

A Preview of 2026: 10 Legal Updates GCs, Boards and Investors Need to Know

In this *Governance Insights* article, we review 10 developments that general counsel and directors of Canadian public companies, and their investors, should know for 2026 and beyond.

1 – Federal Objectives in 2026 and the Canadian Regulatory Environment

Global geopolitical power dynamics are expected to result in continued trade disruption and regulatory uncertainty in 2026, which will require GCs, boards and investors to apply both strategic macro and microeconomic lenses to their investment decisions. For 2026, we expect federal decision-makers to support initiatives that align with government policy and contribute to desired outcomes of enhanced productivity, economic growth and improving affordability for Canadians.

Although we expect government scrutiny of commercial transactions that come under regulatory purview will continue through 2026, we also expect that projects of national interest and transactions that strengthen Canada's relationship with reliable trading partners or bring down costs for Canadians will be approved. To minimize regulatory delay and long interim periods before closing, parties should discuss with their advisors how their business plans fit into and can support broader government objectives. For more on this topic, see **Federal Objectives and Commercial Goals in 2026** ([page 8](#)).

2 – AI Tech in the Boardroom: Confidentiality, Privilege and Litigation Risk

Governance literature from this past year is awash with advice to GCs and directors regarding fiduciary oversight of their businesses' AI strategy (see our discussion [here](#)). Although not as headline-grabbing, the risks presented by the incorporation of AI technologies into board meetings and in-house counsel matters also deserve careful attention.

The efficiencies offered by AI tech cannot be ignored – transcription software can save hours of work to prepare meeting minutes; board books can be summarized to help directors absorb materials more efficiently; and AI chatbots can assist counsel and directors as they work through difficult issues. But these tools come with risks unique to counsel and directors, for whom confidentiality, privilege and litigation-discoverability considerations are ever-present.

For one, confidentiality is necessary to establish privilege, which in turn is a defence against the demands of evidentiary production. GCs should ensure that directors and in-house counsel are instructed to use only software that has been vetted by the company's legal and IT teams on the basis of rigorous confidentiality requirements.

Boards and in-house counsel should also be mindful that automatically generated transcripts of meetings, or portions of such transcripts, may be relevant to, and thus disclosable in, litigation unless they are subject to a viable claim of privilege. In the ordinary course, the official, board-approved meeting minutes (often drafted by counsel) should be the sole record of the meeting. Separate notes or recordings of such meetings are generally not made or retained out of concern that they may be inaccurate or incomplete and undermine the settled minutes, or that they may be shared outside the relevant zone of confidentiality and privilege. Transcripts

produced by AI software should be regarded in the same vein as other forms of notes and carefully managed. For more on this topic, see **AI in the Boardroom** ([page 8](#)).

3 – “A Change is a Change”: Real-Time Reporting Procedures in Light of SCC “Material Change” Decision

Late last year the Supreme Court of Canada (SCC) released its much-anticipated decision in [Lundin Mining Corp. v Markowich](#). The SCC affirmed the two-step analysis that an issuer should deploy to determine whether a given development constitutes a “material change” for purposes of Canadian securities laws: one, has there been a change in the issuer’s business, operations or capital, and two, is that change material (that is, would the change reasonably be expected to have a significant effect on the price or value of the issuer’s securities)?

More significantly, the SCC agreed with the Ontario Court of Appeal that “change in the business, operations or capital” should not be interpreted restrictively – the construct captures corporate developments broadly speaking, not simply important or substantial ones. “A change is a change.”

Time will tell whether the SCC’s broad interpretation of “material change” will place issuers at greater risk of unmeritorious litigation, in which would-be plaintiffs may combine price movements and internal developments not disclosed in real time to make out a prima facie case against an issuer. Although timely disclosure decisions are not to be judged against the standard of perfection or with the benefit of hindsight, they are subject to review by expert tribunals and judges who will not defer to the business judgment of senior management. It is thus no surprise that the SCC reiterated the past guidance of securities regulators that “in borderline cases, an issuer should err on the side of disclosure.”

