ONTARIO NONPROFIT NETWORK

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Dear Mr. Simard,

On behalf of the Ontario Nonprofit Network (ONN), we are writing to provide feedback on the statutory review of the Canada Not-for-profit Corporations Act (CNCA). ONN is the independent nonprofit network for the 58,000 nonprofits and charities in Ontario, focused on policy, advocacy and services to strengthen the sector as a key pillar of our society and economy. We work to create a public policy environment that allows nonprofits to thrive. We engage our network of diverse nonprofit organizations across Ontario to work together on issues affecting the sector and channel the voices of our network to government, funders, and other stakeholders.

We are gratified by the opportunity to contribute to this review as many nonprofits located in Ontario have incorporated federally, though the exact number is not known. Following a summary of recommendations, our comments below are organized according to the structure of the Consultation Paper provided.

Summary of recommendations

1. **Audit and Financial Reporting**: Create a single streamline auditing framework for all corporations by eliminating the soliciting/non-soliciting corporation distinction and separate voting rules concerning the appointment of a public accountant. (p.2-3)
2. **Board of Directors**: Allow a quorum of directors to fill all empty seats on the Board. (p.3-4)
3. **Board of Directors**: Require all corporations to have a minimum of three directors, but allow all of them to be officers. (p.4)
4. **Hybrid and Virtual Decision-Making**: Permit online and telephone Board and members' meetings by default unless bylaws or articles say otherwise. (p.5-6)
5. **Classes of Members**: Eliminate class-based veto rights and voting rights for non-voting members or restrict these rights only to "member benefit corporations". (p.6-8)
6. **Member Rights**: Preserve the requirement for a members' meeting at this time. (p.8-9)
7. **Member Rights**: Allow nonprofits to limit proxyholders to members. (p.9)

8. **Permitted Asset Distributions**: Create a distinction between member benefit and public benefit corporations. The latter would require a permanent asset lock, as well as certain other safeguards to preserve independence from private interests. (p.10-12)
9. **Recent Business Developments**: Conduct a separate consultation process on the issues of diversity data collection and a beneficial control registry. (p.12)

1. Audit and Financial Reporting Obligations

The administrative burden for nonprofits could be reduced without reducing corporate accountability and transparency by creating a single streamlined set of auditing standards for all corporations under the Act, and eliminating the separate voting rules governing the appointment of a public accountant and simply requiring that whatever financial review required be conducted by a public accountant meeting the criteria set out in Part 12 of the Act.

Recommendation 1: A single streamlined auditing framework for all corporations:

Budget	Default	Can Change to	Voting Threshold
<$250,000	Review Engagement	Waive or require audit	Special resolution
$250,000-1,000,000	Audit	Review engagement	Special resolution
>$1,000,000	Audit	-	-

Additionally, the above amounts should be subject to regular review to account for inflation and the fluctuating costs of audits and review engagements.

Audits are over relied on and the soliciting corporate status does not deliver added value

The above recommendation would eliminate administrative burden by creating an easier-to-understand framework for all corporations under the Act that remains consistent from year to year. This framework will in no way reduce corporate accountability or transparency because there is an over-reliance on audits in the nonprofit sector generally and the soliciting corporation status does not appear to deliver additional accountability for the stakeholder groups it is intended to protect.

Nonprofits, funders, and members of the public misunderstand audits as a fraud detection tool. Audits are not designed for nor are auditors responsible for identifying most kinds of fraud.[1] According to Canadian Accounting Standards 240, "The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements" clarifies that an auditor's responsibility is to identify material misstatements, but not whether they are attributable to error or fraud, and that even a

[1] National Council of Nonprofits. (N/A). Myth: Audits Uncover Fraud. Councilofnonprofits.org Available at: https://www.councilofnonprofits.org/nonprofit-audit-guide/myth-audits-uncover-fraud

properly planned audit will not necessarily capture all material misstatements (and is not intended to captures misstatements that fall below the threshold of materiality).[2] The Auditor must also rely on the management of the organization for the source documents on which they rely and do not necessarily have an obligation to challenge how they are managed unless there is concern.

Audits for small organizations can not only be financially costly but disruptive in terms of the time and organizational demands it places on organizations without paid staff (~50% of all nonprofits). Emphasizing audits as a main source of financial accountability may actually have the negative effect of giving people a false sense of security, minimizing the importance of other more fundamental checks against poor financial management and fraud. This is not to say that auditors are not a useful source of information on financial management best practices. However, there is a risk involved in overemphasizing their role in healthy financial management.

