



The Compliance Audit Blueprint

Building Equity & Meeting Global
Standards

About Diversio

diversio.com



Tailored Guidance on Risk & Compliance

Whether you stay the course with DEI or refocus as culture-first, we will work closely with your leadership team to create a strategic plan tailored to your organization's unique needs.

Data-Driven Tools and Insights

We will provide advanced analytics to track the impact of your initiatives, helping you demonstrate measurable progress and outcomes to stakeholders.

Expertise in Navigating Change

With years of experience in workforce transformation, we will help you anticipate challenges, align internal teams, and maintain momentum.

TRUSTED BY



OAKTREE

DIGITALBRIDGE



ONTARIO
TEACHERS'
PENSION PLAN



ONEX



SAPPHIRE
VENTURES

About Host

Daniel Fellows is the General Manager of Diversio UK and EU, leading the company's expansion.

Daniel was the founder and CEO of Get-Optimal.com a technology and software company building AI solutions focussed on driving and delivering equitable solutions globally.

As a former Director of Marketing at Indeed.com, Microsoft, and Vodafone Daniel has a commitment to positive and authentic change that enables equal opportunities for all through the development and execution of technology solutions.



Daniel Fellows

He/Him

General Manager UK & EU

About Host

Laura McGee is the Founder and CEO of Diversio, a global leader in diversity analytics operating in 35+ countries. A former lawyer & McKinsey consultant, Laura partners with organizations like UN Women and the Investor Leadership Network to drive industry-wide DEI change. Her work has been featured at major forums including the G20 and Davos.

She also holds leadership roles with Global Citizen, ArcTern Ventures, and the University of Waterloo, and serves as Co-Chair of Canada's Expert Panel on Women Entrepreneurs. Laura is a C100 and David Rockefeller Fellow.



Laura McGee

She/Her
Founder & CEO

Disclaimer

Diversio's assessment services are intended to provide general insights into the global context of Diversity, Equity, and Inclusion (DEI) policies and practices. They are not intended to serve as legal advice, nor should it be construed as such.

The DEI landscape is evolving rapidly, with laws and regulations frequently changing in various regions. Organizations are encouraged to consult with legal professionals or compliance experts to ensure full adherence to local and international laws applicable to their specific circumstances.