Issuers are thus encouraged to review and update their internal reporting procedures, where necessary, to ensure that corporate developments are appropriately elevated to the individuals within the organization who are responsible for assessing the issuer’s disclosure obligations in real time, including materiality determinations. For more on this topic, refer to our bulletin [Supreme Court of Canada Affirms Broad Definition of “Material Change”](#).

4 – Greenwashing and the Continued Relevance of Climate-Related Disclosure

“Greenwashing” rules under the *Competition Act*, which capture claims made outside the securities law context, continue in effect in Canada for 2026, with further changes expected in the near term. Although these rules continue to evolve, one message is clear: issuers making environmental claims should ensure that they have sufficient substantiation for those claims.

In 2025, the Canadian Securities Administrators (CSA) [announced](#) that it was pausing its work on mandatory climate-related disclosure rules in an effort to “support Canadian markets and issuers as they adapt to the recent developments in the U.S. and globally.” Commenting on the CSA announcement, the chief executive officer of the Ontario Securities Commission stated that the pause would not be “indefinite,” but also suggested that it could be years before the CSA would revisit its climate disclosure rule, which has remained in draft since 2021. Notwithstanding the pause, the CSA has reminded issuers that existing securities legislation requires disclosure of material climate-related risks and related matters, and that the CSA remains on the lookout for overly promotional greenwashing claims by issuers. For more on this topic, see **Greenwashing and Climate-Related Disclosure** ([page 9](#)).

5 – Diversity, Equity and Inclusion in a Changing Geopolitical Landscape

In April 2025, the CSA [announced](#) that it was pausing its work on amendments to existing diversity disclosure requirements for Canadian issuers in response to the changing global economic and geopolitical landscape. This represented a marked shift from 2023, when the CSA announced proposed changes that would have significantly expanded Canada’s “comply-or-explain” disclosure regime in respect of DEI matters.

Nonetheless, DEI obligations and governance expectations remain firmly in place for Canadian issuers. For one, Canadian senior exchange-listed issuers continue to be subject to existing securities law comply-or-explain disclosure requirements relating to gender diversity policies, targets and gender representation on boards and in executive positions, as set out in National Instrument 58-101 – *Disclosure of Corporate Governance Practices*. As well, issuers incorporated under the *Canada Business Corporations Act* must continue to disclose both the number and percentage of individuals from designated groups, including women and visible minorities, who hold director positions or occupy roles in senior management, together with any related policies, targets and progress. In addition, proxy advisors Institutional Shareholder Services (ISS) and Glass Lewis continue to apply voting policies that effectively require large-cap Canadian issuers to maintain boards comprising at least 30% women and, in the case of ISS, at least one racially or ethnically diverse director, or risk adverse vote recommendations against nominating committee chairs.

For dual-listed issuers, or those operating in the United States or with a significant U.S. investor base, the governance challenge is now one of alignment. DEI practices must continue to meet Canadian legal standards, while being presented in public disclosures with an awareness of U.S. litigation risk, proxy scrutiny and political polarization. Canadian reporting issuers should be careful not to respond to the U.S. environment in a manner that creates new governance or legal exposure in Canada. Abrupt reversals of diversity policies can trigger human rights, employment and reputational risks, and poorly framed disclosure can invite proxy advisor criticism or shareholder proposals. The safest path forward is to provide disclosure that demonstrates thoughtful board oversight; links diversity to talent, succession and risk management; and avoids rhetoric that could be misconstrued on either side of the border.

The Canadian Coalition for Good Governance (CCGG) recently released a policy statement on the topic, [Navigating Board and Executive Officer Diversity Expectations in Canada: A Roadmap for Higher Performing Boards](#), noting that domestic and global expectations for diversity of thought and experience on Canadian boards remain robust. “This means,” the CCGG writes, “that boards should be meaningfully diverse in ways that link to the company’s operations, strategy, culture, geographic footprint, employees, customers, communities in which it does business, suppliers and other stakeholders.”