Soliciting corporation status is intended to provide additional accountability to the public because the public has provided $10,000 or more in funding. However, funders that have provided $10,000 or more in funding will likely have their own reporting requirements. While members of the public and/or donors can either seek an audited financial statement from Corporations Canada or from the corporation directly, most of the public are not likely aware of this ability, nor would they have experience reading such documents to benefit their questions.

The above limited value to the public is compounded by what we understand from our discussion with the CBA and other lawyers is widespread misapplication of these rules because many organizations do not understand they are soliciting corporations or believe they are when they may not be. This has been particularly true during COVID-19 when pandemic relief over $10,000 has unintentionally caused many nonprofits to become soliciting corporations. The public does not benefit from the distinction between soliciting and non-soliciting corporations, making it difficult to justify the costs and complexity to nonprofits.

Board of Directors

ONN strongly endorses maximizing flexibility for Boards, while ensuring the Board is accountable not only to the membership but to all stakeholders. In practice, this means allowing a quorum of elected directors to fill any number of empty seats on the Board in place of the current “one third” rule. Additionally, consistent with our above recommendation to eliminate the distinction between soliciting and non-soliciting corporations, we recommend a uniform minimum of three directors and eliminating the requirement that two not be officers.

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[2] CAS 240, The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements Available at: https://www.iasplus.com/en-ca/standards/assurance/canadian-auditing-standards/cas-240-the-auditors-responsibilities-relating-to-fraud-in-an-audit-of-financial-statements

We also support recommendations 6 and 7 of the Canadian Bar Association Charities and Not-for-Profit Section Submission on the Canada Not-for-Profit Corporations Act ("CBA Submission") to clarify that nonprofits be able to elect directors at members' meetings other than the AGM for terms other than end at an AGM.[3]

Recommendation 2: Allow a Quorum of Directors to Fill Empty Seats on the Board

Section 128(8) of the CNCA currently provides

> "The directors may, if the articles of the corporation so provide, appoint one or more additional directors, who shall hold office for a term expiring not later than the close of the next annual meeting of members, but the total number of directors so appointed may not exceed one third of the number of directors elected at the previous annual meeting of members."

We recommend removing the limitation on the appointment of directors so s.128(8) reads:

> "The directors may, if the articles of the corporation so provide, appoint one or more additional directors, who shall hold office for a term expiring not later than the close of the next annual meeting of members."

Limitation to One-third Adds Constraint Without Meaningful Protection

The purpose of limiting the number of appointed directors to one third of elected directors seems to be ensuring that members have elected no less than three quarters of directors on the Board. However, in the context contemplated by the provision, the members have already in their articles empowered directors to fill empty seats by appointing more directors (as is required by s.128(8)), and members retain at all times the ability to remove a director by ordinary resolution under s.130(1). So while there is some inconvenience in organizing a special members' meeting, it is unclear how the appointment of directors by directors is contrary to accountability to members. A corporation wishing to prevent directors from appointing directors may do so in the articles.

Uniform Minimum of Three Directors All of Whom May be Officers

Section 125 provides that

> "A corporation shall have one or more directors, but a soliciting corporation shall not have fewer than three directors, at least two of whom are not officers or employees of the corporation or its affiliates."

We recommend that this be replaced with:

> "A corporation shall have three or more directors."

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[3] Canadian Bar Association Charities and Not-for-Profit Law Section. (December, 2019) Canada Not-for-Profit Corporations Act. CBA.org, p.10 ("CBA Submission") available at: https://www.cba.org/CMSPages/GetFile.aspx?guid=a99e1a99-8a8f-40cf-b5ef-82b68eb600c0

The Business Paradigm of "Independent Directors" is Inappropriate for Nonprofits

The purpose of requiring that two directors not be officers appears to be applying the logic of the business corporation concept of "independent directors" to the non-share-capital context. While Corporations Canada officials have communicated to us that a number of business entities are organized under the CNCA, it remains the case that this provision applies to thousands of not-for-profit corporations for whom it is ill-suited.

It appears that in order to promote independence on the Board there may be a negative incentive to consolidate power in one individual, who may play the role of Chair, Treasurer, and sole signing authority. This appears to be less, not more, accountable.

