

Q1 | MARCH 2023

Engagement in Action

Our 2023 Q1 report highlights some of the milestones from client engagements over the past three months. Use this package to create customized content for your network.



How to Use this Package

The following package is a collection of engagement highlights and linked stories from the past quarter for you to copy or modify for the purpose of sharing with your key audiences and stakeholders. Please feel free to add these articles to your newsletters or websites, and to add quotes from your spokespeople.

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Contents

How to Use this Package.....	1
Engagement by the Numbers.....	3
Scotiabank Shareholders Vote for Climate Action Plan Proposal	4
Metro Shareholders Vote for Climate Action, Human Rights Due Diligence.....	4
“Historic” Win for Workers Rights with Majority Vote at Starbucks.....	5
Racial Equity Audit Vote at RBC Signifies Turning Point for Canadian banks.....	6
Investor Coalition Secures Commitments on Executive Pay at Pfizer, Abbvie, Teva and Bristol-Myers Squibb	7
SHARE Social Networks and Contacts.....	8

Engagement by the Numbers

The following table summarizes the major themes and focus areas of our engagement work with companies widely held by SHARE clients, and the issues that our dialogue focused on for Q1, 2023.

Theme	Focus Area	Number of Companies	Topics Discussed
Climate Transition for a Sustainable Economy	Reducing Greenhouse Gas Emissions	14	Scope 3 emissions, reduction targets and progress against targets.
Climate Transition for a Sustainable Economy	A Just Transition	1	Parameters for creating Inclusive energy transition.
Climate Transition for a Sustainable Economy	Sustainable Finance	2	Climate Action Plans and net zero expectations by banks of their corporate lending clients.
Decent Work & Human Rights	Decent Work in Branded Operations	8	Freedom of association, domestic supply chain human rights risks, human capital management.
Decent Work & Human Rights	Decent Work in Supply Chains	1	Human rights due diligence in off-shore supply chains.
Decent Work & Human Rights	Health Access & Equity	7	Executive compensation and corporate disclosures related to opioids and other controlled substances.
Decent Work & Human Rights	Racial Justice	4	Third party Racial Equity Audits and Human Rights Impact Assessments, not primarily focused on workforce issues.
Decent Work & Human Rights	Civil & Political Rights in Technology	3	Human rights of platform users; director independence.
Investing in Reconciliation	Investing in the Indigenous Economy	2	Process and requirements of certification by external Indigenous-led standards bodies.

Scotiabank Shareholders Vote for Climate Action Plan Proposal

The results are in at the Bank of Nova Scotia. On April 4, 25% of shareholders voted in support of SHARE's proposal, filed on behalf of the Trottier Family Foundation, regarding climate action.

The proposal called on the bank to account for its net-zero lending practices, and asked for a report on the effectiveness of client net-zero plans. The bank has set its own internal standard for achieving its net zero goals, and it should be holding its clients to this same standard to be truly accountable.

The proposal results are significant and indicate growing investor concern with Scotiabank's inconsistent approach to climate change and their position as the [second highest fossil fuel financier](#) in Canada, and the [largest Canadian financier of companies on the Global Coal Exit List](#). If the bank wants to live up to their net zero promises, they must hold their clients to the same level of accountability.

This result is the highest vote on a climate proposal at the bank to date. "I anticipate support will continue to grow from here" said Anthony Schein, Director of Shareholder Advocacy at SHARE. "Investors are losing patience. Every year that passes without meaningful climate action increases the risks for people and investors, and makes it that much more difficult to achieve a net zero transition in line with the Paris Agreement."

SHARE has been in close contact with other investors on shareholder proposals at each of Canada's big banks. A proposal from the New York City Comptroller on absolute emissions reduction targets received support from 17% of shareholders at the Royal Bank of Canada AGM on April 5.

SHARE will continue engagement with Canadian and U.S. banks to accelerate their climate action commitments over the coming year.

Metro Shareholders Vote for Climate Action, Human Rights Due Diligence

SHARE brought two proposals forward to votes at the January 24 annual general meeting of Metro Inc. shareholders.

A proposal from the [University of Montreal Pension Plan, Régime de retraite de l'Université de Montréal](#), is the first of its kind filed by a Canadian university. The fund is a participant in

the [University Network for Investor Engagement \(UNIE\)](#). 29% of shareholders voted in favour of the proposal, which outlines tangible next steps that should make the company's climate goals more substantial, traceable and meaningful. The proposal received a positive vote recommendation from leading proxy analyst Glass Lewis, and support from large Canadian funds including the Ontario Teachers Pension Plan. This proposal draws on SHARE's investor guide on "[Corporate Climate Action Plans](#)", released in January of this year.

On behalf of the Atkinson Foundation, SHARE filed a separate proposal related to Metro's human rights due diligence efforts. 28% of shareholders supported the resolution requesting the company to undertake an assessment of risks to migrant farm workers in its Canadian supply chain, and report to investors on the results. SHARE filed a similar proposal at Loblaw in 2022, and the company subsequently agreed to undertake an assessment and has started work. SHARE reached a similar agreement with Maple Leaf Foods in early 2023.