Ultimately, even if further updates to the Canadian legal landscape concerning DEI matters are likely not forthcoming, Canada’s current rules remain unchanged. Canadian public companies must continue to meet their public disclosure requirements on governance-related diversity and assess the business case for appropriate DEI initiatives.

6 – Burden Reduction in Canadian Capital Markets

In 2025, the CSA continued to chip away at its objective to reduce regulatory burden with a handful of exemptions and other initiatives designed to bolster Canadian issuers’ participation in

public equity markets by facilitating capital raising and, in some cases, harmonizing Canadian securities laws with the corresponding U.S. regime. Although none of the 2025 initiatives were unexpected or transformative, we remain hopeful that more substantial progress on burden reduction will be made in the coming years. For more on this topic, see **Capital Markets Burden-Reduction Efforts** ([page 11](#)).

7 – Activism in Canada: Surprising Resilience and Shifting Dynamics

Shareholder activism in Canada proved resilient in 2025, with activity levels consistent with those in 2024, despite factors that might have otherwise presented challenges for activists seeking targets. Geopolitical and economic uncertainty in early 2025 led to a general market slowdown and suggested a slower year for capital markets activity in general. Despite that inauspicious start, 2025 ultimately delivered stellar stock market returns and witnessed a second-half revival of M&A activity. Activists were also generally rewarded for their efforts, as evidenced by their track record of success in 2025. Indeed, activists achieved all or part of their objectives in approximately two-thirds of campaigns that sought board representation – higher than the success rate achieved by activists in the two years prior.

Large-cap issuers continue to be disproportionately targeted, with U.S.-based activists principally leading these high-profile efforts. Notable campaigns included Elliott Investment Management's engagements with larger cap issuers such as, most recently, Lululemon Athletica, as well as Browning West's push for change at CAE on the heels of its successful 2024 campaign at Gildan Activewear. We expect this trend to continue in 2026, especially given the increase in newly formed U.S. activist funds seeking to carve out a niche, including in the Canadian market. The rising number of players in the space may precipitate an increase in issuers being approached simultaneously by multiple activists, forcing the issuer to defend against competing demands.

Despite the significant activity levels in Canada in 2025, only four campaigns went the distance to a shareholder vote last year, with settlements continuing to dominate outcomes. Large-cap issuers continue to drive this settlement trend, with parties favouring earlier resolution in a bid to avoid prolonged uncertainty and control costs.

In 2025, we also witnessed a significant reshaping of the shareholder engagement landscape, with Glass Lewis's shift away from benchmark voting; President Trump's executive order targeting the influence of proxy advisors; JPMorgan's breaking ties with proxy advisors in favour of in-house AI-assisted voting; and Exxon Mobil's adoption of an automatic retail voting program. Although these developments are, for now, largely limited to the U.S. market, they will create challenges for both boards and activists, suggesting that both should revisit their engagement strategies going forward.

As for 2026, if markets keep shaking off continued geopolitical and economic uncertainty, the resurgence of M&A activity that we saw in the second half of 2025 may encourage a greater number of M&A-focused campaigns in 2026. Early 2026, however, has already witnessed a number of headline-grabbing geopolitical developments. If investors and dealmakers pull back, then all bets are off as to what 2026 may hold for activism in Canada. Regardless, issuers of all sizes would be well-advised to proactively address vulnerabilities and strengthen their relationships with their key shareholders and other stakeholders.

For a more detailed discussion of Canadian activism in 2025 and what to expect in 2026, stay tuned for Davies' upcoming *Governance Insights* article.

8 – The Waning Influence of Proxy Advisors?

