



Q4 | DECEMBER 2023

Quarterly Insights Stories

Our 2023 Q4 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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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 Q4, 2023.

Theme	Focus Area	Number of Companies Engaged	Topics Discussed
Climate Transition for a Sustainable Economy	Reducing Greenhouse Gas Emissions	20	Scope 3 emissions, reduction targets and progress against targets.
	Sustainable Finance	6	Climate Action Plans and net zero expectations by banks of their corporate lending clients.
Investing in Reconciliation	Investing in the Indigenous Economy	2	Progress updates regarding reconciliation commitments;
Decent Work & Human Rights	Decent Work in Branded Operations	7	Freedom of association, domestic supply chain human rights risks, human capital management.
	Decent Work in Supply Chains	2	Human rights due diligence in off-shore supply chains.
	Health Access & Equity	2	Executive compensation and corporate disclosures related to opioids and other controlled substances.
	Racial Equity in Products and Services	7	Third party Racial Equity Audits and Human Rights Impact Assessments, not primarily focused on workforce issues.
	Civil & Political Rights in Technology	2	Human rights of platform users; director independence.

Engagement in Action – Q4, 2023 Highlights

Human Rights: Racial Equity in Products and Services

SHARE-led engagement results in Royal Bank of Canada and Bank of Montreal committing to undertake Racial Equity Audits.

Since late 2022, SHARE has been working to engage RBC and BMO on the importance of undertaking a [racial equity audit \(REA\)](#). In April, [proposals from SHARE received strong support from investors at each of the company's AGMs](#). In early November, [SHARE re-filed similar](#)

[proposals](#) calling on the banks to undertake REAs. The proposals were filed on behalf of the Atkinson Foundation, the Hamilton Community Foundation, the [United Church of Canada](#), and the Pension Fund of the United Church of Canada. The BC General Employees Union (BCGEU) and the Greater Manchester Pension Fund also co-filed the same proposal.

The same week, [RBC announced its intention](#) to proceed with undertaking a racial equity audit, with BMO following shortly after. SHARE has since negotiated formal agreements with both banks to withdraw the proposals, and establish the terms of the planned audits. SHARE is encouraged by this commitment and will continue to engage with both banks on ensuring a thorough and transparent process on behalf of represented shareholders.

“These commitments from Canadian banks show the power that responsible investors have to make change” said Anthony Schein, Director of Shareholder Advocacy at SHARE. “Through persistent, outcomes-focused engagement, investors can make tangible improvements to reduce inequality.”

“By working with SHARE on engagement, we are amplifying our power as investors” said [Institution spokesperson.] “Our engagements deliver meaningful results.”

SHARE secured similar commitments from CIBC and National Bank in early 2023, and TD Bank made a narrower commitment the year prior (as part of an engagement with BCGEU.) The Bank of Nova Scotia is now the only Canadian bank without a commitment to undertake a racial equity audit.

[READ MORE: EXPLAINER: What is a Racial Equity Audit, and why are Canada's big banks conducting them?](#)

Climate Transition: Reducing Greenhouse Gas Emissions

[Metro makes commitment to reduction in GHG after SHARE engagement](#)

In September, SHARE filed a proposal at Metro, on behalf of the United Church of Canada, requesting the company report to shareholders regarding its management of climate-related risks, including plans to adopt a comprehensive and science-based climate action plan. The proposal followed a similar proposal filed by SHARE on behalf of the University of Montreal, which received strong investor support at a vote in January.

In early November 2023, SHARE was pleased to learn that, as a result of the proposal, the company had [publicly announced](#) new, science-based targets. The new commitment puts the company closer to its peers in the Canadian grocery sector, and includes short and mid-term targets across direct and supply-chain emissions.

The company will be providing shareholders with annual progress updates and will be continuing to engage with SHARE on its progress. Based on these new commitments, SHARE has agreed to withdraw the proposal.

“Taken together with commitments earlier this year from Saputo, and existing commitments from other Canadian grocers, we are making significant progress toward Paris-aligned transition commitments from the top of the agri-food supply chain” said Anthony Schein, Director of Shareholder Advocacy at SHARE. “The companies’ scope 3 targets will leverage their buying power to accelerate emissions reductions throughout the supply chain.”