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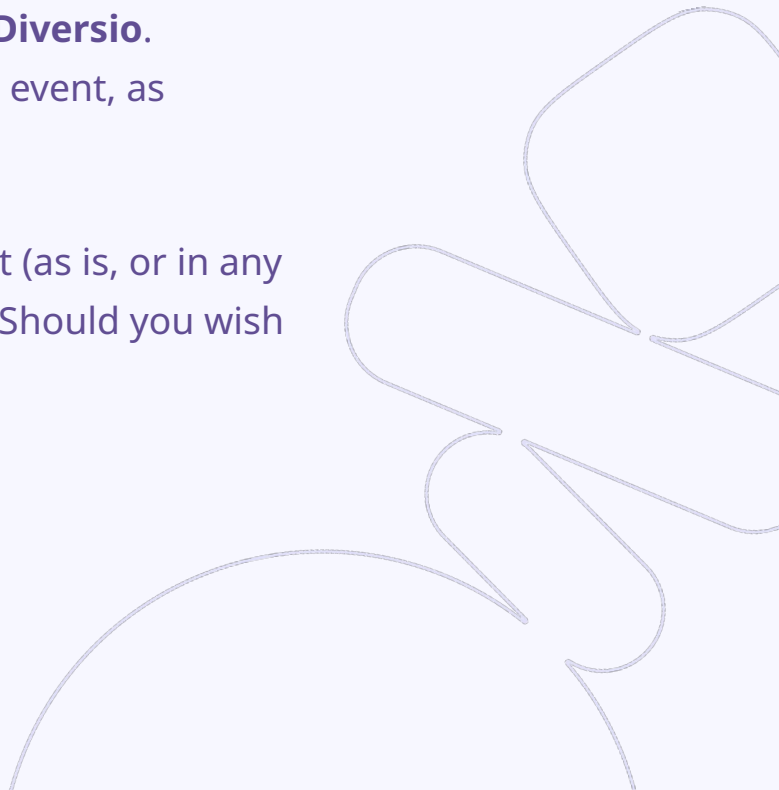
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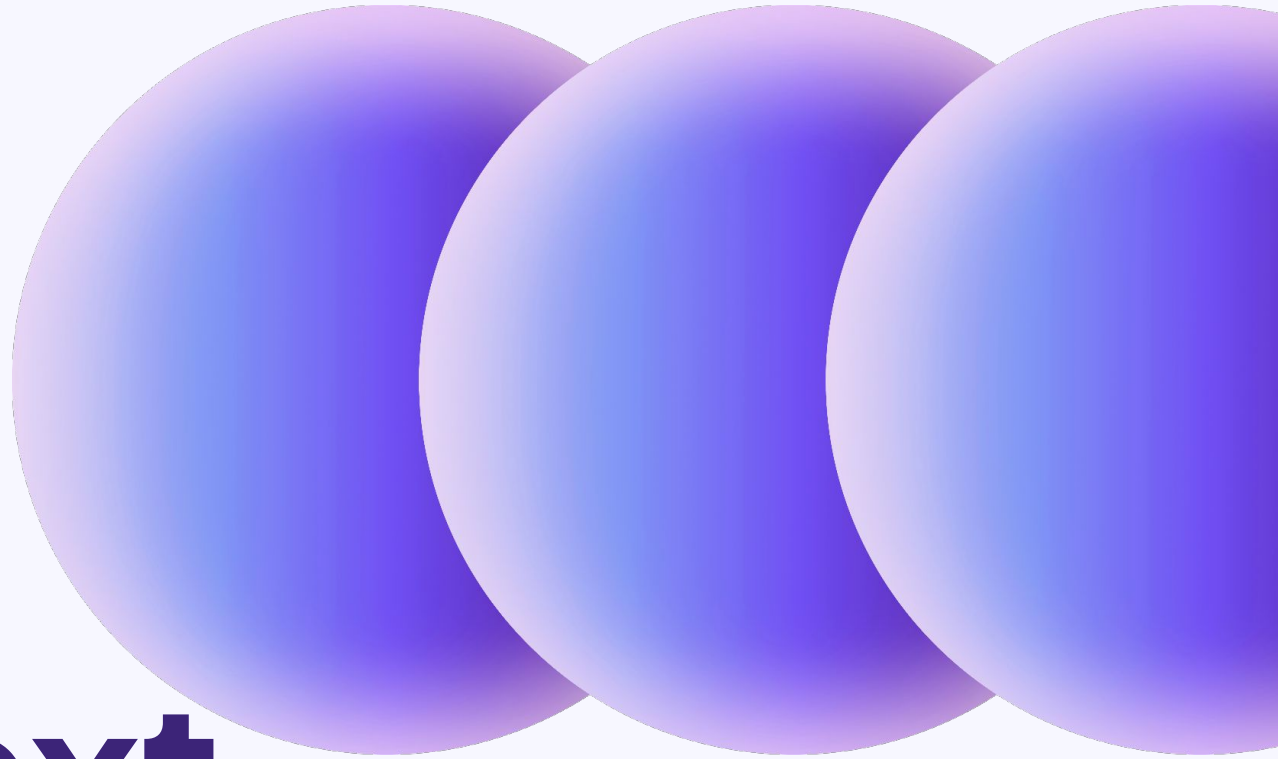
The compliance imperative

Why it matters now

DEI is no longer optional. Regulatory bodies, investors, and courts are placing workplace equity under a microscope.

What's happening:

- U.S. Executive Orders, public legal threats, & regional mandates are **reshaping** the DEI conversation
- Global compliance frameworks (e.g., EEOC, OFCCP, Employment Equity Act, CSRD, ESRS) now require **measurable, reportable action**
- Companies must understand how compliance overlaps between affirmative action, DEI goals & risks
- **The imperative:** Align DEI with legal standards, stakeholder expectations & business strategy



Context

Shifting DEI landscapes amid political pressures



Jan 21st

EO on “Restoring Merit-Based Opportunity”

Bans DEI in federally contracted jobs, revokes EEO protections & targets nine public companies

Jan 22nd

Directive across all Federal Agencies

Orders to dismantle DEI offices; employees on leave & warned against rebranding efforts

Jan 23rd

Public Address at the World Economic Forum

At Davos, DEI called “illegal” & “immoral”; legal threats signaled against companies promoting such programs

The current administration has a narrow definition of DEI



Understanding which initiatives and activities are considered DEI under the current administration will help your organization navigate regulations, adapt strategies, and protect workforce initiatives.

Practices Likely Considered DEI

1. **Quotas or affirmative action** tied to identity.
2. Training on **bias or privilege based on race or gender**.
3. **Messaging** around systemic **racism or sexism**.
4. **Guilt-based language** or programming (e.g., **implying responsibility** for systemic inequities).
5. **Supplier diversity programs** framed as identity-based rather than business-focused.