The proxy advisory landscape is undergoing a tectonic shift. These changes will affect the services being offered by proxy advisors and, in the long run, could reduce their influence over the institutional shareholder vote.

In the U.S., the historic influence that proxy advisors have had over the DEI and ESG policies of public corporations is being aggressively challenged at the state and federal levels. Most notably, Texas enacted [Senate Bill 2337](#), which imposes significant disclosure obligations on proxy advisors (a temporary injunction has paused enforcement with a trial on the merits to follow in February 2026), and this past December the President issued an [Executive Order](#) calling on federal regulators (including the U.S. Securities and Exchange Commission) to increase oversight over proxy advisors and to assess their current practices under existing law. In Canada, we currently expect little in the way of legal or regulatory changes targeting proxy advisors (other than changes that may be required by, or are directly in response to, changing legal obligations in the U.S.).

In addition to a changing regulatory climate, an even greater (and potentially existential) threat to the proxy advisory industry is that technological solutions (particularly AI and AI-related tools) may begin to play the role that proxy advisors have historically filled for institutional shareholders. It was recently reported that JPMorgan is eliminating all reliance on external proxy advisors for its U.S. voting processes and will instead be leveraging voting software that it developed in-house.

ISS and Glass Lewis have already begun to amend some of their existing practices in response to these pressures. Glass Lewis announced that in 2027 it will move to customized or “thematic” voting guidelines (away from a single “house” recommendation) in order to reflect the varied viewpoints of its clients. And ISS indicated that it will evaluate ESG-related shareholder proposals on a case-by-case basis, rather than recommending a vote in favour of such proposals, which it has generally done in the past. We expect that the speed and scope of these changes will only intensify in 2026 as legal, regulatory and technological challenges come into focus. In the meantime, ISS’s and Glass Lewis’s voting guidelines continue to be relevant for Canadian issuers. The minor changes to ISS’s Canadian voting guidelines for the 2026 proxy season can be viewed [here](#), and Glass Lewis’s [here](#).

As institutional shareholders begin to rely on AI solutions and proxy advisors focus on a more tailored approach to client advice, we expect that fiduciary duties in relation to proxy voting will be in the spotlight in 2026 and beyond. In particular, we may see challenges to institutional shareholders relying on “black-box” AI voting recommendations as well as arguments that proxy advisors are moving closer to “fiduciary” status as they provide more tailored advice to clients.

9 – Shareholder Proposals: 2025 Trends and 2026 Outlooks

A review of shareholder proposals submitted to TSX-60 companies during the 2025 proxy season confirms that governance remains the central focus of shareholder engagement. In 2025, shareholders advanced fewer broad or generic proposals and more frequently carried proposals through to a vote. This reflects a more deliberate use of shareholder proposals to influence board oversight, disclosure and engagement, rather than to make symbolic statements. This approach is expected to continue into the 2026 proxy season. Across industries, shareholders also paid closer attention to how boards oversee and explain their

approach to risk, particularly in areas that are complex, evolving and difficult to measure. For more on this topic, see **Shareholder Proposals** ([page 12](#)).

10 – The Evergreen Shareholder Rights Plan

The amendments to Canadian take-over bid rules in 2016, which granted issuers considerably more time to respond to unsolicited take-over bids (from 35 days to 105 days) and imposed a majority minimum-tender condition, enshrined in legislation the main benefits of adopting a rights plan in Canada.

That said, rights plans continue to serve several purposes, including restricting shareholders from building ownership positions of 20% or more of an issuer's outstanding shares through exempt take-over purchases (such as the private agreement exemption). These so-called "creeping bids" can result in shareholders accumulating a negative blocking position that can restrict an issuer's strategic options, including limiting a board's ability to run an auction.

The recent case of [Re Greenfire Resources Ltd.](#) illustrates how an issuer can be caught on its back foot without an evergreen rights plan. Certain directors of the target company entered into purchase agreements with a soliciting purchaser, pursuant to which the directors agreed to sell their shares in the issuer in reliance on the private agreement exemption. On closing of these exempt transactions, which was conditional on the receipt of *Competition Act* approval, the purchaser expected to own about 43% of the issuer's outstanding shares.