In most cases, in the nonprofit sector being an officer on a Board is not a C-Suite management level position that may lead a director to have significant conflicts of interests. Consequently, there is not the same risk of conflict that independent directors guard against on for-profit boards. In contrast, Ontario's Not-for-Profit Corporations Act has guarded against the possibility of a conflict of interest from directors being employees of the organization by stating in the case of public benefit corporations,[4] that no more than one third of directors may be employees. This is a much more direct and effective way of guarding against conflicts of interest on nonprofit boards. We discuss this possibility further below in the section dealing with the distribution of property.

Furthermore, requiring three directors would be consistent with eliminating the soliciting/ non-soliciting distinction in a way that increases accountability. It would also be consistent with the ONCA (s.22(1)).

Hybrid and Virtual Decision-Making

ONN fully supports allowing fully virtual or telephone meetings by default and allowing corporations to restrict such meetings in their bylaws if they determine it is appropriate. Nonprofits understand their situation best and we have seen especially with COVID-19 that nonprofits have the need and capacity to adapt digitally. Virtual by default while allowing the flexibility to change this rule in the bylaws ensures cost savings and full participation where corporations determine it is a concern.

Recommendation 4: Permit Online and Telephone Meetings by Default Subject to Bylaws

Section 159(5) currently provides:

[4] Public benefit corporation under the ONCA currently has a similar meaning to soliciting corporation under the CNCA. As we explain below, we support a public benefit corporation designation in legislation but will explain why it should be defined differently.

> If the directors or members of a corporation call a meeting of members under this Act and if the by-laws so provide, those directors or members, as the case may be, may determine that the meeting shall be held, in accordance with the regulations, if any, entirely by means of a telephonic, an electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting.

We recommend changing it as follows:

> If the directors or members of a corporation call a meeting of members under this Act, unless the bylaws provide otherwise, those directors or members, as the case may be, may determine that the meeting shall be held, in accordance with the regulations, if any, entirely by means of a telephonic, an electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting.

Section 136(7) provides that:

> Subject to the by-laws, a director may, in accordance with the regulations, if any, and if all the directors of the corporation consent, participate in a meeting of directors or of a committee of directors by means of a telephonic, an electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting. A director so participating in a meeting is deemed for the purposes of this Act to be present at that meeting.

We recommend changing it as follows:

> Unless the articles or bylaws provide otherwise, a meeting of directors or of a committee of directors may be held, in accordance with the regulations, if any, partially or entirely by means of a telephonic, an electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting. A director so participating in a meeting is deemed for the purposes of this Act to be present at that meeting.

Virtual by Default is Increasingly the Norm

Particularly during COVID-19, it has become standard for entire offices to become virtual. Making virtual meetings permissible by default does not mandate those meetings, and, in cases where allowing such meetings would be inappropriate or inequitable, organizations are free to set bylaws prohibiting them.

The current rule provides no additional protections to the participation rights of a minority than would permitting virtual meetings by default. In either case, a majority in a nonprofit wishing to ignore the rights of a minority who could not participate online would be able to pass a bylaw permitting such. This does not even afford the minority opportunity to contest the bylaw at an in-person meeting since the bylaw permitting the virtual meeting would be passed ahead of the meeting and confirmed at it.

Classes of Membership

After years of advocacy by our network, the Government of Ontario has recently removed from ONCA class-based veto rights and voting rights of non-voting members on fundamental questions, and we recommend the same changes be made in the CNCA.

Recommendation 5: Eliminate Class-Based Veto Rights and Non-Voting Member Voting Rights

Currently, Sections 199(3), 206(4), 214(5) require the consent of each member class separately in order to make certain fundamental changes. We recommend that this section be removed along with all references to it (e.g. in s.197). Similarly, we recommend the removal of sections that provide for non-voting class members having voting rights in these matters (e.g. 199(2), 206(3), 213(4), 214(4)).

These Voting Rights are Often Unnecessary and Could Either be Allowed on a Case-by-Case Basis or for Member Benefit Corporations

ONN recommends eliminating (1) current requirements for the separate approval of each member class for some resolutions, (2) the right of members of non-voting member classes to vote on certain issues. These appear to be safeguards of property interests inappropriately imported from the share capital context. We recognize that the statute allows an entity to operate on a for-profit basis and that apparently some business entities are incorporated under the CNCA; nevertheless, this does not justify the imposition of this paradigm on non-share-capital corporations.

