

RACIAL EQUITY AUDIT STANDARDS

Supplementary
Guidance for Canadian
Companies

Credits

AUTHORS

Joseph Bastien,

Associate Director, Inclusive Economy, SHARE

Juana Lee,

Associate Director, Corporate Engagement, SHARE

Riya Sirkhell,

Senior Program Officer, Inclusive Economy, SHARE

Shannon Rohan,

Chief Strategy Officer, SHARE

ACKNOWLEDGEMENTS

SHARE recognizes the foundational work of Laura W. Murphy, and Farhana Khara in the development of the Civil Rights Audit Standards hosted by PolicyLink, which provides the foundation for this supplementary guidance. We also extend our gratitude to our colleagues for contributing their wisdom, time, and labour to the development of this supplementary guidance, including:

Eugene Kung, West Coast Environmental Law Association (WCEL)

Elizabeth Jordan, JFK Law

Tana Turner, Turner Consulting Group

Neethan Shan, Urban Alliance on Race Relations (UARR)

Mahlet Getachew, PolicyLink

Farhana Khara, FYK Consulting

We are grateful to the following funders for their support to the Investors for Racial Equity project: Atkinson Foundation, Dragonfly Ventures, Inspirit Foundation, McConnell Foundation, and the Ontario Public Service Employees Union (OPSEU).

SHARE is solely responsible for the content of this report.

TERRITORY ACKNOWLEDGEMENT

We respectfully acknowledge that SHARE carries out its work across the territories of many Indigenous Nations. Our offices are located on the traditional, ancestral and unceded territories of the x^wməθk^wəy^əm (Musqueam), Sk̓w̓x̓ wú7mesh (Squamish) and səilwətaʔ (Tsleil-Waututh) Nations in Vancouver, British Columbia, and on the traditional territories of many Nations, including the Mississaugas of the Credit First Nation, the Anishinaabe, the Haudenosaunee and the Wendat in Toronto, Ontario. We recognize that these lands have been home to Indigenous Peoples since time immemorial and that colonialism, dispossession and injustice are ongoing.

As we pursue our work nationally and internationally, we commit to listening, learning and engaging in actions that advance reconciliation and support Indigenous-led solutions.

DISCLAIMERS

This guidance is provided for informational purposes only and does not constitute investment advice, legal advice or a recommendation to buy or sell any financial product or service. The information contained herein is not intended to be relied upon as a basis for making investment or legal decisions. Readers are advised to seek independent financial and legal counsel before acting on any information presented in this report. While reasonable efforts have been made to ensure the accuracy of the information, no representation or warranty, express or implied, is made as to its completeness or accuracy under applicable Canadian law.

ABOUT SHARE

SHARE is an award-winning non-profit organization dedicated to mobilizing investor leadership for a sustainable, inclusive and productive economy. We do this by supporting our investor networks and amplifying their voices to improve corporate sustainability practices and implement better rules and regulations that govern capital markets.

For more information on SHARE, visit www.share.ca.



Contents

Glossary	3
<hr/>	
Introduction	7
What Is a Racial Equity Audit?	7
Who Is the Audience for This Guidance?	8
How Was the Guidance Developed?	9
How Can This Guidance Be Used?	9
<hr/>	
Background	10
U.S. Foundations: The Evolution of Civil Rights Audits	10
Civil Rights Audit Standards	10
The Emergence of Racial Equity Audits in Canada	11
Racial Equity Audits in Canada: Key Considerations	13
Substantive Equality in Canadian Law	13
Distinctions-Based, Intersectional Approaches to Racial Equity	14
Indigenous Rights and Engagement	14
Obligations Under Human Rights Legislation in Canada	16
International Commitments and Agreements	16
<hr/>	
Racial Equity Audit Standards: Supplementary Guidance for Canada	18
Standard 1: Comprehensive Scope	18
Supplementary Guidance 1: Comprehensive Scope	19
Standard 2: Independent, Qualified Auditor	20
Supplementary Guidance 2: Independent, Qualified Auditor	21
Standard 3: Meaningful Engagement with Rightsholders and Stakeholders	21
Supplementary Guidance 3: Meaningful Engagement with Key Stakeholders	22
Standard 4: Access to Critical Information	22
Supplementary Guidance 4: Access to Critical Information	23
Standard 5: Rigor and Objectivity	23
Supplementary Guidance 5: Rigour and Objectivity	24
Standard 6: Transparency	24
Supplementary Guidance 6: Transparency	25
Standard 7: Timeliness	26
Supplementary Guidance 7: Timeliness	26
Standard 8: Regular Frequency	27
Supplementary Guidance 8: Regular Frequency	27
Standard 9: Board Oversight and Accountability	28
Supplementary Guidance 9: Board Oversight and Accountability	28
<hr/>	
Conclusion	29

Glossary

Anti-racism	An active and ongoing process of identifying, challenging and changing the values, structures and behaviours that perpetuate systemic racism. Anti-racism involves action at both the institutional and individual levels to dismantle racism in organizational culture, policies, practices and decision-making structures. For companies, anti-racism refers to proactive measures to identify, prevent and address systemic discrimination and racial bias risks across its operations.
Civil rights audit	An independent evaluation of a company’s policies, practices, products, services, workforce and community impact to identify and take steps to prevent and mitigate the risk of bias and discrimination. Some civils rights audits focus on race, or race and ethnicity, and thus are referred to as racial equity audits. While rooted in U.S. legal and constitutional frameworks, the principles of civil rights audits—particularly around racial equity, transparency and accountability—have informed the development of racial equity audits in Canada.
Discrimination	A distinction, whether intentional or not, based on grounds relating to personal characteristics of an individual or group that has the effect of imposing burdens, obligations or disadvantages on such an individual or group not imposed upon others, or that withholds or limits access to opportunities, benefits and advantages available to other members of society.
Diversity, equity and inclusion (DEI)	A broad organizational approach aimed at creating a diverse workforce that ensures equitable employment policies and practices, promotes non-discrimination and fosters an inclusive work environment. DEI initiatives often intersect with employment equity legislation and human rights obligations.
Equity-deserving communities	A term used to describe groups that face systemic barriers in hiring, career advancement and inclusion due to historic and ongoing discrimination. These communities may include Indigenous Peoples, racialized people, people with disabilities, 2SLGBTQI+ individuals, women and others marginalized by structural inequities.
Free, prior and informed consent (FPIC)	The right of Indigenous Peoples to give, withhold, and withdraw their consent to projects that may affect their lands, territories, resources, cultures or rights. “Free” means consent is given voluntarily, without coercion, intimidation or manipulation. “Prior” means consent is sought well in advance of any authorization or commencement of activities, with adequate time for Indigenous decision-making processes. “Informed” means all relevant information—on the nature, scope, purpose and potential impacts of a proposal—is shared in a culturally appropriate, accessible and transparent way. FPIC is not merely a process of consultation—it is a substantive right grounded in Indigenous Peoples’ inherent rights to self-determination, participation in decision-making and control over their traditional lands and ways of life. It is affirmed throughout the United Nations Declaration on the Rights of Indigenous Peoples, including Articles 10, 11, 19, 28, 29 and 32.

Global majority	Global majority is a collective term coined through the anti-racism education work done by Rosemary Campbell-Stephens, in place of terms like visible minorities, People of Colour and ethnic minorities. It refers to people who are Black, Asian, Brown, dual-heritage, Indigenous or from the Global South, and/ or who have been racialized as “minorities.” Globally, these groups currently represent approximately 80% of the world’s population, making them the global majority now.
Human rights impact assessment (HRIA)	An instrument used by organizations to identify, assess and address the actual and potential impacts of their operations, policies and investments on human rights. It is a key tool for ensuring that business practices align with international human rights standards and that harms are proactively prevented or remedied. HRIAs are grounded in engagement with affected communities and rightsholders and form a critical part of broader human rights due diligence obligations under frameworks such as the United Nations Guiding Principles on Business and Human Rights.
Indigenous data sovereignty	Indigenous data sovereignty relates to the rights of First Nations, Inuit and Métis peoples to govern the collection, ownership, access and use of data related to their communities, members, language, traditional knowledge, culture, and lands.
Indigenous Groups	<p>A broad term referring to collectives, including, but not limited to:</p> <ul style="list-style-type: none"> ⊙ Rights-Holding Indigenous Groups <ul style="list-style-type: none"> • Indigenous Rightsholders: Nations, communities or groups that hold inherent collective rights. • Indigenous governing bodies: Rights holders ranging from First Nations bands to hereditary or traditional forms of governance. • Consultative bodies: Rights holders who have been identified as appropriate for consultation and engagement, such as Indigenous governing bodies, knowledge holders and decision makers according to a Nations’ own legal traditions. ⊙ Other Indigenous Groups <ul style="list-style-type: none"> • Indigenous political organizations: Organizations comprised of rights holders, but who are not rightsholders themselves. • Indigenous civil society organizations: Represent, or advocate on behalf of rights holders interests. • Indigenous industry groups: Focus on particular industries, or issues. • Indigenous businesses: Companies that are majority owned and operated by Indigenous Peoples, including First Nations, Inuit, and Métis Nations and/or communities, or individuals.
Indigenous Peoples	Culturally distinct groups whose ancestors were the original inhabitants of a territory. In this guidance, the term “Indigenous Peoples” refers to the peoples Indigenous to Canada, which includes First Nations, Inuit, and Metis peoples.