The target's board (excluding the selling directors) adopted a rights plan seeking to prevent the closing of the transactions, in part because the target intended to run a sales process and suspected that the 43% shareholder would utilize its blocking position to frustrate the sale and gradually acquire greater control. The Alberta Securities Commission cease-traded the rights plan for its retroactive effect of blocking transactions that had already been agreed.

As issuers prepare for the 2026 proxy season, those who do not maintain an evergreen rights plan should consider the risks of maintaining the status quo. The adoption of a shareholder-approved rights plan on a "clear day" (particularly a plan that complies with proxy advisors' guidelines) would generally not be expected to attract controversy, particularly given that one of the fundamental purposes of a plan is to ensure any control premium is shared equally with all shareholders. Of course, such considerations will ultimately be issuer-specific. The adoption of a plan could send an unwanted signal to the market that a bid is imminent, or it could discourage institutional shareholders that may dislike the effect of the plan on the liquidity of their position.

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Further Reading

Federal Objectives and Commercial Goals in 2026

An example of the interplay between commercial drivers and federal objectives is the *Building Canada Act*, one goal of which is to reduce federal decision timelines on national interest projects (*i.e.*, projects considered critical for driving Canadian productivity growth, energy security and economic competitiveness) to two years (from five years). Advancing reconciliation with Indigenous peoples and fighting climate change remain government objectives. For more on the *Building Canada Act*, see our bulletin [Bill C-5: Canada's Approach to Accelerating Major Projects](#).

Startups and emerging technology companies stand to benefit from the transformative measures introduced in the federal budget for 2025, from significant investments in AI and quantum computing to forward-looking regulatory frameworks for stablecoins and open banking. Government priorities of protecting Canadian sovereignty and attracting talent should be considered. We discuss this further in our bulletin [Federal Budget 2025 Commentary: Implications for the Technology Sector](#).

The new federal industrial strategy, to which businesses in Canada will have to adapt, aims to promote a strong Canadian market, robust Canadian demand and diverse trade partnerships. For example, budget 2025 highlighted core measures in Canada's telecom and financial services sector to lower the prices Canadians pay by promoting private sector competition. The government continues to view competition as key to productivity, innovation and affordability. We therefore expect Canada's Competition Bureau (Bureau) to remain vigilant in 2026 in reviewing transactions and business arrangements that may harm Canada's competitiveness.

As anticipated with the extensive changes to the *Competition Act* made between June 2022 and June 2025 (see [here](#)), we expect to see an active competition enforcement landscape throughout 2026. For example, we expect the Bureau to engage with investors regarding a wider range of mergers. As the Bureau confirmed in recent guidance, early consideration of whether a proposed merger may exceed the concentration threshold for the *Competition Act's* presumed substantial lessening of competition will be warranted in a broader range of cases. For further details, see our bulletin [Canadian Competition Bureau Publishes Draft Updated Merger Enforcement Guidelines](#).

AI in the Boardroom

As a general rule, company personnel should not upload confidential material to publicly available AI software (*e.g.*, an open chatbot to which you can upload documents and run queries). Without appropriate protocols in place, such information could be accessed by the software developer's personnel and, where the software trains itself on the information, could be incorporated into the pool of data that is used to produce results for other users. If a user does not have a reasonable expectation of privacy from the software, then it is unlikely that the confidentiality of the information would remain protected. Without confidentiality, any privilege attaching to the information could also be waived.

It is critical, then, that directors and counsel leverage only AI software that has been approved by the company's legal and IT teams. Such enterprise software should offer best-in-class cybersecurity and come with contractual terms that ensure that the developer's personnel will not have access to the information and that such information will not be used to train the AI. As our understanding of the operation of AI models evolves so too will the contractual terms used to protect the confidentiality of information uploaded to them.