"Historic" Win for Workers Rights with Majority Vote at Starbucks

On March 23, over 52% of shareholders voted in favour of a proposal at Starbucks, calling on the board of directors to commission and oversee a third-party assessment of management's adherence to workers' rights.

"In the past year, investors have sent a clear message – at Amazon, Tesla, and now at Starbucks: companies must respect international standards – and their own policies – regarding freedom of association," said [Anthony Schein](#), Director of Shareholder Advocacy at SHARE.

The proposal was filed by SHARE on behalf of [Catherine Donnelly Foundation](#), along with the New York City Comptroller, PIRC, and Trillium ESG Global Equity Fund.

Schein added "This is an historic win for workers' rights in both the U.S. and Canada." This is the first proposal on fundamental labour rights since at least 2007 at a U.S. firm to receive a majority vote.

The coalition of co-filers has reached out to Starbucks to discuss next steps. SHARE will bring a similar proposal to a vote at Amazon's AGM in May, 2023.

Racial Equity Audit Vote at RBC Signifies Turning Point for Canadian banks

On April 5, a proposal filed by SHARE on behalf of the [Atkinson Foundation](#), along with the BCGEU went to vote at Royal Bank of Canada's AGM. The proposal asked RBC to commission a third-party racial equity audit covering its employment and business practices. Despite a recommendation from leading proxy advisor ISS to vote against, the proposal received more than 42% of the shareholder vote, which is a very promising outcome, indicating a growing awareness of the need for third-party racial equity evaluation.

"The Atkinson Foundation is dedicated to social and economic justice. We believe financial institutions must play a positive role in helping people build inter-generational wealth and grow their businesses," said Colette Murphy, Chief Executive Officer at the Atkinson Foundation. "Historically and persistently, banks have exacerbated the racial wealth gap, through overt policies, and unconscious bias. Royal Bank shareholders have spoken clearly with today's vote: the status quo is unacceptable. RBC—and all other Canadian financial institutions—must act now to identify and eliminate racist policies and practices in their businesses," Murphy added.

RBC has not engaged in efforts to evaluate the potential negative impacts that its products and services may have on people of colour or Indigenous peoples. Despite the bank's assertions that its internal reviews are sufficient to address its racial equity risks, shareholders clearly disagreed.

"RBC should be just as concerned as we are about ensuring fair access to capital for Indigenous and Black-owned businesses, access to inter-generational wealth-building opportunities and effective services for underserved communities," said Kevin Thomas, CEO of SHARE. "They should also be just as concerned as we are that certain communities are being forced to rely on predatory payday lenders. RBC should want to know whether its next AI and fintech processes are baking in unseen biases. RBC should want to ensure that their current and future employees are able to access real opportunities," Thomas continued.

At the event, Hereditary leaders, alongside racial justice and climate justice activists, were barred from entering the main room of the AGM, creating a segregated setting that directly affected the Indigenous, Black and people of colour at the event.

SHARE has reached agreements this year with both CIBC and National Bank to undertake racial equity audits. A similar proposal, also filed by SHARE on behalf of the Atkinson Foundation, will be voted on at the Bank of Montreal's AGM on April 18.

Investor Coalition Secures Commitments on Executive Pay at Pfizer, Abbvie, Teva and Bristol-Myers Squibb

A [new Investor Brief](#) published by Investors for Opioid & Pharmaceutical Accountability (IOPA) outlines the reality that when pharmaceutical companies set targets for executive compensation based on performance, they often use profit metrics that are not based on Generally-Accepted Accounting Principles (like "Adjusted Earnings Per Share") and which routinely *filter out* legal settlement costs and fines from the end result.

SHARE CEO Kevin Thomas is also the co-chair of the IOPA. The coalition of global institutional investors includes 67 members representing over USD \$4.2 trillion in assets under management. IOPA was established in July 2017 to engage with opioid manufacturers, distributors and retail pharmacies on opioid business risks that have implications for long-term shareholders, communities and the economy.

SHARE and its colleagues at the IOPA have been engaging with selected pharmaceutical companies, asking them to adopt a policy which reverses the onus when calculating executive performance metrics. Rather than ordinarily excluding one-time large legal settlement charges from the calculation of performance metrics like Adjusted Earnings Per Share, the coalition proposed that boards and compensation committees ordinarily include those unless there is a compelling reason to exclude them.

For the 2023 proxy season, SHARE has helped clients, and other IOPA members, to file shareholder proposals at seven pharmaceutical firms, advocating for accountability as a core part of executive compensation decisions.

The proposals have been filed at Teva Pharmaceutical Industries Ltd, Abbott Laboratories, Johnson & Johnson, Pfizer Inc., Abbvie Inc., Rite Aid, and Bristol-Myers Squibb Company.

As a direct result of these proposals, we have already won these changes at Pfizer, Teva, Abbvie and Bristol-Myers Squibb. Discussions with the others are ongoing.

SHARE Social Networks and Contacts

Twitter: https://twitter.com/share_ca

LinkedIn: <https://www.linkedin.com/company/shareholder-association-for-research-and-education/>

Facebook: <https://www.facebook.com/sharecanada/?fref=nf>

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