Indigenous Rights	In this guidance, “Indigenous Rights” refers to Aboriginal rights which are recognized in Section 35 of Canada’s Constitution Act, 1982, and informed by the country’s ratification of the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) Act in 2021. These rights are held collectively by Canadian Indigenous Groups and include inherent and treaty rights, and Aboriginal title. Examples of Indigenous Rights include the right to self-government, the right to practice one’s culture and language, and access to traditional territories. Other specific Indigenous Rights will vary by the location in Canada, and circumstances of a group.
Indigenous Rightsholders	In this guidance, “Indigenous Rightsholders” refers to Indigenous Nations, communities, or Groups in Canada that hold inherent collective rights recognized in section 35 of the Constitution, such as title, self-determination, and treaty rights, based on the distinct group status.
Indigenous economic reconciliation	Indigenous economic reconciliation refers to the process of addressing and redressing the economic marginalization of Indigenous Peoples by restoring their rights to self-determination, land, resources, and economic participation. It involves education of stakeholders about the history of Indigenous Peoples in Canada, transforming existing systems, policies, and relationships to support Indigenous-led economic development, equity in employment and procurement, and shared prosperity grounded in respect for Indigenous Rights, laws, and knowledge systems.
Intersectionality	The term intersectionality was coined by Kimberlé Crenshaw. It is a framework for understanding how social categorizations like race, class and gender combine to create unique experiences of discrimination and privilege. It recognizes that individuals hold multiple intersecting identities and that these intersections can lead to unique forms of disadvantage or advantage.
Racial equity	The condition in which race no longer predicts a person’s outcomes in areas such as employment, health and education, and where systemic barriers and disparities caused by colonialism, racism and exclusion have been addressed. In Canada, racial equity involves addressing both historical injustices and current structures that disproportionately impact Indigenous, Black and other racialized communities.
Racial equity audit	An independent evaluation of a company’s policies, practices and products and how they may contribute to racial inequities. Racial equity audits are independent stakeholder-informed processes that include both internal and external assessments and can inform reconciliation, anti-racism and human rights strategies. Racial equity audits may also include Indigenous Rightsholders if the actions of the company intersect with or impact the rights, title or interests of one or more rights-bearing Indigenous communities.
Racialization	The process through which groups come to be socially constructed as races, based on characteristics such as ethnicity, language, economics, religion, culture and politics. Racialization is the imposition of these constructions onto people in ways that unequally impact their economic, political and social life. Racialization is a social process that affects everyone, privileging some (whiteness), while disadvantaging others (global majority communities). The term racial marginalization is used to describe those subjected to this dynamic.

Reconciliation

The Truth and Reconciliation Commission of Canada (TRC) defined reconciliation as the ongoing process of establishing and maintaining respectful relationships between Indigenous and non-Indigenous Peoples in Canada. It requires awareness of the past, acknowledgment of the harm that has been inflicted, atonement for the causes, and action to change behaviour. Reconciliation involves addressing the legacy of residential schools and the broader impacts of colonialism, and it is rooted in principles of mutual respect, recognition of rights, and partnership. The TRC emphasized that reconciliation is not a single event, but a multi-generational journey that must involve all sectors of Canadian society, including governments, institutions, corporations and individuals.

Reconciliation Action Plan (RAP)

A reconciliation action plan, or RAP, is a forward-looking framework developed by a company to outline its commitments, goals, and plans in support of reconciliation with Indigenous Peoples. RAPs often detail practical actions to build respectful relationships, deepen cultural understanding, and develop meaningful collaborative and economic opportunities with Indigenous Groups, and businesses. In Canada, RAPs incorporate and build upon the Calls to Action set out by the Truth and Reconciliation Commission (TRC). In particular, Call to Action #92 sets out specific commitments for the corporate sector in Canada, which are as follows:

We call upon the corporate sector in Canada to adopt the United Nations Declaration on the Rights of Indigenous Peoples as a reconciliation framework and to apply its principles, norms, and standards to corporate policy and core operational activities involving Indigenous peoples and their lands and resources. This would include, but not be limited to, the following:

- i. Commit to meaningful consultation, building respectful relationships, and obtaining the free, prior, and informed consent of Indigenous peoples before proceeding with economic development projects.*
 - ii. Ensure that Aboriginal peoples have equitable access to jobs, training, and education opportunities in the corporate sector, and that Aboriginal communities gain long-term sustainable benefits from economic development projects.*
 - iii. Provide education for management and staff on the history of Aboriginal peoples, including the history and legacy of residential schools, the United Nations Declaration on the Rights of Indigenous Peoples, Treaties and Aboriginal rights, Indigenous law, and Aboriginal–Crown relations. This will require skills-based training in intercultural competency, conflict resolution, human rights, and anti-racism.*
-

Substantive equality

A legal and policy concept grounded in Section 15 of the Canadian Charter of Rights and Freedoms, part of the Constitution Act, 1982. It recognizes that equal treatment under the law may require different treatment to achieve fairness. Substantive equality accounts for historical disadvantage and systemic discrimination by permitting targeted or distinctions-based measures to address inequalities. Substantive equality is commonly referred to as equity.

Introduction

A civil rights audit is an independent, systematic review of a company's policies, practices, products, services, workforce and community impact.

The purpose of a civil rights audit is to identify and take steps to prevent or mitigate the risk of bias and discrimination and develop a plan of action to address those issues in a thorough, deliberate, timely and transparent manner.¹ Civil rights audits have been undertaken by several U.S. companies, leading to reforms in algorithmic design, lending practices and community engagement.

Canadian companies operate under robust human rights frameworks and face similar challenges as companies in the U.S. in identifying and mitigating the risks associated with racial bias and discrimination, including respecting Indigenous Rights and upholding human rights obligations. For this reason, the term racial equity audit is used in the Canadian context.

What Is a Racial Equity Audit?

Racial equity audits are independent assessments of corporate policies, practices, products and services aiming to uncover and rectify potential biases and discriminatory effects on Indigenous Peoples and racialized communities.² A racial equity audit enables a company to:

- ⦿ Identify risks related to discrimination and bias in their workforce, operations, products and services.
- ⦿ Ensure compliance with Indigenous Rights standards and substantive equality laws and embed equity, inclusion and equal opportunity throughout the company's operations and decision-making.
- ⦿ Engage with and respond to the priorities of key stakeholders, including employees, customers, investors, impacted Indigenous and/or racialized communities, and regulatory bodies.

Companies that fail to address racial inequities in their operations, supply chains, and stakeholder relationships face increased reputational, regulatory and legal risks such as increased scrutiny from investors and regulators, and difficulties in attracting and retaining diverse talent. Such shortcomings can also perpetuate systemic barriers that harm racialized communities, including Indigenous Peoples, which can erode stakeholder trust and weaken

1. Laura W. Murphy. (2021). The Rationale for and Key Elements of a Business Civil Rights Audit. <https://www.civilrightsdocs.info/pdf/reports/Civil-Rights-Audit-Report-2021.pdf>.

2. Some companies may use racial equity audit and racial equity assessment interchangeably. However, this guidance uses racial equity audit throughout to emphasize the independent and objective assessment of a company's efforts to promote racial equity and to mitigate risks related to the company's policies and business practices.





a company's social license to operate. By contrast, companies that proactively advance racial equity can reduce these risks while creating opportunities to strengthen stakeholder relationships, enhance workforce engagement, and improve overall performance. Racial equity audits, in particular, can help organizations identify gaps, mitigate exposure, and build competitiveness through improved talent attraction, retention, and brand reputation.

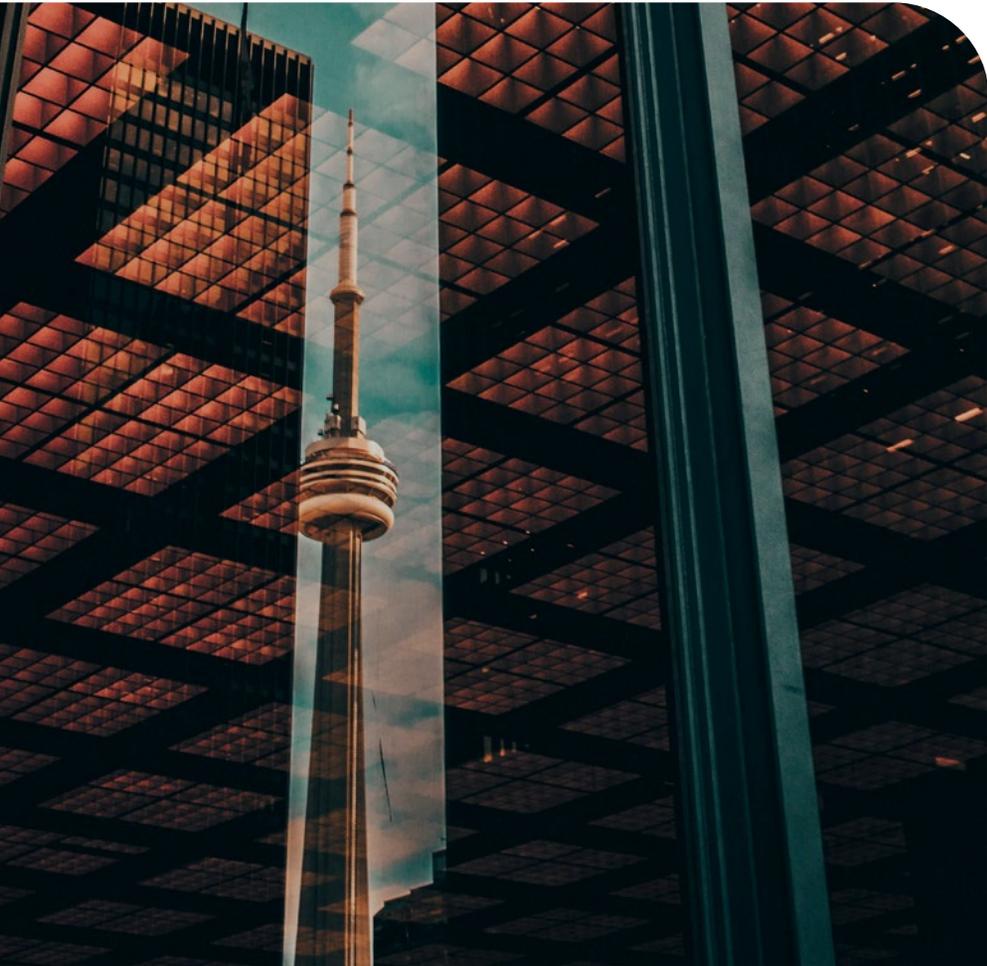
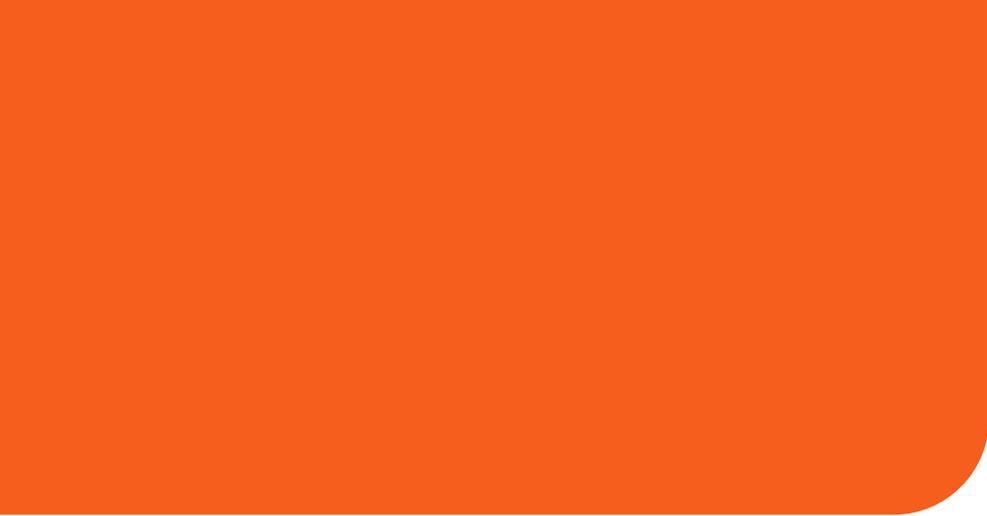
Racial equity audits are distinct from other third-party assessments that companies may use to evaluate the impact of their operations on people. For example, human rights impact assessments focus broadly on identifying, assessing and addressing potential or existing adverse human rights impacts stemming from a company's business practices and operations and are underscored by international human rights standards and laws. Culture reviews evaluate a company's corporate culture and provide recommendations for improvement. An employment systems review is an assessment focused specifically on workplace policies and practices to identify barriers to equity in hiring, promotion, training and retention. A racial equity audit, however, is an independent assessment to identify, prevent and mitigate systemic discrimination risks through the evaluation of a company's policies, practices, products and services that may cause, reinforce or perpetuate racial inequity issues.