Even where enterprise-approved software is used, automatic transcription and recording features for meetings and calls should be disabled in the ordinary course. For one, such software may stifle conversation and impede thoughtful deliberation. But more importantly, for board meetings, the official, board-approved minutes should generally be the only record of the meeting. Minutes can prove critical to demonstrating the board's deliberations, establishing a business judgment defence and evidencing that directors met their standard of care. Discretion and judgment are essential to preparing a faithful record that serves that purpose. Even if a transcript is relied upon only as a first draft or an aide-memoire, such material may be discoverable in litigation and could undermine the settled minutes, and copies may be shared outside the zone of confidentiality and privilege. For these reasons, the default should be to have these recording features turned off. A chatbot log presents similar challenges and should be used with caution.

Of course, outside the ordinary course (such as where litigation holds, discovery or similar legal requirements for data retention apply) different considerations may be at play and counsel should be closely involved in ensuring compliance.

In-house counsel and directors should consider establishing or supplementing an existing AI policy to address these considerations. This policy should require that counsel and directors use only enterprise-approved technology that has been vetted for strict confidentiality and privacy requirements (including data-storage restrictions). It should also address the risks of using recording software and ensure that, when it is used, appropriate safeguards are in place, including that any relevant privacy consent needed in respect of retained personal information has been obtained. Software licences should contain contractual safeguards that address confidentiality, data residency and indemnifications for data breaches and unauthorized use or access.

Regular director training and reminders at the outset of board meetings may also prove welcome and necessary.

Greenwashing and Climate-Related Disclosure

GREENWASHING RULES UNDER THE *COMPETITION ACT*

In June 2024, significant amendments to the *Competition Act* came into force. Among these changes were new civil greenwashing provisions that prohibit representations to the public that (i) are statements, warranties or guarantees "of a product's benefits for protecting or restoring the environment or mitigating the environmental, social and ecological causes or effects of climate change" that are not based on an adequate and proper test ("**product claims**"); or (ii) relate to the "benefits of a business or business activity for protecting or restoring the environment or mitigating the environmental and ecological causes or effects of climate change," unless such claims are based on "adequate and proper substantiation in accordance with internationally recognized methodology" ("**business claims**").

These provisions, along with the general civil prohibitions on false or misleading advertising, were initially under the exclusive purview of Canada's Commissioner of Competition. However, as of June 2025, private parties can also challenge representations before the Competition Tribunal, subject to receiving leave on the basis of "public interest" considerations. Both the Commissioner and a private party (with leave) may seek a variety (or combination) of remedies, including (i) administrative monetary penalties up to the greater of C\$10 million (C\$15 million for repeat conduct) and three times the value of the benefit derived from the deceptive conduct (or, if that amount cannot be reasonably determined, 3% of annual worldwide gross revenues); and (ii) restitution up to the total amounts paid for the products in respect of which the impugned conduct was engaged, to be distributed among the persons to whom the products were sold.

In June 2025, the Bureau issued final guidance under the title [Environmental claims and the Competition Act](#), which sets out the Bureau's approach to enforcement of the greenwashing provisions. Notably, the guidance clarified that the "Bureau is concerned with representations made to the public for the purposes of marketing and promotion, rather than representations made solely for other purposes or that are regulated by other government agencies." Examples of representations falling outside the Bureau's enforcement focus include communications to current and prospective securities investors in both voluntary and mandatory disclosures. However, two significant caveats should be noted: (i) if environmental claims are repeated in other materials for the purposes of promoting a product or business, the Bureau may seek to challenge them under the *Competition Act*; and (ii) the Bureau's guidance will not bind private parties who, if leave is obtained, could challenge environmental claims in investor materials under the greenwashing provisions of the *Competition Act*.