Practices Unlikely to be Considered DEI

1. Broad **cultural improvement initiatives** (e.g., team building, values alignment).
2. **Workforce optimization programs** focused on productivity and engagement.
3. **Skills-building** initiatives unrelated to identity politics (e.g., AI training, leadership development).
4. **Metrics-driven analysis of workforce** trends without explicit DEI framing.

Congressionally-approved pro DEI regulations remain in place



EEO Reporting

Employers must submit workforce demographic data (EEO-1) including race, ethnicity, gender, and job categories

Federal Laws

Title VII, ADA, ADEA, GINA mandate fair treatment and accommodations for diverse employees

State & Local DEI Regulations

States like CA, NY, and IL enforce pay transparency, board diversity reporting, and anti-harassment training

Workplace Culture

Employers are legally required to maintain a workplace free from harassment, violence, and toxic behavior

In addition, **California** passed a Diversity Reporting Law in 2023, requiring VC firms with ties to the state to disclose demographic data on the founders they fund

EEO may be used for alternative purposes



Current EEO Reporting Requirements

Annual demographic workforce reporting obligations for employers with 100+ employees and federal contractors with 50+ employees.

Submission of data on race, gender, and ethnicity across job categories.



Our Prediction

Potential suspension of EEO reporting under the Trump administration, enforced through either executive orders or the EEOC deprioritizing enforcement or compliance checks.

No Congressional repeal, meaning these requirements would likely return under a future administration.



What this means for your organization

EEO may target companies for “reverse discrimination”, though legality will be in question.

Importance of maintaining internal data collection to prepare for likely reinstatement.

Executive Orders are facing judicial scrutiny



Why Challenges Are Expected

Constitutional Concerns: The executive orders (EOs) may conflict with the 14th Amendment and Title VII of the Civil Rights Act, which prohibit discrimination.

State vs. Federal Tensions: EOs would interfere with state-led DEI programs, raising questions about federal overreach.

Who Is Leading the Opposition

American Civil Liberties Union (ACLU): Planning to challenge the orders, citing risks to civil rights protections.

Lambda Legal: Opposes the restrictions on DEI initiatives and is preparing to take legal action.

Human Rights Campaign: Condemned the orders and signaled intent to oppose it through litigation.

State Bar Associations: Groups like California and Massachusetts' bars argue their diversity initiatives do not constitute illegal discrimination and plan to defend them.

Understanding the Canadian DEI landscape



Canadian support for inclusion is strengthening after some signs of retreat

- Inclusion is embedded in Canada's legal framework
- Social movements & corporate expectations are accelerating change
- Legal foundations are strong — but not enough
- Regulatory, investor & public scrutiny is intensifying
- Staying ahead means acting with intention, not just compliance

Understanding the Canadian DEI landscape



Key frameworks shaping DEI in Canada include:

- **Employment Equity Act:** Removes barriers for women, Indigenous, disabled & racialized groups
- **Canadian Human Rights Act:** Bans discrimination by race, gender, disability, orientation & more
- **Pay Equity Act:** Equal pay for equal value (federal + provincial)
- **Bill C-25:** Disclose board & executive diversity policies
- **Provincial Laws:** BC, ON, QC add rules on discrimination & harassment

Future Trajectory & Predictions



Several trends shaping the future of DEI in Canada:

Greater Transparency Requirements

Stronger mandates for diversity reporting in ESG & corporate disclosures

Expansion of Pay Equity Laws

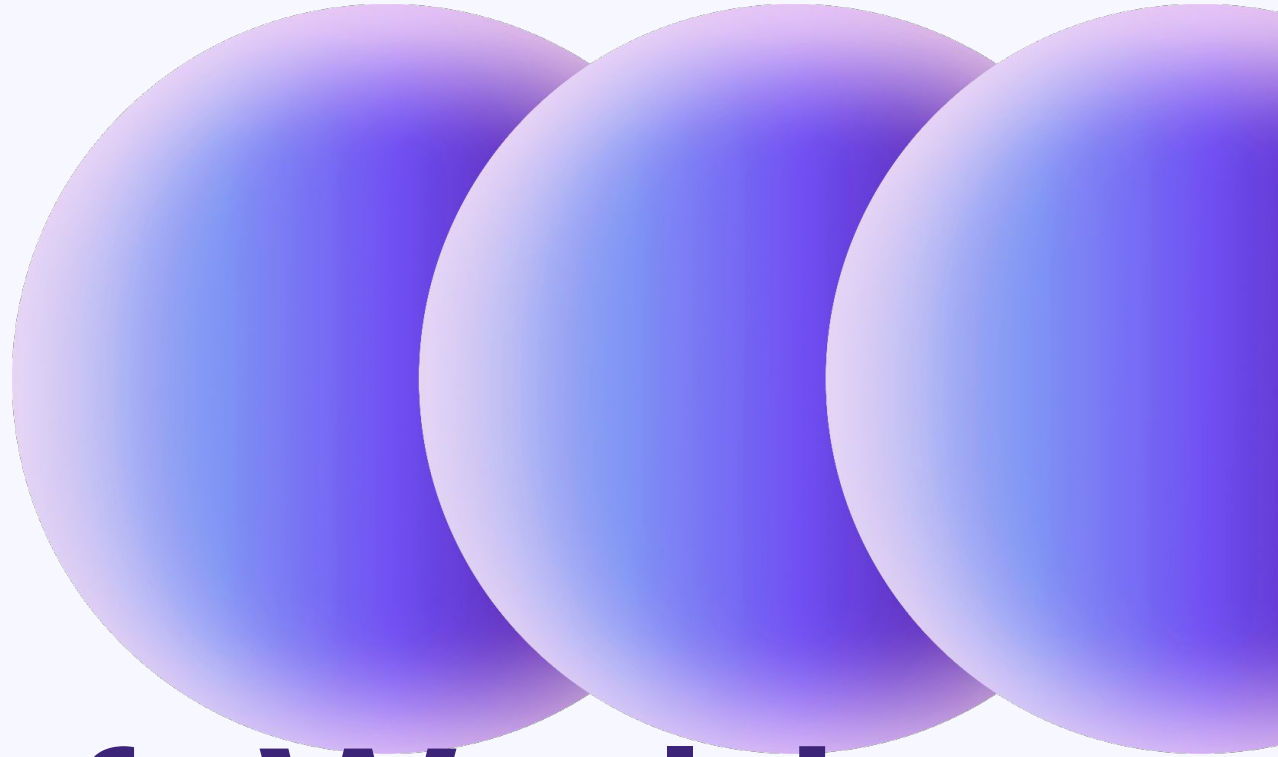
Provinces may follow Ontario's lead in implementing stricter pay equity enforcement