Racial equity audits are also distinct from Reconciliation Action Plans (RAPs). Companies in Canada have developed RAPs as part of their public commitments to advance Indigenous reconciliation and respond to the Truth and Reconciliation Commission of Canada's Call to Action 92.³ A RAP is a forward-looking framework that outlines a company's goals and actions in areas such as employment, training, procurement and cultural awareness. Some RAPs also seek to adapt products and services to meet the needs of Indigenous Peoples. In contrast, a racial equity audit is a diagnostic tool that assesses a company's current and past activities that may cause, perpetuate or fail to address risks to racialized communities, including Indigenous Peoples, providing insights to inform future strategy on mitigating these risks. While RAPs articulate commitments, racial equity audits assess performance and impact. The findings from an audit can provide an evidence base for shaping or refining a RAP by identifying gaps, informing priorities and ensuring that reconciliation efforts are grounded in accountability and responsive to the rights and concerns of impacted Indigenous communities.

Who Is the Audience for This Guidance?

This supplementary guidance is intended for corporate boards, management, staff and third-party auditors involved in conducting racial equity audits in Canada, and civil society partners engaging in or overseeing racial equity audits. It may also be a useful resource for investors seeking to better understand and evaluate company approaches to conducting racial equity audits.

3. Truth and Reconciliation Commission of Canada. (2015). Truth and Reconciliation Commission of Canada: Calls to Action. https://ehprnh2mwo3.exactdn.com/wp-content/uploads/2021/01/Calls_to_Action_English2.pdf.



How Was the Guidance Developed?

This guidance was developed by SHARE, the Shareholder Association for Research and Education, a not-for-profit organization that mobilizes investor leadership to build a more sustainable, inclusive and productive economy. Through its shareholder engagement program, SHARE has been actively engaging Canadian companies to encourage them to conduct racial equity audits. This supplementary guidance was created to inform those efforts and promote alignment with best practices and investor expectations.

To strengthen its racial equity work, SHARE partnered with the Urban Alliance on Race Relations (UARR) to launch the Investors for Racial Equity Project, which aims to advance leading investor and corporate practices on racial equity in Canada. Founded in 1975, UARR is a charitable organization that works proactively across communities, public institutions and private sectors to address systemic racism through education, advocacy and research. UARR contributed input and support in shaping this guidance.

Additional input was provided by legal experts, racial justice advocates, Indigenous leaders, civil society stakeholders, and auditors. Their collective insights have helped inform the guidance provided here to help companies conduct rigorous, contextually grounded racial equity audits in Canada.

How Can This Guidance Be Used?

This supplementary guidance builds on the Civil Rights Audit Standards developed by the independent Civil Rights Audit Standards Committee and hosted by PolicyLink for U.S. companies. The guidance does not replace the Civil Rights Audit Standards. Instead, it helps Canadian companies apply those standards with attention to the Canadian context, including Canada's distinct substantive equality and Indigenous Rights frameworks. The supplementary guidance offers a range of ways to strengthen the quality and credibility of a third-party racial equity audit by centering meaningful engagement and dialogue with racialized communities and Indigenous Groups. The guidance is cross-sectoral and relevant to companies across all industries.



Background

U.S. Foundations: The Evolution of Civil Rights Audits

Civil rights refer to the rights and freedoms that protect individuals from discrimination and ensure equal treatment under the law. These rights apply in key areas such as employment, housing, services, education and access to places of public accommodation. Civil rights audits in the United States emerged as a response to long-standing and systemic inequities embedded in corporate practices—many of which disproportionately harm racialized and marginalized communities.⁴ Catalyzed by the Black Lives Matter movement and increasing shareholder activism, these audits sought to go beyond traditional diversity metrics and corporate social responsibility statements. They became a tool for companies to rigorously evaluate how their structures, decisions and business relationships might contribute to or mitigate discriminatory outcomes.

Civil Rights Audit Standards

In response to the growing need for consistent standards to guide racial equity and civil rights audits in the U.S., an independent committee comprising business executives, investors, worker advocates and civil rights experts developed the Civil Rights Audit Standards.⁵ Now hosted by PolicyLink, these standards offer a practical blueprint for companies seeking to identify and mitigate risks related to racial bias and discrimination, build stakeholder trust and embed non-discrimination principles into corporate governance and decision-making.

4. Laura W. Murphy. (2021). The Rationale for and Key Elements of a Business Civil Rights Audit. <https://www.civilrightsdocs.info/pdf/reports/Civil-Rights-Audit-Report-2021.pdf>.

5. PolicyLink. (2024, July). Civil Rights Audit Standards. https://www.policylink.org/sites/plorg/files/2025-08/PolicyLink-CivilRightsAuditStandards_7-24-24vFinal.pdf.



The Civil Rights Audit Standards provide nine core standards for conducting civil rights or racial equity audits:

1. Comprehensive Scope
2. Independent, Qualified Auditor
3. Meaningful Engagement with Stakeholders
4. Access to Critical Information
5. Rigor and Objectivity
6. Transparency
7. Timeliness
8. Regular Frequency
9. Board Oversight and Accountability

While the Civil Rights Audit Standards were developed in the U.S. context, their use in Canada requires careful adaptation. The legal, historical and social landscape surrounding racial equity in Canada—particularly the centrality of Indigenous Rights and reconciliation—differs in important ways.

The Emergence of Racial Equity Audits in Canada

In 2021, the discovery of unmarked graves of children missing from Indian residential schools⁶, and growing support for the Black Lives Matter movement catalyzed a national dialogue on racial equity and reconciliation in Canada. In response, investors began asking Canadian companies to demonstrate meaningful commitments to reconciliation and racial equity, contributing to a surge in companies making public commitments to prioritize diversity, equity and inclusion. Against this backdrop, racial equity audits have gained traction as a critical mechanism for identifying and addressing discrimination risks across business operations, while facilitating compliance with Canada's constitutional frameworks for substantive equality, and Indigenous Rights.

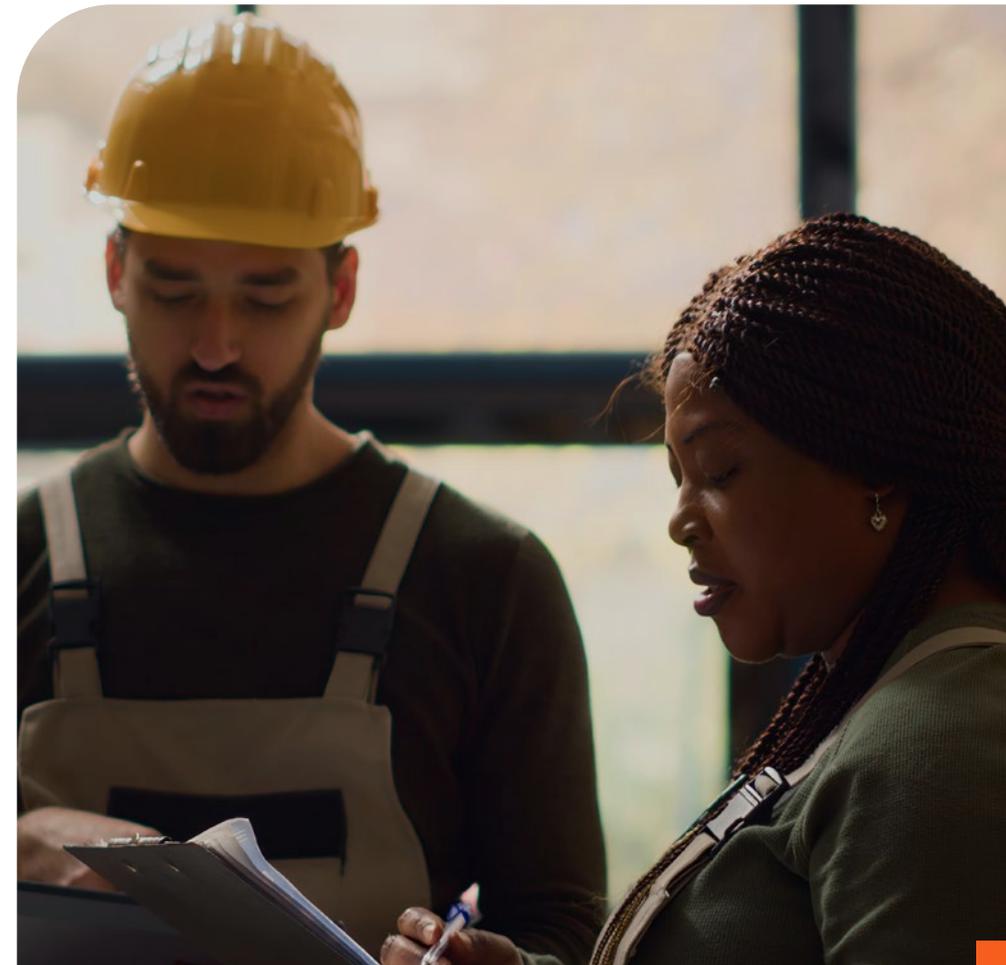
6. Scott, S. (2021, June 1). 215 innocent children. National Centre for Truth and Reconciliation. <https://nctr.ca/research/215-innocent-children/>.