If a non-share capital corporation wishes its member interests to be protected similarly to shareholder rights, then they may build such protections into the articles.

One alternative to eliminating class-based veto or non-voting member voting rights altogether is to restrict it as an option member benefit that corporations can opt into in their articles.We do not recommend this option, but recognize it might be necessary to accommodate some for-profit businesses incorporated under the CNCA.

In a member benefit corporation,[5] it can be reasonable in some limited circumstances that members would wish to protect their economic interest even if they were usually non-voting

[5] Member or “mutual” benefit corporations are those focused on serving their members and who distribute their assets to members upon winding up. See Ontario Nonprofit Network (July 2017). Introducing the “Public Benefit Nonprofit Sector”. At p.3 Available at: https://theonn.ca/wp-content/uploads/2017/12/Introducing-the-Public-Benefit-Nonprofit-Sector-July-2017.pdf

members.[6] In a public benefit corporation, its purposes and assets are solely devoted to the public benefit (not necessarily the benefit of the members). It would be expected that the overarching purposes of the corporation would take precedence over the particular interests of any one stakeholder group represented in their governance structure. The ability of a single stakeholder group to, in a sense, hold not only the corporation but its governance structure hostage is inimical to the idea of an organization that is ultimately answerable to the public benefit above all.

Public benefit nonprofits have legitimate reasons to include individuals as members in their governance who should not have and do not want to have a say (much less a veto right) in fundamental changes. Particularly in controversial decisions made by organizations whose function it is to oversee diverse communities, it often happens that one segment of stakeholders wishes it had a veto. Nevertheless, this does not mean their absence of a veto is an invitation for abuse or injustice. Furthermore, where a non-voting member expects a vote on a fundamental decision, the remedy likely lies in the nonprofit better communicating their rights rather than giving that non-voting member a statutory remedy.

Below are some examples when it would be inappropriate for a non-voting member class to have a vote in a fundamental change.

1) An industry association has organizations as its voting members and certain professionals who wish to be involved in the organization as non-voting members (e.g. they pay an annual fee and get the opportunity to network, classes, etc.). Under s.199(1)(c) any increase to the rights of the organizations would have to be approved by the group of professionals. The solution is of course not to have the professionals as non-voting members and yet this is a perfectly conventional structure which would be harmless to all involved but for these veto rights.
2) A children's sports league (Grades 1-5) has a voting class of membership for parents and a non-voting class of membership for players. An opportunity comes up to amalgamate with another league. Under 206(3), the children may have a decisive vote of whether and the terms of amalgamation. It may be good to give children some say in the governance of their league as this promotes democratic education, but it does not follow that children should have a vote in the minutia of an amalgamation agreement.
3) A cultural organization may wish to honour certain distinguished individuals with honorary member status. Alternatively, if a certain group of people occupies a special ceremonial role in the culture, this may be embodied in a non-voting member class. Nevertheless, they may be hesitant to grant such status in fear of the disproportionate influence such figures may have if they are given a formal vote in fundamental changes.

[6] Although, we have been advised by Charity and nonprofit law lawyers that members who have an economic interest in the corporation will almost always be voting members. However, we do not have experience with the Indigenous businesses which were discussed at the July 14th consultation meeting and recognize that they may be organized differently.

In general, it must be assumed that many, if not most, nonprofits have constructed their membership without the benefit of expert advice. The intuitive appeal of making many different kinds of stakeholders members, from email subscribers and donors to mere supporters of the cause, may result in accidentally granting disproportionate power in the organization inadvertently. By eliminating these rights or, less ideally, making these rights something an organization needs to opt into, you help align the law with the intuitive understanding of the sector.

Member Rights

ONN's research into Reimagining Governance has shown us that in order to engage the full range of concerns and stakeholders that go into nonprofit decision-making (beyond the traditional board and members) much flexibility is needed. With that being said, we are not at this time in favour of eliminating the requirement for members' meetings. We are, however, in favour of giving nonprofits the option to restrict proxy holders to members.

Recommendation 6: Preserve the Members' Meeting at This Time

The CNCA currently requires a members' meeting for decisions that must be taken by the members unless a unanimous written resolution can be passed outside the meeting. While the unanimous written resolution is in effect out of reach for all but nonprofits with very small memberships, we nevertheless believe at this point that the requirement for a meeting should be maintained particularly as allowing virtual meetings by default would make this a less onerous requirement.