AI & Bias in Hiring

New regulations emerging to prevent bias in AI-driven recruitment processes

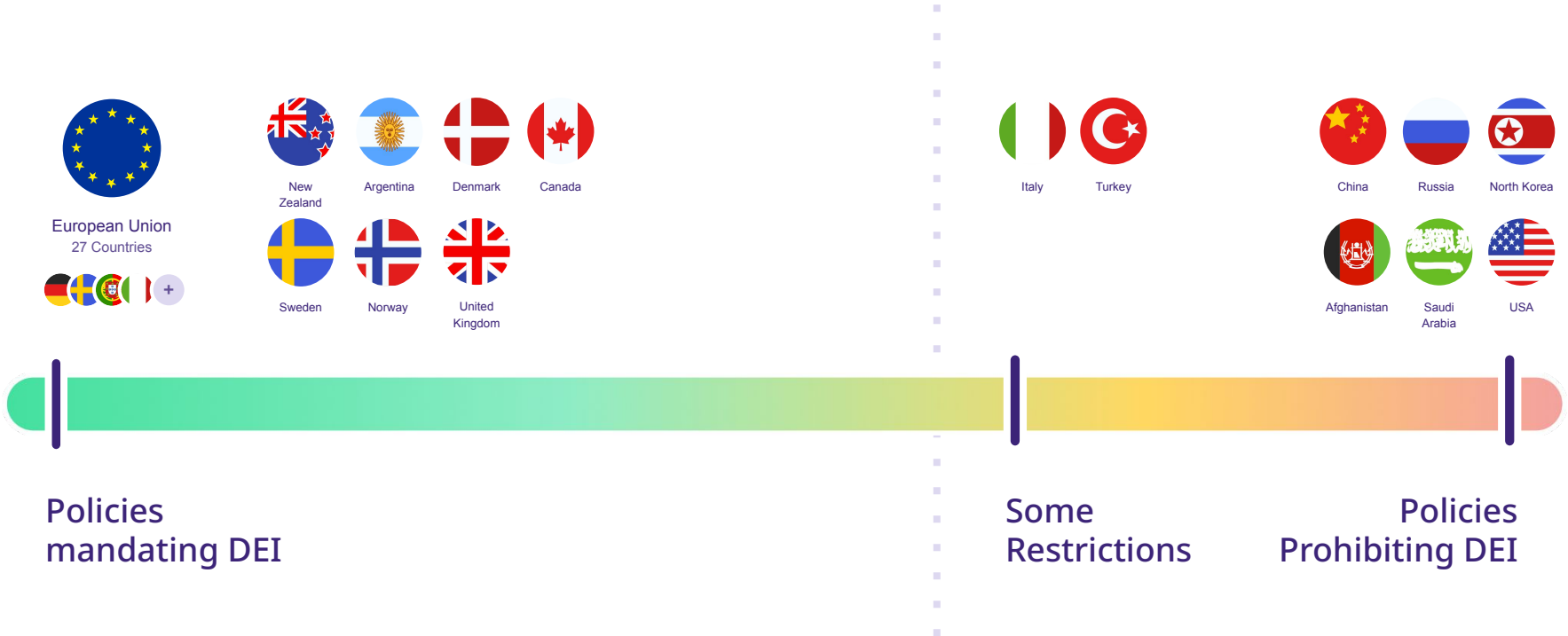
Indigenous Reconciliation Initiatives

More companies are embedding Indigenous rights & reconciliation efforts into their DEI strategies

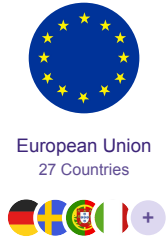


Rest-of-World

Most progressive nations have enacted laws promoting DEI



Many nations have enacted laws promoting DEI



Policies mandating DEI

Examples

- **UK** – Gender pay gap reporting, proactive anti harassment obligations
- **Canada** – Employment Equity Act (diversity in federally regulated sectors), pay transparency laws
- **EU** (excluding Hungary & Poland) – ESRS mandates DEI reporting, strong anti-discrimination directives
- **Norway/Sweden/Denmark** – Gender quotas for corporate boards, strict anti-discrimination laws
- **New Zealand** – Indigenous rights protections, DEI corporate reporting requirements

The EU enacted comprehensive DEI reporting obligations in 2023

Fines for non-compliance are **up to €10M** (in each country)



Workforce
Diversity &
Inclusion



Equal
Opportunities



Working
Conditions



Work-Life
Balance &
Flexibility



Health, Safety,
& Well-Being



Training
& Career
Development



Freedom of
Association
& Collective
Bargaining



Non-
Discrimination &
Harassment



Engagement
& Employee
Representation



Human Rights
Due Diligence

In the UK, The Labour Government's rights bill will open businesses up to *'adverse findings of discrimination'* in the courts



UK Parliament

Parliamentary Bills

[UK Parliament](#) > [Business](#) > [Legislation](#) > [Parliamentary Bills](#) > [Employment Rights Bill](#)

Employment Rights Bill

Government Bill

Originated in the House of Commons, Session 2024-25

Employment Rights Bill 2025

- **The Worker Protection Act 2023** amended the Equality Act passed by the coalition government in 2010.
- **Labour's new Employment Rights Bill** will prevent companies from joining a US rollback of diversity and inclusion policies, Britain's top employment lawyers have warned.
- **Glyn Dobbie, from the ELA, warned** businesses that "no company in the GB operating lawfully should follow the US example. We consider that it could create more legal risk for GB employers to roll back DEI initiatives".

In **Germany**, DEI compliance is governed by a combination of national legislation and European Union directives



Key aspects include:

- **General Equal Treatment Act (AGG)**
This act prohibits discrimination based on race, ethnic origin, gender, religion or belief, disability, age, or sexual orientation.
- **Transparency in Wage Structures Act**
Enacted in 2017, this law aims to promote pay parity between men and women
- **EU Directives**
Germany has implemented EU directives aimed at combating discrimination in employment, including the Equality Framework Directive 2000/78/EC

In **Sweden**, DEI compliance is governed by legislation and proactive policies aimed at fostering inclusive workplaces & ensuring equal opportunities for all



Diversity Charter Sweden

Legal Framework:

- **The cornerstone of DEI legislation in Sweden is the Discrimination Act (Diskrimineringslagen)**, which prohibits both direct and indirect discrimination, as well as harassment, in various aspects of working life
- **Pay Equity**
Swedish employers are mandated to conduct an annual pay equity analysis, known as lönekartläggning, to identify and address unjustified wage disparities between men and women performing equal or comparable work
- **Corporate Reporting Obligations**

Blueprint in action

Three overlapping purple circles of varying shades, from light lavender to deep purple, arranged horizontally and overlapping each other from left to right.