Since 2023, five of Canada’s “big six” banks—Bank of Montreal, Royal Bank of Canada, Canadian Imperial Bank of Commerce (CIBC), National Bank of Canada and Toronto-Dominion (TD) Bank—have committed to conducting third-party racial equity audits in response to shareholder proposals.⁷ TD Bank became the first to complete and publish a racial equity audit of its employment practices, in December 2023. CIBC published phase I of its racial equity audit on employment practices in March 2025, reporting on opportunities and identifying enhancements to create greater inclusion throughout CIBC. The remaining banks are currently in the process of undertaking their own reviews.

Most recently, in April 2025, over 37% of shareholders at the Bank of Nova Scotia (Scotiabank) voted in support of a proposal calling for a third-party racial equity audit. This level of support is particularly significant—nearly double the 2024 average approval rate (21.6%) for shareholder resolutions at Canadian companies, and it also marks the highest level of support of a shareholder proposal at Scotiabank since 2010. The vote results suggest that a substantial number of shareholders want to see meaningful, transparent actions to uncover and address any potential racial equity concerns in the Canadian business community.

Evaluations of racial equity audits conducted to date highlight the need for clear, consistent and credible standards. While Canadian efforts may draw from U.S. experiences, effective racial equity audits must be grounded in Canada’s unique legal, historical, social and governance context.



7. SHARE. (2025, March 26). “Investors Urge Scotiabank to Conduct Racial Equity Audit.” <https://share.ca/blog/investors-urge-scotiabank-to-conduct-racial-equity-audit/>.



Racial Equity Audits in Canada: Key Considerations

In Canada, human rights are protected through a combination of federal, provincial and territorial laws, including the Canadian Charter of Rights and Freedoms, the Canadian Human Rights Act and various provincial human rights codes.

Protected grounds under these laws commonly include race, sex, sexual orientation, gender identity or expression, disability, nationality, ethnicity, religion and age. Indigenous Peoples in Canada have distinct rights, as outlined in the Constitution Act, 1982, and further upheld in the United Nations Declaration on the Rights of Indigenous Peoples Act.

The following section outlines key considerations for companies conducting racial equity audits in the Canadian context.

Substantive Equality in Canadian Law

Substantive equality is codified in Part I, Section 15, of Canada's Constitution Act, 1982, known as the Canadian Charter of Rights and Freedoms.⁸ Unlike formal equality, which treats everyone the same regardless of circumstance, substantive equality is remedial in nature. Commonly referred to as equity, substantive equality permits differential, distinctions-based treatment to address historical disadvantage and systemic barriers. It recognizes the historic, social, economic and political contexts in which individuals and groups experience discrimination.

While the charter applies to government actors, its principles are echoed across federal, provincial and territorial human rights legislation. These statutes contain similar provisions that uphold the right to be free from discrimination and support the application of substantive equality across Canadian society. For companies, this legal framework underscores the need to tailor equity initiatives to the distinct realities and needs of diverse communities—rather than relying on generic or one-size-fits-all approaches.

8. Government of Canada. Canadian Charter of Rights and Freedoms, Section 15 – Equality Rights. <https://www.justice.gc.ca/eng/cs-j-sjc/rfc-dlc/ccrf-ccd/check/art15.html>.

Distinctions-Based, Intersectional Approaches to Racial Equity

In Canada, it is a best practice to adopt a distinctions-based, intersectional approach when addressing Indigenous Rightsholders, Black communities, global majority populations and other equity-deserving groups. This approach recognizes and respects their unique histories and identities, rather than treating these groups under a broad, umbrella category. A distinctions-based approach ensures that equity efforts are tailored to the specific contexts and experiences of each group. An intersectional approach considers the historical, social, economic and political context and recognizes the unique experience of discrimination, based on the confluence of grounds involved.⁹ For example, in many cases, Black women experience discrimination in a completely different way from Black men or white women. An intersectional approach recognizes these unique and distinct experiences. This is especially important for Indigenous Peoples, who are recognized as distinct Nations with treaty rights and Indigenous Rights enshrined in both the Canadian constitution and international law.¹⁰

Indigenous Rights and Engagement

In this guidance, “Indigenous Rights” refers to Aboriginal rights which are recognized in Section 35 of Canada’s Constitution Act, 1982, and informed by the country’s ratification of the United Nations Declaration on the Rights of Indigenous Peoples Act in 2021. These rights are held collectively by Canadian Indigenous Groups and include inherent and treaty rights, and Aboriginal title.¹¹ Examples of Indigenous Rights include the right to self-government, the right to practice one’s culture and language, and access to traditional territories. Other specific Indigenous Rights will vary by the location in Canada, and circumstances of a group. These rights predate the Crown’s assertion of sovereignty and are affirmed by Section 35 of the Constitution Act, 1982.¹² Individuals from Indigenous Nations are also protected under Section 15 of the Canadian Charter of Rights and Freedoms, which guarantees the right to equality and non-discrimination. Together, these constitutional protections affirm both the collective rights of Indigenous Peoples and the rights of individual members of Indigenous Groups. This foundational recognition shapes how governments must engage with Indigenous Peoples¹³ and provides the basis for companies to engage with Indigenous Rightsholders.

9. Ontario Human Rights Commission. (n.d.). “An Introduction to the Intersectional Approach.” In: An Intersectional Approach to Discrimination: Addressing Multiple Grounds in Human Rights Claims. <https://www3.ohrc.on.ca/en/intersectional-approach-discrimination-addressing-multiple-grounds-human-rights-claims/introduction>.

10. Government of Canada. (2018). “Principles Respecting the Government of Canada’s Relationship with Indigenous Peoples.” <https://www.justice.gc.ca/eng/csj-sjc/principles-principes.html>.

11. Government of Canada. (2025) “Aboriginal rights”. <https://www.justice.gc.ca/eng/csj-sjc/ijr-dja/35pedia-wiki35/p6.html>

12. Government of Canada. (2018). “Principles Respecting the Government of Canada’s Relationship with Indigenous Peoples.” <https://www.justice.gc.ca/eng/csj-sjc/principles-principes.html>.

13. Government of Canada. (2018). “Principles Respecting the Government of Canada’s Relationship with Indigenous Peoples.” <https://www.justice.gc.ca/eng/csj-sjc/principles-principes.html>.



The Truth and Reconciliation Commission of Canada (TRC) provides guidance for corporate actors through its Final Report and Calls to Action.¹⁴ The TRC defines reconciliation as the process of establishing and maintaining respectful relationships between Indigenous and non-Indigenous Peoples by acknowledging the past, addressing ongoing injustices and working collaboratively toward a more inclusive and equitable society.¹⁵ According to the TRC, reconciliation requires Canada's political and legal systems, educational institutions, corporate sector and civil society to align their actions with the principles of the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP).¹⁶

Call to Action 92 specifically addresses the private sector, urging companies to adopt and implement UNDRIP principles in their core operations, specifically those affecting Indigenous Peoples and their lands, territories and resources. Additionally, reconciliation efforts should be informed by the Calls for Justice of the National Inquiry into Missing and Murdered Indigenous Women and Girls, which call on corporations to help prevent violence and address systemic inequities affecting Indigenous women, girls and gender-diverse people.¹⁷

Engagement with Indigenous Rightsholders and Indigenous Groups in audits is a voluntary, and encouraged practice focused on relationship-building, transparency and inclusion, reflecting a strong commitment to reconciliation. Engagement is defined as providing time and resources to develop and sustain positive and progressive relationships with Indigenous Rightsholders and Groups. Engagement can include communications, information sharing, involvement in events and activities, and partnerships.¹⁸ Engagement with Indigenous Rightsholders is warranted in cases where company products, services or operations impact Indigenous communities, collective rights,

territories or interests. Not all racial equity audits in Canada will need to engage with Indigenous Rightsholders; however, even when not required, respectful engagement may enhance the audit's credibility and alignment with broader reconciliation goals, depending on the discretion of the auditor and company.