Fostering Difficult but Necessary Discussions

It is true that nonprofits often have difficulties securing enough member interest in order to achieve quorum at members' meetings which can often be pro forma perfunctory affairs. Nevertheless, we believe the requirement for a meeting should be kept for two reasons. Firstly, it is unclear that eliminating the need for a meeting would eliminate these underlying difficulties. Secondly, a meeting delivers more than just a vote.

It is unclear that eliminating the need for a meeting and enabling governance decisions to be made by email, for example, would eliminate the underlying difficulties that make meetings difficult to organize in the first place. If a nonprofit has trouble making quorum at a meeting, it is due to a mix of factors that may include a poorly defined membership and/or a disengaged membership. If this is the case, eliminating the requirement for a meeting may satisfy the immediate need to take a vote, but it perpetuates the underlying problem that the right people are not engaged in governance and oversight of the organization. In a sense, it accepts the worst of current practice (i.e. the pro forma or perfunctory meeting) and makes it that much more convenient (i.e. over email).

Furthermore, it raises many questions as to what it would be replaced with. Would a majority of the total membership now be required to pass a resolution? What opportunities for participation would there need to be, and would these in effect impose the same technological requirements that a meeting would need to meet only allowing the requirements to be met asynchronously? Without the answer to these questions, it is difficult to assess whether allowing votes outside of meetings would fundamentally address or perpetuate some of the issues that make achieving quorum at members' meetings so difficult. While there might be notice requirements and the opportunity to circulate materials, the engagement required to contribute in such a manner is likely much higher than simply raising one's hand at a meeting.

Secondly, a meeting delivers more than just a vote. It is not merely the aggregation of views that are independently arrived at, but, in principle, the opportunity to arrive at a single view through debate and discussion.This vital experience is taken away if collective decision-making is reduced to mere online polls. It can be difficult to achieve this level of meaningful dialogue in online gathering spaces, and such spaces face many pitfalls if there isn't continuous moderation.

Recommendation 7: Allow Nonprofits to Limit Proxy holders to Members

We support CBA Submission Recommendation 9 to allow nonprofits to require in their bylaws that proxy holders be members.

Security and Autonomy for Vulnerable Populations

Many nonprofits have a legitimate interest in limiting who can attend members' meetings to members. For example, women's shelters may wish to exclude individuals who do not identify as women in order to create a safe space; queer community centres may wish to limit who can attend in order to protect the privacy of individuals; ethno-specific serving organizations may wish to limit attendance in order to keep governance of the organization within the community. In all these cases, allowing nonprofits to limit proxy holders to members allows absentee members to provide instructions and vote while respecting the security and autonomy of the group as a whole.

While it is true that these concerns will not be applicable to most nonprofits, the default rule would allow those nonprofits to let absentee members appoint anyone as a proxy holder.

Permitted Distribution of Assets

ONN strongly supports the Government's efforts to continue to develop the CNCA as a statute that accommodates the variety of organizations governed by it. In general, this variety can be accommodated by making default rather than mandatory rules. However, where a rule needs to be mandatory to be effective, such as in the case of an asset lock, the only way to

accommodate diversity while having appropriate safeguards in place is to make a distinction in the Act.

The distinction that currently exists in the Act between a soliciting and non-soliciting corporation is inadequate. However, while it is difficult in practice to administer and complex for organizations, we support what seems to be its underlying principle. Namely, that organizations which receive direct financial support of the public in the form of donations ought to be accountable to it. Nevertheless, as COVID-19 has shown us, primarily member-serving organizations sometimes receive public support (even in excess of $10,000) that does not fundamentally change their character as essentially private organizations. The CNCA is in need of a distinction that can track when transparency and accountability to the public, in addition to and sometimes in contrast to members, is specially justified.

The crucial distinction between organizations governed by the CNCA is whether the corporation operates exclusively for the public benefit or also has as one of its substantial ends the benefit of the members. It is difficult in practice to distinguish between public and member benefit organizations based on their purpose, since there is a wide spectrum of purposes that may be ambiguous or vague. The most reliable and comparatively easy to administer indicator of this overarching distinction in purpose is the existence of an asset lock and corresponding independence for private interests.