A Diversio Compliance Audit Blueprint

Step 1: Assessment

1

Geographic Exposure Analysis

Identify DEI regulations applicable to your workforce and customer base based on operational regions.

2

Federal Requirements & Obligations

Determine federal requirements and obligations in each region in which your business operates.

3

Social & Political Expectations

Review and identify emerging social, political, and investor expectations that may influence your strategy and compliance risk.

4

Workforce Data & Sentiment Analysis

Analyze employee demographics, morale, and engagement to uncover potential risks and improvement areas.

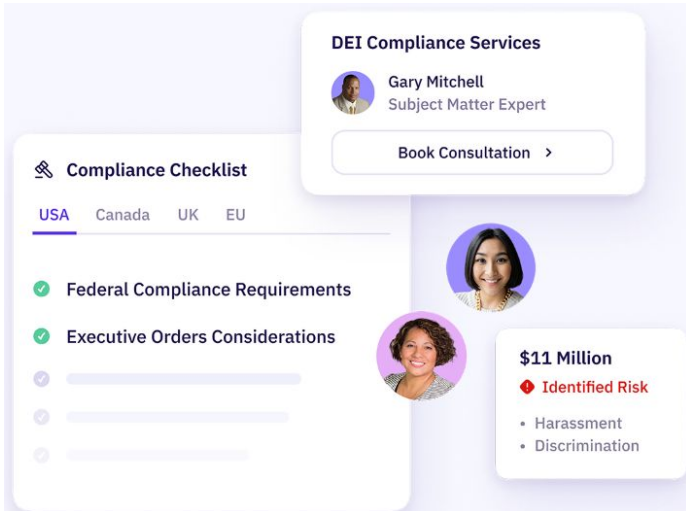
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Policy & Communications

Examine your existing programs, internal policies, & external statements to ensure they are audit-ready for sustainable compliance.

A Diversio Compliance Audit Blueprint

Step 2: Actionable Next Steps



The screenshot displays the Diversio Compliance Audit Blueprint interface. It features a 'Compliance Checklist' with tabs for USA, Canada, UK, and EU. The USA tab is active, showing a checklist with items like 'Federal Compliance Requirements' and 'Executive Orders Considerations'. A 'DEI Compliance Services' pop-up highlights Gary Mitchell, a Subject Matter Expert, with a 'Book Consultation' button. A risk summary card shows '\$11 Million Identified Risk' with categories for Harassment and Discrimination. Two circular profile pictures of women are also visible.

1

Key Compliance Decisions

Receive clear, data-backed recommendations to proactively manage compliance risks, ensure legal alignment, and implement target actions for balanced compliance and culture.

2

Program & Policy Adjustments

Adapt DEI policies, programs, and reporting frameworks to align with evolving laws, investor demands, and global compliance standards.

3

Strategic Communications

Develop a transparent communication plan to engage employees, investors, and customers in compliance progress while demonstrating workplace accountability.

Corporate Approaches to DEI

Staying the course

- Deloitte Canada
- Costco
- Apple
- Goldman Sachs
- JP Morgan
- Pinterest
- TD Bank
- Shopify
- Microsoft
- McKinsey
- Telus
- Mitre
- Novo Nordisk
- BMO
- Bell Canada
- Salesforce
- Hyundai
- Ben & Jerry's
- Edwin Jones
- Harvard University