Recent legislative developments reinforce these expectations. The United Nations Declaration on the Rights of Indigenous Peoples Act became law in Canada on June 21, 2021, to strengthen the federal government's relationship with Indigenous Peoples.¹⁹ The Act requires the Government of Canada, in consultation and cooperation with Indigenous Peoples, to take all necessary measures to ensure that Canadian laws are consistent with UNDRIP principles. The federal government's Declaration Act Action Plan, released in 2023, outlines steps for implementing UNDRIP across sectors in partnership with Indigenous Peoples.²⁰ In 2024, the National Council for Reconciliation Act came into force, fulfilling TRC Call to Action 53 by establishing an independent, Indigenous-led council to monitor national progress on reconciliation.²¹

Provincial governments have also taken legislative steps to advance reconciliation and racial equity. British Columbia became the first province or territory to pass legislation implementing UNDRIP in November 2019, followed by the Northwest Territories in October 2023.²² Meanwhile, in Ontario, UNDRIP-related bills have been introduced,²³ and Quebec's Public Inquiry Commission on Relations between Indigenous Peoples and Certain Public Services in Québec (Viens Commission) has strongly urged the provincial government to enshrine UNDRIP within its legislative framework.²⁴ Together, these frameworks establish a legal foundation for corporate responsibility in advancing reconciliation—both independently and through processes like racial equity audits.

14. Truth and Reconciliation Commission of Canada. (2015). Truth and Reconciliation Commission of Canada: Calls to Action. https://ehprnh2mwo3.exactdn.com/wp-content/uploads/2021/01/Calls_to_Action_English2.pdf.

15. National Centre for Truth and Reconciliation. "Truth and Reconciliation Commission of Canada." <https://nctr.ca/about/history-of-the-trc/truth-and-reconciliation-commission-of-canada/>.

16. Truth and Reconciliation Commission of Canada. (2015). Truth and Reconciliation Commission of Canada: Calls to Action. https://ehprnh2mwo3.exactdn.com/wp-content/uploads/2021/01/Calls_to_Action_English2.pdf.

17. National Inquiry into Missing and Murdered Indigenous Women and Girls. (2019). "Calls for Justice." In: Reclaiming Power and Place: The Final Report of the National Inquiry into Missing and Murdered Indigenous Women and Girls. https://www.mmiwg-ffada.ca/wp-content/uploads/2019/06/Calls_for_Justice.pdf.

18. Canadian Council for Indigenous Business (CCIB). "Partnership Accreditation in Indigenous Relations (PAIR)." <https://www.ccib.ca/pair/#1732029203925-fc11304d-ef5b>.

19. Department of Justice Canada. (2021, June 21). Background: United Nations Declaration on the Rights of Indigenous Peoples Act. <https://www.justice.gc.ca/eng/declaration/about-appropos.html>.

20. Department of Justice Canada. (2023). The United Nations Declaration on the Rights of Indigenous Peoples Act Action Plan. <https://www.justice.gc.ca/eng/declaration/ap-pa/ah/index.html>.

21. Government of Canada. National Council for Reconciliation Act, S.C. 2024, c. 8. https://laws.justice.gc.ca/eng/AnnualStatutes/2024_8/page-1.html.

22. Chelsea Gladstone, Jimmy Burg and Sterling Hillman. (2025, January 31). "UNDRIP in Practice: The Evolution of UNDRIP in Canadian Law." Boughton Law. <https://www.boughtonlaw.com/2025/01/undrip-in-practice-the-evolution-of-undrip-in-canadian-law/>.

23. Legislative Assembly of Ontario. (2019). Bill 76, United Nations Declaration on the Rights of Indigenous Peoples Act, 2019. <https://www.ola.org/en/legislative-business/bills/parliament-42/session-1/bill-76>.

24. Québec Ombudsman. (2023, October). First Follow-Up Report on the Viens Commission: Assessment of the Implementation of the 142 Calls for Action of the Public Inquiry Commission on Relations Between Indigenous Peoples and Certain Public Services in Québec: Listening, Reconciliation and Progress. <https://protecteurducitoyen.qc.ca/sites/default/files/2023-09/first-follow-up-report-viens-commission.pdf>.

A core component of Indigenous Rights is respecting Indigenous data sovereignty—the right of Indigenous Peoples to govern the collection, ownership and application of data about their communities, lands and cultures. Rooted in the inherent right to self-determination and governance, Indigenous data sovereignty reflects long-standing legal principles affirmed in Section 35 of the Constitution Act, 1982, and is aligned with Articles 18–19 and 31 of UNDRIP, which affirm Indigenous Peoples’ rights to participate in decision-making and to maintain, control, protect and develop their cultural knowledge and intellectual property.²⁵ The First Nations Information Governance Centre has codified this principle in the First Nations Principles of OCAP—ownership, control, access and possession which guide how First Nations data should be handled ethically and respectfully.²⁶ These standards are a valuable resource for companies seeking to collect data from Indigenous Peoples and provide helpful guidance in the design, governance and use of any First Nations–related data.

Obligations Under Human Rights Legislation in Canada

In Canada, private sector companies are subject to a combination of federal, provincial and territorial human rights legislation. These laws are designed to protect individuals from discrimination, promote equality and ensure accessibility in workplaces and service delivery.

Federally regulated businesses, such as banks, airlines and telecommunications companies, must comply with the Canadian Human Rights Act, which prohibits discrimination in employment and the provision of services on grounds such as race, sex, disability, religion, age, sexual orientation and family status, and requires employers to fulfill the duty to accommodate to the point of undue hardship. Provincially, laws such as Ontario’s Human Rights Code, British Columbia’s Human Rights Code and Quebec’s Charter of Human Rights and Freedoms impose similar obligations on companies operating within their jurisdictions.

Beyond anti-discrimination duties, accessibility frameworks such as the Accessible Canada Act at the federal level and Ontario’s Accessibility for Ontarians with Disabilities Act set proactive requirements for private sector organizations to identify, remove and prevent barriers for persons with disabilities. Employers are also required to address workplace harassment under both human rights codes and occupational health and safety frameworks (e.g., Ontario’s Bill 132 amendments to the Occupational Health and Safety Act).

To meet these obligations, companies should adopt human rights compliant policies, provide staff training and establish internal complaint and resolution mechanisms. Compliance is overseen by human rights commissions and tribunals, which may order remedies such as compensation, reinstatement or policy reforms. Together, these laws establish a foundation for companies to actively prevent discrimination by taking proactive steps such as, implementing policies, training programs, and practices that advance equity, accessibility, and human rights in the workplace.

International Commitments and Agreements

In addition to Canada’s constitutional provisions on substantive equality, the Government of Canada has ratified several international instruments mandating action to eliminate systemic discrimination and racial inequality through policy action and legislation. Notably, Canada ratified the United Nations International Convention on the Elimination of All Forms of Racial Discrimination on October 14, 1970.²⁷ Canada is also a party to the International Covenant on Economic, Social and Cultural Rights (1976).²⁸

More recently, on January 9, 2023, Canada, alongside the United States and Mexico, executed the Declaration on the North American Partnership for Equity and Racial Justice.²⁹ This declaration acknowledges that “Tribal Nations and Indigenous Peoples, who have lived in North America since time immemorial,

25. United Nations. (2007). United Nations Declaration on the Rights of Indigenous Peoples. https://www.un.org/development/desa/indigenouspeoples/wp-content/uploads/sites/19/2018/11/UNDRIP_E_web.pdf

26. First Nations Information Governance Centre. (n.d.). “The First Nations Principles of OCAP®.” <https://fnigc.ca/ocap-training/>.

27. Government of Canada. (2011). International Convention on the Elimination of All Forms of Racial Discrimination: Nineteenth and Twentieth Reports of Canada. https://www.canada.ca/content/dam/pch/documents/services/canada-united-nations-system/reports-united-nations-treaties/conv_intnl_elim_discrim-intnl_conv_elim_discrim-eng.pdf.

28. Government of Canada. (2017, October 24). “Canada’s Appearance at the United Nations Committee on Economic, Social and Cultural Rights.” <https://www.canada.ca/en/canadian-heritage/services/canada-united-nations-system/reports-united-nations-treaties/commitments-economic-social-cultural-rights/canada-appearance.html>.

29. Government of Canada. (2024, June 20). “Declaration on the North American Partnership for Equity and Racial Justice.” <https://www.canada.ca/en/employment-social-development/programs/federal-anti-racism-secretariat/declaration-partnership-equality-racial-justice.html>.



continue to face unacceptable disparities and barriers, as do other communities with lived experience of discrimination and racism. Systemic racism, expressions of white supremacy, and discrimination in all forms diminish our economic growth and limit our prosperity.”

The declaration commits Canada to advancing rights and aspirations enshrined in multilateral agreements such as UNDRIP, the International Decade for People of African Descent and the United Nations Sustainable Development Goals. It also affirms a commitment to proactively advance equity and racial justice by addressing the barriers to equal opportunity faced by marginalized communities.

Furthermore, the United Nations Guiding Principles on Business and Human Rights (UNGPs), endorsed by the United Nations Human Rights Council in 2011, reinforce the principle that all companies, regardless of sector or location, have a responsibility to respect internationally recognized human rights across their operations and value chains.³⁰ The Government of Canada has aligned its Responsible Business Conduct Abroad strategy (2022–2027) with the UNGPs, integrating them into policy expectations for Canadian enterprises, particularly in the extractive sector and for companies operating abroad.³¹

This analysis focuses on those international agreements that Canada has ratified, as these shape domestic law and policy obligations. However, it is important to note that this is not an exhaustive review of all international commitments and agreements.

30. UN Office of the High Commissioner for Human Rights (OHCHR). (2011). Guiding Principles on Business and Human Rights: Implementing the United Nations “Protect, Respect and Remedy” Framework. https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinesshr_en.pdf

31. Government of Canada. (2021). Responsible Business Conduct Abroad: Canada’s Strategy for the Future. <https://www.international.gc.ca/trade-commerce/rbc-cre/strategy-2022-strategie.aspx?lang=eng>



Racial Equity Audit Standards: Supplementary Guidance for Canada

The following section provides supplementary guidance for conducting racial equity audits in Canada. It presents the U.S. Civil Rights Audit Standards in their original form and then provides additional guidance for the Canadian context.

