesforce.com*, a 49-year old customer service agent with eight years of service was terminated without cause. The Ontario SCJ held that the termination provisions in the parties' employment agreement, which purported to limit Boyle's entitlements, were ambiguous and not compliant with the *Employment Standards Act, 2000* because Salesforce used a single contract template for employees in many jurisdictions. In the agreement Salesforce claimed the right to terminate Boyle's employment at will, but then said this provision would not apply in certain jurisdictions outside the US, and that he could consult Salesforce's legal department. This was unrealistic and the provision was unenforceable. Boyle was therefore entitled to 11 months reasonable notice. His award was reduced, however, by three months (to eight) because Boyle refused to provide notices of assessment for the taxation years coinciding with the notice period. As such, an adverse inference concerning mitigation was drawn (thus imputing income). Although terminating Boyle via email while he was on vacation as part of a global workforce reduction was "not ideal", this did not warrant aggravated damages for breach of good faith or fair dealing by Salesforce during the termination process.

In *MacDonald v Starbucks Coffee Canada Inc.*, a 50-year old store manager with 7.5 years of service was awarded eight months reasonable notice on termination without cause, with no deduction for failure to mitigate. The employee claimed, without providing expert medical evidence,

that he could not search for other work for most of the notice period because he was suffering from a recurrence of Persistent Depressive Disorder. Near the end of the notice period, however, he did start searching for jobs online. According to the New Brunswick Court of King's Bench, expert medical evidence, while helpful, is not required to establish a mental injury. An employee's efforts to find work must also be "viewed through the lens of the plaintiff's capabilities". Based on MacDonald's testimony and evidence in the form of invoices for therapy sessions and prescriptions for anti-depressive medications, the Court found no failure to mitigate in this case.

Allowable deductions

In *Samotus v. The King*, the employee, now retired, received a \$4,000 annual clothing allowance while employed at Holt Renfrew, but had also deducted additional clothing purchases. The Tax Court of Canada confirmed that it is a question of fact whether the parties had intended an allowance to be a limit on employee expenses, and declined to follow previous case law suggesting that a deduction could not be claimed for expenses exceeding that limit. In this case, however, there was no evidence the employer intended the taxpayer to incur expenses above her allowance. The Court also confirmed that a T2200 - Declaration of Conditions of Employment (which is a statutory condition for deducting certain expenses) should be obtained each year before a tax return is filed, and that the employer was not unreasonable in withholding the requested declarations. According to the Court, a taxpayer "is not behaving diligently if they turn their mind to obtaining T2200s years after-the-fact, and only when being audited". As a result, the Minister's reassessments were upheld and the taxpayer was not allowed the deductions she had previously claimed.

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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