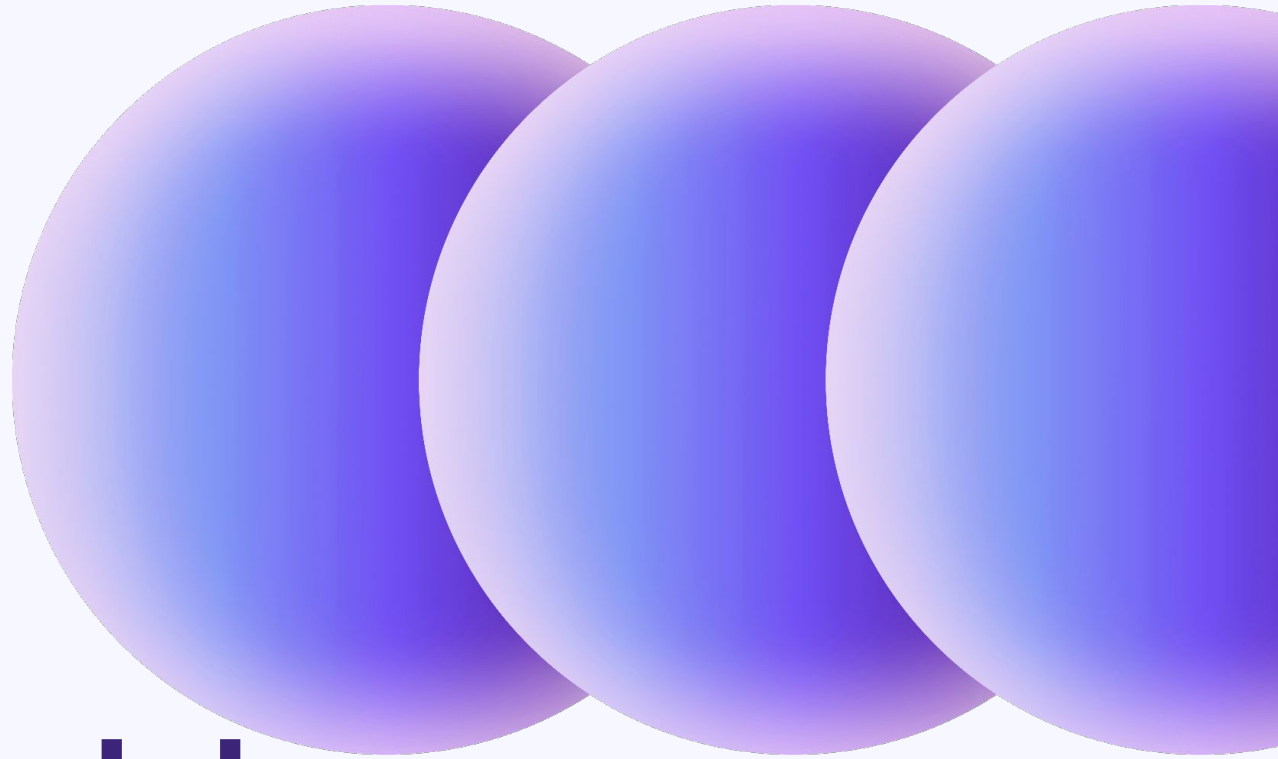
Re-branding

- Air Canada
- Canadian Tire
- Manulife
- Starbucks
- Walmart
- Rogers
- KPMG US
- McDonald's
- Google
- Amazon

Reversing course

- Ford Motor Company
- John Deere
- Harley Davidson
- Aimco
- Boeing
- Lowe's
- Columbia University

*"While it may look like corporate diversity efforts are drawing to an end, **most companies appear to be forging ahead** with the majority of their diversity policies and goals—**albeit more quietly**, so as not to draw adverse attention." – Source: [Bloomberg Law](#)*



Your decision

To maintain the benefits of DEI, you have two options:

Stay the Course (Double Down)

Option 1

1. Reinforce your company's commitment with strong internal and external messaging.
2. Build alignment among key stakeholders by emphasizing the business case for DEI (e.g., innovation, retention, and performance metrics).
3. Use data to demonstrate the measurable impact of DEI efforts, ensuring buy-in from stakeholders.

Refocus as Culture-First

Option 2

1. Reposition DEI initiatives under broader cultural and workforce optimization efforts.
2. Shift external messaging to focus on measurable outcomes (e.g., engagement, productivity).
3. Use external expertise to adapt messaging ensuring alignment with both internal goals and external pressures.

What it means to stay the course

Above organizations have issued public statements on their continued commitment to DEI as of January 2025.

Option 1

Data-Driven Business Case

Diversio will analyze key DEI metrics like retention, engagement, and innovation to measure impact, address stakeholder concerns, and align DEI with business goals.

Storytelling & Communication

We will help you position DEI as a strategic priority by crafting a narrative that reflects your values, ensuring your message resonates with employees and the public.

Tailored DEI Strategies

Diversio will design a customized DEI plans to tackle challenges, navigate regulations, and sustain engagement while aligning with long-term goals.

What it means to refocus, keeping people first

Above are companies which have chosen to refocus away from DEI and towards people & culture.