In a member benefit corporation, the members may relate to their membership interests in quasi-property terms, i.e. members wish to retain an interest in the property of the corporation in the event of dissolution or at least not rule it out. In a public benefit corporation, distribution to members would be permanently ruled out through a permanent asset lock. This distinguishes between business entities, member clubs, trade associations, mutual aid societies, and other fundamentally private organizations on the one hand, and public benefit organizations of all kinds on the other.

While we appreciate that this distinction remains a complex one and may be imperfect as many organizations would argue they fall somewhere in between member and public benefit, nevertheless we see this as a far more meaningful distinction than the soliciting/ non-soliciting distinction that could play an even more robust role in the statute.

Recommendation 8: Create a Distinction Between Public and Member Benefit Corporations

ONN endorses the CBA Submission recommendation regarding the creation of an asset lock within the CNCA:[7]

[7] Canadian Bar Association Charities and Not-for-Profit Law Section. (December, 2019) Canada Not-for-Profit Corporations Act. CBA.org, p.5 available at: https://www.cba.org/CMSPages/GetFile.aspx?guid=a99e1a99-8a8f-40cf-b5ef-82b68eb600c0

> The CBA [not-for-profit and charity law] Section recommends that the distinction between soliciting and non-soliciting corporations be eliminated and a different method, preferably an "asset lock", be offered for ensuring corporate assets intended to be used for public benefit remain in that capacity. At the time of incorporation, the articles would be required to state whether on dissolution the assets can go to the members... or to a qualified donee .... This would be fixed and capable of amendment during the lifetime of the corporation only with approval by the court, based on stringent requirements to protect charitable or other public benefit sourced funds. Source and level of revenues would no longer be relevant.

We recommend that corporations with this asset lock, as well as the features set out below, be referred to as public benefit corporations and corporations without it as "member benefit corporations" and that appropriate rules be put in place concerning the public use of these names (i.e. that one not be allowed to refer to itself as the other). Furthermore, the public should be able to determine from a corporate profile whether a corporation is one or the other. Public benefit corporations should meet the following criteria:

- Not more than one third of the directors of a public benefit corporation may be employees of the corporation or of any of its affiliates (see Ontario's Not-for-profit Corporations Act, section 23(3)).
- Financial statements, whether subject to audit, review engagement, or no review at all, should be filed with Corporations Canada and made available to the public.
- If member class and non-voting member rights are retained in the CNCA,[8] then public benefit corporations should be exempted from them.
- Beneficiaries,[9] as individuals with an inherent interest in the corporation's assets (akin to the public's interest in charitable property), be empowered under s.242(1) to be able to apply to the Court to make an investigation and be included in the definition of complainant under s.250.

Making Sense of the Diversity of Corporations Under the CNCA

The CNCA currently depends on a distinction between soliciting and non-soliciting corporations. We have only heard views expressing dissatisfaction with this distinction. However, we appreciate that the CNCA governs a wide range of organizations that do not fit into one mould. Simple fixes, such as increasing the amount of public funds or time it takes to become a soliciting corporation may be tempting, but they are a band-aid solution. The distinction we propose between public and member benefit nonprofits is a principled and practical distinction that will more accurately divide between which organizations are more private and should be

[8] Which as discussed above is a highly undesirable option but we recognize might be necessary to accommodate the for-profit non-share-capital entities federal officials referred to in the July 14th consultation.

[9] Defined as those set out in the articles as the beneficiaries of the corporation's purposes, and where the corporation's purposes are for the public benefit as a whole (e.g. it does not list a specific beneficiary), then any member of the public or the Attorney General.

treated as private organizations with the resulting emphasis on internal checks and balances, and which are public and should be subject to greater external accountability and transparency.

Recent Developments in Business Corporations Law

ONN is supportive of recent developments in Business Corporations Law, including diversity disclosure of leadership and diversity policies and a beneficial control registry. However, we believe these proposals are complex and require their own wide consultations to be designed to meet competing policy concerns and objectives. This includes the need for better data on these issues, privacy of individuals, diversity of organizational missions where diversity in leadership might mean different things, among other considerations.

Regarding the recognition of directors' fiduciary obligations encompassing a wide variety of stakeholders, we are supportive, as we believe this is consistent with the need to recognize the accountability of public benefit corporations to the public at large.

Sincerely,

Cathy Taylor,
Executive Director