According to [Institution spokesperson], these commitments are encouraging. “We need to decarbonize the entire economy. Effective, outcomes-oriented shareholder engagement has the power to speed the transition and keep a 1.5 degree pathway open.”

Accelerating the low-carbon Transition: CEC Net Zero Benchmark Update

Climate Engagement Canada (CEC), which now represents over \$5 trillion in assets under management, has released the first-ever [Net Zero Assessment](#) of Canada’s top 41 reporting/estimated emitters representing corporate issuers with a significant opportunity to contribute to the transition to a low-carbon future in Canada.

The CEC Net Zero Benchmark provides a set of common standards for investors to evaluate corporate issuers’ progress towards aligning with the Paris Agreement’s ambition, limiting global warming to well below 2 degrees Celsius, while pursuing efforts to limit the increase to 1.5 degrees. The CEC Net Zero Benchmark is designed to provide a comprehensive view of each Focus List company’s progress in addressing climate-related challenges. Given the specific challenges faced by certain sectors, the results of the Benchmark also reflect the practical implications of addressing the net-zero transition.

The Key Findings of the 2023 CEC Benchmark include:

- 98% of focus list companies explicitly commit to align disclosures with the Task Force on Climate-Related Financial Disclosure (TCFD) recommendations and/or are a public supporter of TCFD.
- Nearly half (44%) of CEC focus list companies have made a qualitative net zero ambition that covers all or nearly all of direct operations. However, the lack of 1.5°C-aligned short-term targets suggests that additional work is required to demonstrate credible net zero transition strategies.
- Overall, significant effort and further disclosures are required to demonstrate climate action plans that have positive social and economic impacts for communities and workers and meet thresholds of Free, Prior, and Informed Consent for Indigenous communities. 41% of Focus List companies indicate that their CEO and/or at least one

other senior executive's remuneration specifically incorporates climate change performance as a key performance indicator (KPI).

- While several companies have begun mobilizing their capital expenditures to align with action on climate, none have explicitly aligned capital expenditures to their targets in disclosures.

The Benchmark is provided as a roadmap for Canadian companies and investors, highlighting its purpose as a guiding tool rather than a conventional scorecard. It will be used to foster a constructive dialogue between investors and Focus List companies on areas of strength, areas of opportunity, and areas requiring further effort.

Reflections on COP28: insights for responsible investors

This year's United Nations Climate Change Conference in Dubai was bound to be contentious. Hosted in an oil-rich country just months after what the most recent science suggests was the hottest September in recorded history, COP28 was never going to please all stakeholders.

COP28 president Sultan al-Jaber only fanned the flames with a pre-conference claim that there is "no science" indicating that a phase-out of fossil fuels is needed to restrict global heating to 1.5 degrees Celsius. The remark sparked significant criticism from climate scientists and environmental advocates, and a day later, U.N. Secretary-General Antonio Guterres used his opening address of the World Climate Action Summit to refute al-Jaber's comments.

Despite conflicting visions for what transitioning to a low-carbon economy should look like — including a lack of consensus on "phase down vs. phase out" — there were still some noteworthy outcomes from this year's conference.

SHARE engagement and research staff have written a comprehensive summary of the somewhat contentious UN Climate conference in Dubai, including key takeaways for responsible investors. [You can access the post here.](#)

Investor Leadership Continues in Foundation sector

SHARE is pleased to welcome leading national charity and public foundation MakeWay to our engagement program. By partnering with SHARE, MakeWay is adding to its diverse toolkit of solutions for achieving its vision of a healthy planet and equitable society.

From helping to accelerate the transition to a low-carbon economy, to ensuring that companies commit to including Indigenous Peoples as partners and rights holders in their corporate practices, MakeWay can leverage the combined influence of SHARE's network of Canadian institutional investors, driving change through strategic shareholder advocacy in sectors where engagement can have the greatest impact.

Engagement Priorities Build on Progress, Look to 2030

In consultation with investor participants in the engagement program, SHARE has finalized its engagement priorities for 2024. The revised plan builds on recent progress, and places a strong emphasis on accelerating the climate transition to meet the short-term GHG reduction targets by 2030, as set out in the Paris Accord.