Standard 1: Comprehensive Scope

Civil Rights Audit Standard

- a. A comprehensive civil rights audit includes:
 - i. Examination of the key components of a company, including its policies, practices, products, services, workforce, and community impact, and evaluation across all such components of whether the company is:
 1. Identifying and taking steps to prevent or mitigate the risk of bias and discrimination, consistent with the principles embodied in federal and applicable local civil rights laws; and
 2. Advancing equity, inclusion, and equal opportunities for all effectively
 - ii. Review of civil rights issues raised by stakeholders, including, if applicable, the parties requesting the audit.
 - iii. Identification of gaps in efforts to prevent or reduce the risk of bias or discrimination and to promote equity and inclusiveness, including the provision of specific, concrete, and actionable recommendations to remedy any such gaps or harms that may arise from them.



- b. Except under the circumstances stated in Standard 3(a)(i), the company and the auditor mutually agree on the appropriate scope of the civil rights audit
- c. There may be circumstances where there is a credible rationale for the company undertaking a civil rights audit that is not comprehensive but is focused on more limited components of the company or a more limited set of potential civil rights risks and issues. Under such circumstances, the audit scope should nonetheless cover at least some, and ideally all, of the areas of focus set forth in section (a) of this Standard, but within the more narrowly defined company components or issues of focus, and the auditor should set forth in writing in the report the credible rationale for the limited scope of the review.
- d. In the event that the auditor identifies actual or potential violations of civil rights laws or anti-discrimination policies or regulations, the auditor should report these actual or potential violations to the company for possible further review and action.

Supplementary Guidance 1: Comprehensive Scope

Canadian Supplementary Guidance

In Canada, a comprehensive racial equity audit should be grounded in Canadian constitutional and legal principles, including a distinctions-based understanding of systemic racism. Key implementation considerations include:

- a. The audit should examine a company's policies, practices, products, services, workforce and community impact across its operations. The analysis should assess whether the company is:
 - i. Recognizing the distinct experiences of Indigenous Groups, Black communities, global majority populations and other equity-deserving groups—including systemic inequities such as underrepresentation in leadership roles, wage gaps, and bias in hiring and promotions.
 - ii. Considering the specific impacts of the company's operations on Indigenous Groups and racialized communities.
 - iii. Tailoring equity initiatives to reflect the unique socio-legal systemic barriers faced by these communities.
- b. The auditor should define the scope of the audit independently, with meaningful input from, where relevant, Indigenous Rightsholders and Groups and key stakeholders, including company management, employees, civil society partners, racial justice experts and audit proponents. Scoping should reflect the complexity of the company's operations and the historical or ongoing racial inequities they may impact.

- c. For companies with international operations, auditors should assess whether operations outside Canada warrant inclusion, particularly where issues of racial equity or Indigenous Rights may arise.
- d. The auditor should review relevant internal and public-facing documents, as well as commitments the company has made related to racial equity and reconciliation, including Reconciliation Action Plans; diversity, equity and inclusion strategies; environmental, social and governance disclosures; public commitments on reconciliation and/or racial equity; and other equity-related goals.
- e. If the audit is structured in phases, each phase should strive to meet the expectations set out in 1(a).

Standard 2: Independent, Qualified Auditor

Civil Rights Audit Standard

- a. The auditor exercises independent professional judgment and renders candid advice.
 - i. The lead auditor, and all those conducting the audit, do not have a conflict of interest, or the appearance of a conflict of interest, to conduct the audit.
 - ii. The lead auditor, and all those conducting the audit, have not previously defended the company against allegations of discrimination.
 - iii. The lead auditor certifies their independence and that of the team conducting the audit in writing to the company and in the audit report, with such certification of independence including their candid professional judgment and the absence of any conflicts.
- b. The lead auditor is a qualified person or firm with deep expertise in and commitment to civil rights and racial justice.
- c. The lead auditor is complemented by individuals or firms with relevant expertise to ensure that the audit review is thorough and meaningful.



Supplementary Guidance 2: Independent, Qualified Auditor

Canadian Supplementary Guidance

In the Canadian context, the independence, qualifications and representativeness of the audit team are critical to the legitimacy, rigour and trustworthiness of a racial equity audit. Supplementary guidance includes:

- a. The lead auditor should be a qualified individual or firm with a demonstrated track record in conducting equity-related reviews and core expertise in racial equity, Indigenous Rights and reconciliation issues, and human rights, grounded in Canadian law and policy.
- b. The broader audit team should also include or engage individuals or organizations with specialized knowledge relevant to the audit's scope—for example, expertise in Indigenous Rights, anti-racism and human rights frameworks.
 - i. If such expertise is lacking, all team members should complete at least one defined training course (internal or external) to ensure a baseline understanding of relevant issues and frameworks.
- c. Companies should also take steps to ensure the audit team is meaningfully representative of the communities most affected by racial inequity. This may include:
 - i. Retaining lead auditors who collaborate with or subcontract work to individuals or firms led by members of equity-deserving groups, including Indigenous Peoples, Black communities and other racialized groups.
 - ii. Incorporating team members with lived experience and relationships with impacted communities relevant to the audit's scope.
 - iii. Structuring requests for proposal and procurement processes to encourage inclusive team composition and prioritizing firms with demonstrated equity and reconciliation commitments and partnerships with equity-deserving organizations.

Standard 3: Meaningful Engagement with Key Stakeholders

Civil Rights Audit Standard

- a. In cases where a party has requested in good faith that the company conduct the audit, the following should occur:
 - i. The company and the party requesting the audit should make best efforts to reach mutual agreement on the scope and timeline for the audit.
 - ii. The company and the party requesting the audit make best efforts to reach mutual agreement on the selection of the auditor.
 - iii. The auditor meaningfully engages with the party requesting the audit, including meeting with the party requesting the audit at the beginning of the audit and before recommendations are finalized to share proposed recommendations.
- b. In all cases, the auditor identifies and meaningfully engages identified key stakeholders, inside and outside the company, during the audit process.
 - i. Depending on the scope of the audit, key stakeholders may include board members, senior executives, employees, contractors, vendors, business partners, customers, consumers, government regulators, investors, labor unions and their affiliates, and civil rights groups.
- c. The auditor should have unlimited access to interview all employees who, the auditor determines, possess relevant knowledge about matters within the scope of the audit, and employees should be empowered to give candid interviews. To mitigate the risk of employees facing potential retaliation, the auditor, working with the company, should implement a communication channel to ensure confidentiality between the auditor and employees and the anonymity of employees.
 - i. Senior management may be excluded from the anonymity standard.
 - ii. The company and the auditor take steps to keep the identity of any employee(s), except senior management, who participate in the audit confidential or keep the recipients of such information very limited to mitigate any risk of retaliation.

Supplementary Guidance 3: Meaningful Engagement with Rightsholders and Stakeholders

Canadian Supplementary Guidance

In Canada, meaningful engagement must reflect a distinctions-based approach, recognizing the constitutional and legal rights of Indigenous Peoples as rightsholders and addressing the distinct barriers faced by racialized communities. Supplementary guidance includes:

- a. Indigenous Rightsholders must not be treated as general stakeholders. Where engagement is warranted,³² companies and auditors must engage them as rightsholders with inherent and constitutional rights, consistent with Section 35 of the Constitution Act, 1982, and Canada’s commitments under UNDRIP and the United Nations Declaration on the Rights of Indigenous Peoples Act.
- b. Where engagement with Indigenous Rightsholders is deemed appropriate, the engagement must respect Indigenous governance systems, decision-making processes and jurisdiction. The audit should assess and document how the company’s activities may impact Indigenous Rights and obligations to free, prior and informed consent, where applicable.
- c. Auditors must recognize that many Indigenous Groups operate with limited administrative resources. To avoid extractive engagement:
 - i. Provide advance notice and sufficient time for meaningful participation.
 - ii. Offer appropriate compensation, such as honoraria, travel reimbursement or consulting fees, where budgets permit.
 - iii. Disclose the purpose, scope and possible impacts of the audit when requesting engagement.
- d. The auditor must ensure that engagement methods are inclusive and accessible:
 - i. Consider factors such as work schedules (including shift work), geographic distribution, language and physical or psychological safety.
 - ii. Use plain language.
- e. Community engagement should prioritize Indigenous and Black communities and other racialized and equity-deserving groups who may have experienced disproportionate harm—historically or currently—due to the company’s practices, services or products.
 - i. Auditors should avoid over-reliance on well-resourced or visible organizations and individuals by proactively striving to include grassroots groups and underrepresented voices. Use accessible formats, translation supports and varied outreach methods to ensure audit findings reflect the full range of community experiences.
 - ii. These organizations should be compensated equitably for their contributions to the audit through consulting fees or honoraria, where budget permits.
 - iii. Auditors must transparently communicate the purpose and use of stakeholder input, how it will inform findings and how the company will be expected to respond to recommendations arising from that engagement.
 - iv. Auditors can incorporate evaluation etiquette practices, such as allowing interviewees to review and approve direct quotes or anecdotes before publication. This safeguard protects confidentiality, reduces risk of misrepresentation and ensures that participants maintain agency over how their contributions appear in the report.

Standard 4: Access to Critical Information

Civil Rights Audit Standard

- a. The auditor requests from the company all information the auditor reasonably determines is needed for a comprehensive and meaningful audit, and the company and the auditor cooperate to identify and provide the auditor the requested information in an accessible and timely manner.

32. Engagement with Indigenous Rightsholders is warranted in cases where company products, services or operations impact Indigenous Groups or interests. Not all racial equity audits in Canada will need to engage with Indigenous Rightsholders. However, even when not required, respectful engagement may enhance the audit’s credibility and alignment with broader reconciliation goals, depending on the discretion of the auditor and company.

- b. The auditor requests from the company access to individuals with knowledge of the company data, documents, policies, practices, and systems, as well as the concerns, issues, and problems identified, within the scope of the audit, and the company provides the auditor timely, unrestricted access to these individuals.
- c. The auditor collects additional, necessary information from outside the company to inform the auditor's review.
- d. The auditor engages outside stakeholders to collect their specific experiences, issues, or potential recommendations within the scope of the review
- e. The auditor engages experts, as needed, to analyze data, conduct focus groups, sharing circles, and surveys, or other support that allows the auditor to have a full and comprehensive understanding of the issues and potential recommendations.