Option 2

Rebrand *DEI* to *Culture*

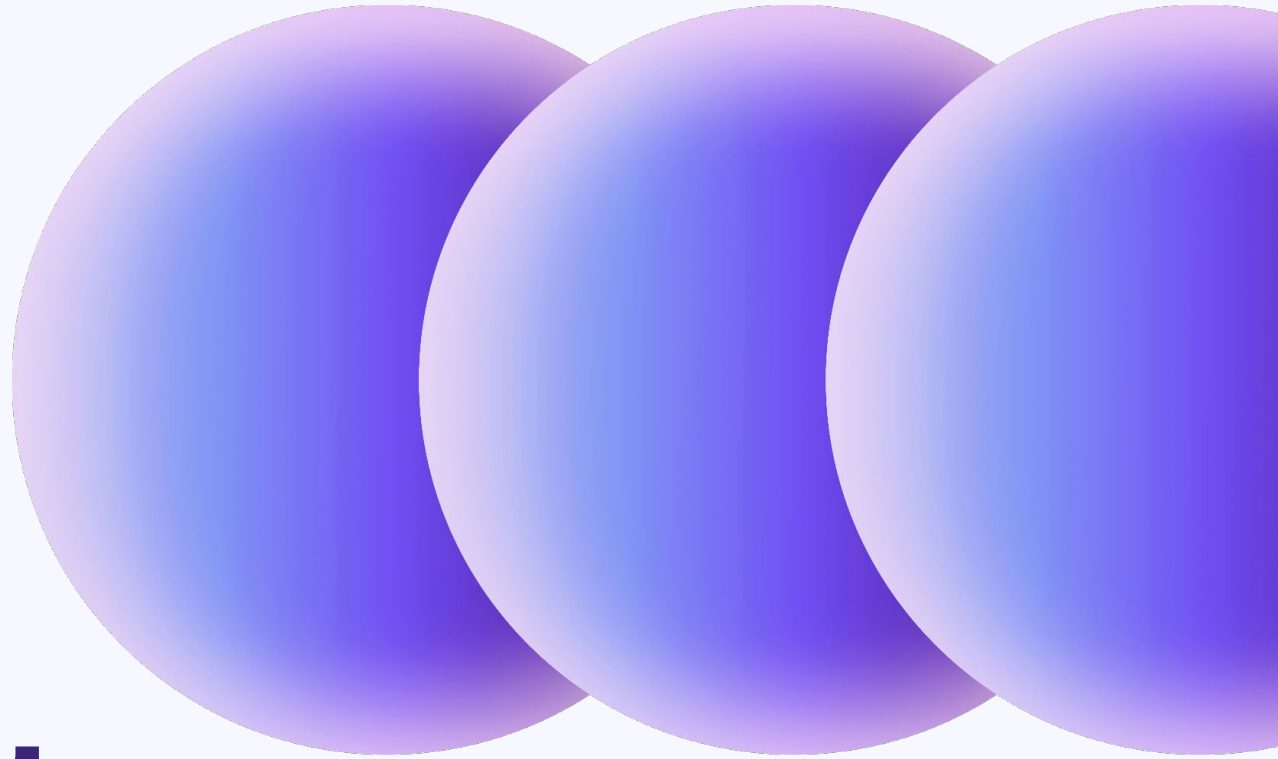
We will help your organization shift from DEI to a culture-focused approach that aligns with evolving expectations while preserving past progress.

Support Employees Through Transition

We will ensure employees feel supported and engaged during the pivot, fostering cultural growth and empowerment even as language shifts.

Maintain Critical Data Insights

We will collaborate on the best approach for data collection, such as pausing certain demographic collection metrics or transitioning to culture and engagement data.



Next Steps

Choose the option that is right for your organization

Reassess Your Current Approach

- Conduct an internal review of your DEI initiatives to evaluate alignment with stakeholder expectations and organizational goals.
- Identify any potential risks or gaps based on regulatory changes or external pressures.

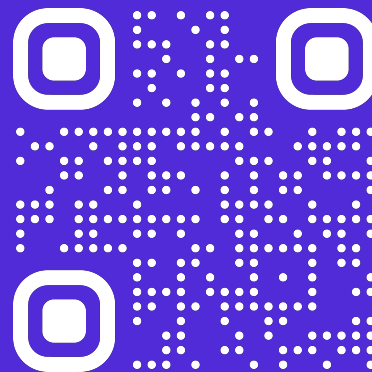
Evaluate Key Decision Factors

- **Stakeholder Sentiment:** Gather insights from your board, leadership team, and employees to understand internal alignment.
- **Regulatory & Political Landscape:** Assess your exposure to government contracts or operations in sensitive regions.
- **Workforce Impact:** Consider how your decision will affect employee morale, engagement, & retention.

Q&A

Let's build a more inclusive and engaged workplace together

 @diversioglobal  hello@diversio.com



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over code, then click the link presented

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