Although no private actions regarding alleged greenwashing have been filed with the Competition Tribunal since the June 2025 amendments came into force, businesses have reacted to the uncertainty generated by the greenwashing provisions – in particular, the uncertainty associated with the "business claims" provision and the meaning of "proper substantiation in accordance with internationally recognized methodology." For example, Pathways Alliance, a group formed by six of Canada's largest oilsands companies with the stated goal of advancing a CO₂ emissions strategy and a proposed carbon capture and storage project, announced in June 2024 (following the introduction of the greenwashing provisions) that it had removed from its communications channels all information on "environmental and climate performance, progress, and plans." As the reason for its change, the group referenced the *Competition Act's* greenwashing provisions together with the resulting uncertainty and risk of "frivolous litigation" when combined with the (then forthcoming) private right of action.

In November 2025, the federal government announced further changes to the greenwashing provisions to "provide more certainty to the marketplace," noting that the provisions that had been implemented to date had the "opposite of the desired effect with some parties slowing or reversing efforts to protect the environment." The implementing legislation for these latest amendments, which has not yet passed, proposes to change the "business claims" provision to prohibit representations to the public "with respect to the benefits of a business or business activity for protecting or restoring the environment or mitigating the environmental and ecological causes or effects of climate change that is not based on adequate and proper substantiation, the proof of which lies on the person making the representation." That is, the "business claims" provision will no longer require substantiation on the basis of the uncertain "internationally recognized methodology."

The implementing legislation would also remove the ability for private parties to bring applications before the Competition Tribunal under the "business claims" provision; however,

private rights of action will remain available under the greenwashing provision governing product claims and the general prohibition against false and misleading claims.

The bottom line is that the provisions of the *Competition Act* governing environmental claims have seen significant changes in recent years and seem poised to change again in the near term. Nonetheless, under the current regime and following the implementation of the latest proposed changes, businesses making environmental claims in Canada should ensure they have sufficient substantiation for those claims.

EXISTING DISCLOSURE RULES UNDER CANADIAN SECURITIES LAWS REMAIN RELEVANT

Despite the CSA's pause on its draft mandatory climate disclosure rule, issuers continue to be subject to Canadian continuous disclosure requirements, which operate in the ordinary course to require issuers to disclose material climate-related information, including climate-related risk factors, that would be expected to have a significant effect on the market price or value of issuers' securities. In this vein, the CSA has [reminded](#) issuers that "[c]limate-related risks are a mainstream business issue and securities legislation already requires issuers to disclose material climate-related risks affecting their business in the same way issuers are required to disclose other types of material information."

Issuers looking for further guidance may refer to the CSA's resources on climate-related disclosure: [CSA Staff Notice 51-333 Environmental Reporting Guidance](#) (2010) provides guidance to issuers on existing continuous disclosure requirements relating to a broad range of environmental matters, including climate change; and [CSA Staff Notice 51-358 Reporting of Climate Change-related Risks](#) (2019) is intended to assist companies in identifying and improving their disclosure of material risks posed by climate change. The CSA has also [noted](#) that the Canadian Sustainability Standards Board's standards "provide a useful voluntary disclosure framework for sustainability and climate-related disclosure that issuers are encouraged to refer to when preparing their disclosures."

The CSA's pause also does not affect issuers' obligations to avoid greenwashing and other misleading climate-related disclosure. The CSA has raised concerns about issuers making unbalanced or embellished environmental and ecological claims to promote interest in their securities, cautioning issuers to ensure that their environmental-related disclosure is specific, factual, balanced and, where applicable, hews to the requirements for making future-oriented statements. We discussed the CSA's guidance in respect of greenwashing in our Governance Insights article [A Preview of 2025: 10 Legal Updates GCs, Boards and Investors Need to Know](#).