Supplementary Guidance 4: Access to Critical Information

Canadian Supplementary Guidance

In Canada, ensuring equitable and comprehensive access to information requires attention to privacy regulations and Indigenous data governance. Supplementary guidance includes:

- a. When accessing data, companies must comply with applicable privacy laws, such as the Personal Information Protection and Electronic Documents Act. Where privacy concerns exist, companies should work with auditors to enable secure, anonymized access to disaggregated data, particularly on race, ethnicity, Indigeneity, gender, disability and other identity markers.
- b. If audits include information collected from Indigenous participants and relevant organizations, companies must respect Indigenous data sovereignty principles. The OCAP framework (ownership, control, access, possession) provides useful guidance for data collection processes involving First Nations. Where applicable, companies should seek guidance from Indigenous Rightsholders regarding how information should be accessed, stored, shared and interpreted.

- c. Where appropriate, the company should support auditors in accessing external experts, including racial justice researchers, Indigenous legal scholars and evaluators familiar with reconciliation frameworks, to interpret findings and generate credible recommendations.
- d. If the company denies or restricts access to any information, individuals or data sources, the auditor should record this limitation in the audit report and assess how it may affect the validity or completeness of findings.

Standard 5: Rigor and Objectivity

Civil Rights Audit Standard

- a. The auditor diligently examines each aspect of the company's operations within the scope of the audit review.
- b. The auditor's examination includes original data, documents, policies, practices, and procedures, including internal company data underlying the basis for any decisions, reports, representations, or statements relating to bias, discrimination, or commitments to equity, inclusion, non-discrimination, and/or racial justice.
- c. The auditor interviews individuals from relevant levels of the organization and from key internal or external stakeholders with first-hand knowledge of the company operations or with issues or risks facing the company, within the scope of the audit review.
- d. The auditor conducts the review objectively and issues a report that reflects candor and objectivity.
- e. In the methodology section of the final audit report, the auditor sets forth in detail the steps taken to demonstrate that the auditor conducted a thorough, meaningful review of relevant information within the scope of the audit.
- f. The auditor attests that the audit has been conducted, and the audit report has been prepared, in accordance with these Standards.
- g. The company supports the auditor in meeting this Standard.

Supplementary Guidance 5: Rigour and Objectivity

Canadian Supplementary Guidance

The principles of rigour and objectivity must be tailored to reflect Canada's legal frameworks, Indigenous Rights and Canada's obligations to Indigenous Peoples, and expectations of reconciliation and transparency. Supplementary considerations include:

- a. The auditor's methodology should integrate evidence and perspectives from affected communities, including Indigenous Rightsholders and Groups and racialized communities, where company operations or practices may have contributed to systemic inequities.
- b. The auditor should be prepared to engage Indigenous Rightsholders in a manner consistent with free, prior and informed consent. This includes the right of Indigenous Groups to refuse participation.
- c. In the methodology section of the final report, the auditor should provide a clear and transparent account of:
 - i. Primary and secondary data sources.
 - ii. Types and/or names of Indigenous Rightsholders, Indigenous Groups and other Indigenous stakeholders engaged.
 - iii. Limitations due to information gaps, withheld data or uncooperative company actions.
- d. Where the company fails to disclose critical information or obstructs full examination, the auditor should note these omissions in the audit report and assess the potential impact of such gaps on findings and recommendations.

Standard 6: Transparency

Civil Rights Audit Standard

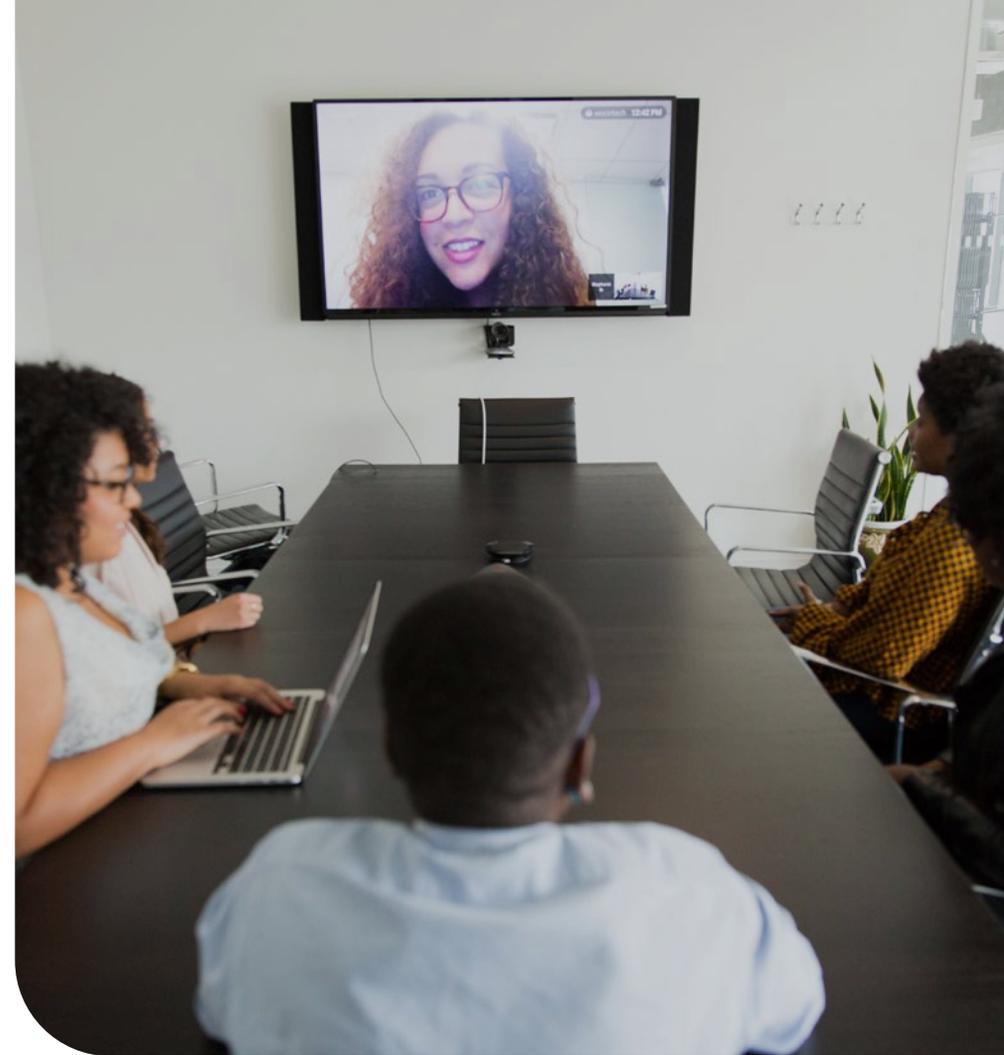
- a. The company publicly announces that it has decided to conduct a civil rights audit, the name of the lead auditor, and the proposed timeline for the audit.
 - i. This announcement is made as soon as practicable but no later than 30 days after a lead auditor has been secured and timeline finalized.
- b. The audit process concludes with a public report that shares the audit's scope, methodology, findings, and recommendations.
- c. The report is publicly announced and made available to the public in an easily accessible location on the company's website.
- d. The report's scope and findings are sufficiently detailed, identifying all relevant civil rights issues reviewed during the audit process.
- e. The report's recommendations set forth a plan of action for the company to address the civil rights issues identified in the report's scope and findings in a timely and meaningful manner.
- f. The report's recommendations are specific, concrete, and measurable and tied to the civil rights issues identified in the scope and findings.
- g. If civil rights issues identified during the audit process reveal legal risk to the company, the company is not expected to share those findings or actions taken or to be taken by the company in any level of detail that exposes the company to further legal risk. However, to the extent the company can share such issues in a way that does not further expose the company, it should do so for transparency and accountability, which helps build trust and goodwill with key stakeholders.
 - i. Where aspects of the civil rights audit are withheld from a public report to preserve the attorney-client privilege, the company should work with the auditor to provide sufficient non-privileged information to allow stakeholders to assess whether the civil rights audit met its stated objectives and whether the company has a plan to address identified issues.

Supplementary Guidance 6: Transparency

Canadian Supplementary Guidance

Transparency is essential for accountability and for building trust with internal and external stakeholders and rightsholders, including Indigenous Peoples, racialized communities, investors, employees and civil society. In the Canadian context, transparency should extend beyond the publication of findings to include ongoing accountability for implementation and impact. Supplementary guidance includes:

- a. The company should publish the full racial equity audit report, omitting any proprietary and confidential information, as well as information relevant to litigation or enforcement actions, on the company's website.
 - i. Distribute audit results to interviewees, community organizations and partners in an accessible manner (e.g., direct emails, virtual readouts), and create opportunities for dialogue after publication.
- b. Following publication, the company should establish a regular cadence of updates on the progress of implementation, including:
 - i. Annual reporting on the status of recommendations, ideally within environmental, social and governance or sustainability disclosures.
 - ii. Regular communication to internal stakeholders (e.g., employees, unions, reconciliation councils).
 - iii. Ongoing engagement with rightsholders and affected communities, particularly if audit findings pertain to unresolved harms or require co-designed solutions.
 - iv. The company may appoint a person from senior management to oversee the implementation of audit recommendations.
- c. Where audit findings relate to Indigenous Rights, companies should disclose how recommendations have been implemented in alignment with the principles of free, prior and informed consent and with the input of affected Nations or communities.





Standard 7: Timeliness

Civil Rights Audit Standard

- a. The civil rights audit is completed within one year from the time that the auditor is retained, unless the scope of the audit or availability of resources necessitate more time. If exceptional circumstances arise, the company, auditor, and requesting party, if any, may mutually agree that additional time beyond the one year or other agreed upon timeline is required to complete the audit.
- b. If a party has not requested the civil rights audit, the auditor and company agree on a timeline for the audit process and for completion of the audit.