Investor priorities for 2024 include:

Climate Transition for a Sustainable Economy: Engagements that focus on adoption of robust climate action plans that mandate ambitious GHG reduction targets, and the alignment of financial systems to an accelerated transition that accounts for impacts on workers and their communities.

Decent Work & Human Rights: Freedom of association, racial equity, responsible housing, due diligence in supply chains - SHARE's 2024 engagement priorities build on recent progress and focus on developing accountability for a healthy and productive workforce and a safe, diverse, equitable and rewarding workplace on a global scale.

Investing in Reconciliation: Guided by the Truth and Reconciliation Commission of Canada's final report and Calls to Action, our engagements center Indigenous leadership and establishing meaningful collaborations with Indigenous business and communities. In 2024, SHARE will continue to focus on promoting investment in the Indigenous economy – engaging companies to increase procurement from Indigenous-owned businesses, hiring of Indigenous employees, and investment in skills development and training.

2024 Proxy Preview – Upcoming Human-Rights-Focused Shareholder Proposals

As part of SHARE's engagements, we utilize shareholder proposals where necessary and appropriate to help focus companies' attention or accelerate action.

Meta

In November, SHARE met with senior leadership at Meta to discuss both a proposal to ensure greater freedom for the Board to discuss matters recommended by the board's Lead Independent Director (LID).

Subsequently, SHARE filed a shareholder proposal on behalf of the United Church of Canada Pension Plan, would enable the LID to set meeting agendas as described above. Pending a commitment from the company to implement one or both of these proposals, SHARE anticipates the matters will be voted on at the company's 2024 AGM.

Tesla

SHARE filed a shareholder proposal at Tesla, Inc, on behalf of Stephen Whipp Financial. The resolved clause of the proposal is as follows: *the Board of Directors of Tesla, Inc. shall adopt and disclose a Non-interference Policy ("Policy") upholding the rights to freedom of association and collective bargaining in its operations, as reflected in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work*

("Fundamental Principles"). The Policy should contain a commitment to:

- *Non-interference when employees seek to form or join a trade union, and a prohibition against acting to undermine this right or pressure employees not to form or join a trade union;*
- *Good faith and timely collective bargaining if employees form or join a trade union;*
- *Uphold the highest standard where national or local law differs from international human rights standards; and*
- *Define processes to identify, prevent, account for, and remedy practices that violate or are inconsistent with the Policy.*

Pending any constructive dialogue with the company, the proposal will be voted on at the 2024 AGM.

Amazon

Amazon.com Inc has continued not to substantively engage or address investor expectations regarding human capital management - specifically, expectations regarding alignment with internal policy and international standards related to freedom of association and collective bargaining.

In December, SHARE re-filed a proposal, on behalf of the Catherine Donnelly Foundation, urging the Board to commission an independent, third-party assessment of Amazon's adherence to its stated commitment to workers' freedom of association and collective bargaining rights as outlined in Amazon's Global Human Rights Principles.

Pending any productive dialogue with the company in the interim, the proposal will be voted on at the company's 2024 AGM.

UnitedHealth

The rapid development of AI in the insurance sector has raised significant social policy concerns and legal risks for UnitedHealth, including potential discrimination or bias in coverage decisions, employment decisions, mass layoffs due to job automation, facility closures, the misuse and disclosure of private data, and the potential for false information.

SHARE has filed a shareholder proposal on behalf of the United Church of Canada Pension Plan, that requests the board of UnitedHealth prepare and publicly disclose on the Company's website a transparency report that explains the Company's use of Artificial Intelligence ("AI").

The proposal specifies that the report should cover business operations and the Board's role in overseeing AI usage and sets forth any ethical guidelines that the company has adopted regarding its use of AI.

SHARE will contact the company in hopes of reaching a voluntary agreement regarding the proposal. If no agreement can be reached, the proposal will be voted on at the company's AGM.

SHARE Social Networks and Contacts

Twitter: https://twitter.com/share_ca

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

Website: <https://share.ca/>

Contact Us: <https://share.ca/contact/>