As the saying goes, when the U.S. sneezes, Canada catches a cold. The return of President Trump to office in 2025 has resulted in a flurry of shifting political and economic priorities in Canada, including a renewed emphasis on major/"nation-building" projects and trade diversification. Remaining on the sidelines is the prospect of mandatory climate disclosure in Canada. Although the economic and political challenges facing Canadians are substantial and worthy of the attention they have received, it remains true today, as it was in 2021 when the draft mandatory disclosure rule was published, that climate risk is a business risk, and the need for consistent, comparable and investor-useful climate disclosure will only continue to grow.

Capital Markets Burden-Reduction Efforts

In the first half of 2025, the CSA implemented several exemptions. Of these, the most impactful was an elimination of the requirement for a third year of annual financial statements in the “long-form” prospectus used for a Canadian IPO. For more on this topic, see our bulletins [Securities Regulators Reduce Friction for Capital Raising with Incremental Changes to Prospectus Rules](#), and [Canadian Securities Regulators Boost Capital-Raising Capacity Under LIFE Exemption](#).

In the second half of 2025, the CSA implemented a permanent “automatic” shelf prospectus regime for “well-known seasoned issuers” (WKSIs). This new WKSI regime permits eligible WKSI issuers to automatically qualify an unallocated shelf prospectus for an unspecified amount of securities without any regulatory review. As a result, it avoids any regulatory delay (and associated execution risks) on launching a public securities offering as well as the potential market overhang associated with a traditional shelf prospectus. In contrast with the temporary pilot program that the new WKSI regime replaces, a WKSI shelf is now automatically qualified, due to a deemed rather than actual receipt, and so can be used immediately after its filing without regulatory confirmation. However, an issuer must be confident that it satisfies the new eligibility criteria (which are stricter than under the pilot program) to ensure its shelf prospectus is valid. A new WKSI shelf has a longer life (37 months), subject to annual confirmation of the issuer’s continuing eligibility.

In late 2025, in response to rumblings that the U.S. might shift to a semi-annual reporting regime, the CSA proposed a multi-year pilot initiative to allow eligible venture issuers with annual revenue of no more than C\$10 million to voluntarily adopt semi-annual financial reporting. For more on this topic, see our bulletin [CSA Pilots Semi-Annual Financial Reporting](#).

Shareholder Proposals

Climate and other ESG-related proposals remained a regular feature of the Canadian proxy season, with little indication that the anti-ESG sentiment seen in the U.S. has materially influenced voting behaviour in Canada.

In the financial services sector, climate-related proposals in 2025 generally avoided calls for new targets or commitments. Instead, they focused on disclosure regarding how climate risks are assessed and integrated into business decisions. These proposals attracted meaningful shareholder support by Canadian standards, even where boards recommended voting against them, suggesting that disclosure-based proposals framed around risk oversight can resonate with institutional investors.

Similar patterns were evident in the energy, infrastructure and mining sectors. Climate-related proposals increasingly focused on board accountability, transition assumptions and transparency regarding capital allocation, rather than on directing specific operational outcomes. In the mining sector, shareholder attention continued to centre on how boards oversee environmental and social risks that affect permitting, community relationships and long-term asset value. Across these sectors, proposals tied to board oversight and transparency generally performed better than proposals seeking to prescribe operational decisions.

As we [expected last year](#), proposals opposing virtual-only shareholder meetings again received some of the highest levels of shareholder support in 2025. This reflects continuing investor sensitivity to shareholder rights, access and board accountability.

The 2025 proxy season also saw an increase in proposals related to AI. Although shareholder support for these proposals remained limited, they are likely best understood as early indicators of emerging expectations. As we look ahead to 2026, we expect that AI-related proposals are likely to become more tailored to specific industries, with greater focus on operational risk, data use and board oversight.

For Canadian issuers, the takeaway is clear. Boards and management teams will be best positioned to manage shareholder proposals if, with the benefit of meaningful shareholder engagement, they clearly articulate how key business risks are overseen and provide disclosure that anticipates shareholders' increasing expectations in this regard.

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