Supplementary Guidance 7: Timeliness

Canadian Supplementary Guidance

In the Canadian context, timelines must be balanced with the need for rigour, depth, authenticity and respect for rightsholder and stakeholder processes, particularly in relation to engagement with Indigenous Rightsholders. Supplementary guidance includes:

- a. The company and auditor should mutually establish a timeline that reflects the complexity of the audit scope and the needs of affected communities. The timeline should include sufficient space for Indigenous Rightsholder, and stakeholder engagement. For example, if the audit is covering operations in more than one jurisdiction, the time frame may need to expand to ensure audit quality and integrity.
- b. While timely reporting is important, compressed or accelerated timelines can compromise audit rigour and integrity. Rushed audits risk producing superficial findings, tokenistic engagement and diminished credibility among Indigenous Rightsholders, Groups and stakeholders, and the public.
- c. When engaging Indigenous Rightsholders, auditors and companies must honour governance protocols, community calendars and principles of free, prior and informed consent. Effective engagement with Indigenous communities may require extended timelines for internal deliberation, community consent processes and respectful scheduling.

Standard 8: Regular Frequency

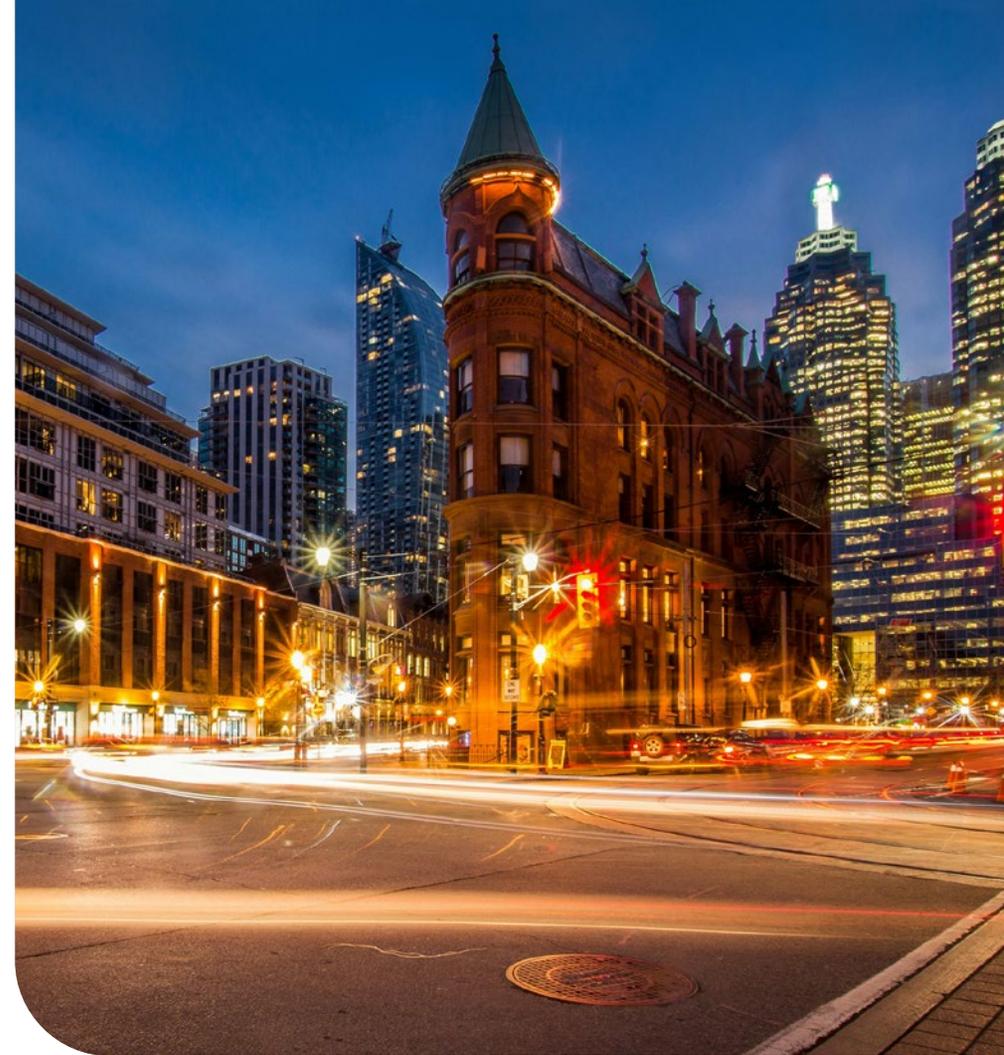
Civil Rights Audit Standard

- a. The company should conduct a civil rights audit on a regular basis. When determining the appropriate cadence, the company should consider (1) the scope of the preceding audit, (2) the nature of the preceding recommendations, and (3) the company's progress implementing the recommendations.
- b. The following circumstances may require the company to conduct a more frequent audit:
 - i. The auditor specifically recommends a more frequent audit.
 - ii. The severity of problems to be remedied justifies more frequent audits.
 - iii. An identified remedy is not successfully implemented or achieved.
 - iv. A significant issue arises that was not identified during the prior audit that justifies a more frequent audit.
 - v. The type of business presents a degree of risk or harm that justifies more frequent audits.

Supplementary Guidance 8: Regular Frequency

Canadian Supplementary Guidance

No additional Canadian guidance.



Standard 9: Board Oversight and Accountability

Civil Rights Audit Standard

- a. The board of directors oversees the civil rights audit directly or via a designated committee.
- b. The auditor interviews the board of directors at least once as a part of the assessment and has regular communications with the board of directors or its designated committee.
- c. The executive management team manages the civil rights audit and implementation of the audit recommendations.
- d. The company agrees to have an independent, third-party auditor return to evaluate whether the company has successfully implemented the recommendations from the civil rights audit.
- e. The independent, third-party auditor evaluates whether the company has successfully implemented the recommendations from the civil rights audit.

Supplementary Guidance 9: Board Oversight and Accountability

Canadian Supplementary Guidance

In Canada, certain companies are required to publicly disclose how their boards oversee diversity and inclusion, while for others, such disclosures are voluntary³³. In the context of a racial equity audit, board oversight should extend to a company's broader equity-related commitments. Supplementary guidance includes:

- a. Companies should embed formal board-level accountability for equity outcomes, including oversight of the audit process, the integrity of the auditor selection and the organizational response to audit findings and recommendations.
- b. In alignment with Canadian expectations for substantive equality and reconciliation, boards should ensure that implementation efforts:
 - i. Reflect distinctions-based approaches (e.g., separate tracking of Indigenous vs. broader racial equity commitments).
 - ii. Are regularly measured, evaluated and informed by the lived experiences of affected groups.
 - iii. Are subject to internal audit or third-party validation where appropriate.
- c. Senior management should present and report audit updates to the board on a regular basis.
- d. Senior management and board members may consider completing a defined training program to gain a baseline understanding of key concepts such as Indigenous Rights, reconciliation, equity and anti-racism to ensure they can fully understand the rationale behind audit recommendations and support their implementation.

33. In Canada, companies that are "distributing corporations" under the Canada Business Corporations Act are required to make certain disclosures in their proxy circulars. These disclosures include diversity disclosures about all "designated groups" (a term from the federal Employment Equity Act, which includes women, Aboriginal peoples, persons with disabilities and members of visible minorities). The CBCA regime adopted by Canada is a "comply or explain regime", similar to the Canadian Securities Administrator's ("CSA") approach in National Instrument 58-101 – Disclosure of Corporate Governance Practices. Like the CSA, which requires disclosure of women on boards and in executive officer positions, and has reported annually on the results of its review of public disclosure for the last ten years, Corporations Canada has published reports for the last five years on its reviews of diversity disclosure data filed. Disclosure must include the number of directors and members of "senior management" (which has the same meaning as "executive officers" in National Instrument 51-102 - Continuous Disclosure) at the corporation who are members of the designated groups.

Conclusion

As companies in Canada undertake racial equity audits, they have a responsibility to ensure that these audits are not only rigorous, but also responsive to Canada's legal, historical and social context.

This includes grounding audits in the principles of substantive equality, respecting Indigenous Rights and governance, and adopting distinctions-based and intersectional approaches that reflect the realities of diverse communities across the country.

The U.S. Civil Rights Audit Standards provide a strong foundation; however, adapting them for the Canadian context requires particular attention to Indigenous Rights frameworks, including UNDRIP, and Canada's commitment to reconciliation, equity and anti-racism under both domestic and international law. A credible racial equity audit should reflect these nuances and seek to include the voices of communities most impacted by systemic discrimination.

To support companies and auditors in doing this work, this supplementary guidance offers practical considerations to align racial equity audits with Canadian social and legal standards. By embedding accountability, transparency and respectful community engagement into these processes, companies can reduce risk, build trust and help shape a more equitable, inclusive and resilient Canadian economy.

We invite Canadian companies and auditors to demonstrate leadership by undertaking independent and comprehensive racial equity audits, using this guidance. Boards, management teams, auditors and investors each have a critical role to play in ensuring that racial equity audits are not just a procedural checkbox, but serve as an important risk mitigation tool, have the potential to enhance business performance by strengthening stakeholder trust, improve workforce engagement and support competitiveness through improved talent attraction and brand reputation.



**Published by the
Shareholder Association
for Research and Education.**

SHARE mobilizes investor leadership for a more sustainable, productive and inclusive economy. We do this by building responsible investment leadership among asset owners and amplifying investor voices in support of improved corporate sustainability practices and better rules and regulations that govern capital markets.

SHARE's impact-oriented shareholder engagement, proxy voting and policy advocacy programs are focused on achieving changes in corporate policy and practice that not only mitigate risks at the company level, but also contribute to building a sustainable, inclusive and productive economy upon which long-term investment incomes depend.



VANCOUVER, BC

440 – 789 West Pender Street, Vancouver, BC V6C 1H2 | T 604.408.2456
Unceded territory of the xmθkwym (Musqueam), Skwxwú7mesh (Squamish), and slílwta (Tsleil-Waututh) Nations

TORONTO, ON

401 – 401 Richmond Street West, Toronto, ON M5V 3A8
Territories of the Mississaugas of the Credit, Anishnabeg, Chippewa, Haudenosaunee and Wendat peoples