



ANNUAL  
REPORT

2018



SHAREHOLDER ASSOCIATION  
*for* RESEARCH & EDUCATION

# ABOUT SHARE

Since 2000, the Shareholder Association for Research and Education (SHARE) has built a community of values-driven investors who are committed to amplifying their voices in support of a sustainable, inclusive and productive economy.

Responsible investment is not just for large investors. SHARE's collaborative model enables small- and medium-sized investors to access a meaningful program that is improving environmental, social and corporate governance (ESG) performance and strengthening long-term value. SHARE's approach to responsible investment is rooted in the belief that ESG factors can affect the financial performance of investments as well as the sustainability of the capital markets on which they depend.

SHARE's investor network benefits from an affordable program that helps align investments with values through shareholder engagement, proxy voting, board and trustee education, policy advocacy and timely research. SHARE staff can also help your fund develop policies, evaluate your managers' proxy voting records and design implementation tools and communications materials on your approach to responsible investment.

SHARE's approach is unique and effective because we:

- Measure our success by the outcomes we achieve, not the level of activity we generate
- Focus on systemic change, not just risk avoidance
- Facilitate collective action and leadership
- Practice what we preach as a unionized, living wage employer

There are many ways to get involved with SHARE and support our work. You can become an affiliate, join our engagement program, register for an event, invite SHARE staff to present to your board and educate yourself about responsible investment. Find out how you and your fund can work with us at: <https://share.ca/getting-involved>.

See: About SHARE infographic on opposite page.

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Page 16	<a href="https://www.reconciliationandinvestment.ca">ReconciliationandInvestment.ca</a>		

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## PROXY VOTING

Institutional investors often delegate proxy voting to multiple managers or service providers with minimal oversight. SHARE's proxy voting services help institutional investors exercise their voting rights in a more responsible and coherent manner.



# A Sustainable, Inclusive and Productive Economy

## POLICY ADVOCACY

SHARE engages with policy makers and regulatory bodies to encourage legal reforms that support greater transparency and accountability from investors and companies on their management of environmental, social and corporate governance issues.



## SHAREHOLDER ENGAGEMENT

SHARE's shareholder engagement service facilitates constructive dialogues with companies on the most pressing environmental, social and corporate governance issues. We amplify investor voices and provide the kind of focused and well-researched attention that produces results.



## LEADERSHIP

SHARE mobilizes and supports responsible investment leadership among institutional investors. Through educational workshops, conferences, research and individual mentoring we help members of governing boards build their capacity and connect them to national and international peer networks.



## TABLE OF CONTENTS

MESSAGE FROM EXECUTIVE DIRECTOR.....	4	SHARE PUBLICATIONS .....	22
2018 AT A GLANCE.....	6	PARTNERSHIPS .....	24
SHARE'S WORK IN ACTION:		BOARD OF DIRECTORS .....	26
GROWING INTERNATIONALLY .....	8	SHARE STAFF .....	27
ADDRESSING INEQUALITY .....	11		
MOVING TOWARDS RECONCILIATION .....	15		
CATALYZING ENVIRONMENTAL ACTION.....	18		



# OUR MEMBERS ARE LEADERS

**SHARE's mission is to mobilize investor leadership to build a sustainable, inclusive and productive economy.**

There are two very different ideas about what leadership means, each with different implications for how we act in the world.

A pervasive view of leadership is what academics call the "trait model," which states that leaders are people who have certain traits. This idea, that success is due entirely to one's innate qualities, is a popular one amongst CEOs and many boards of directors.

What comes from this view of leadership is that we just need to find great leaders and trust in them to fix the problems that confront us.

The other view of leadership is called the "process-based" approach. From this perspective, leadership isn't an identity or intrinsic quality. Instead, it is a set of actions. It's something you do, it's something you demonstrate. And it can be exercised by anyone, regardless of their title.

What flows from this view is that no matter who we are, what we do matters – what we do has consequences.

I find this leadership approach much more compelling when thinking about challenges such as climate change and a just transition to a low-carbon economy, or the global effort to eradicate forced labour. Modern capitalist economies are not easily directed from above, or by individuals acting alone. They have far too many working parts to be easily steered. Instead, change results from the collective efforts of many “small-L” leaders.

Collective leadership means that none of us is expected to shoulder the burden of acting alone. Change is made not by any one of us carrying all the weight, but by all of us contributing what we can to the best of our abilities. Not surprisingly, this lesson is at the heart of Indigenous worldviews that value participation in community rather than individualized approaches.

And that’s what SHARE’s investor network has been doing this past year: participating in an active community. You have been speaking to asset managers about voting in favour of key shareholder resolutions. You have endorsed public statements urging companies and governments to act on critical issues like climate change. Some answered our call to meet with regulators, and lent your names to changing Canadian markets for the better.

You’ve filed shareholder resolutions to advance critical dialogues. Many of you have worked with SHARE to engage companies or vote proxies on your behalf, reinforced by like-minded investors in our network of over \$22.5 billion in assets under management.

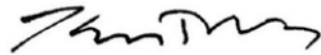
Together, we’ve built partnerships between investors and investment managers, Indigenous organizations, policy experts, worker representatives, political and business leaders and others to find solutions to problems and create new opportunities.

In every case, you were able to act because over the past 19 years we’ve built a community and network that enables, supports, and amplifies that action without requiring any one investor to bear the burden alone.

We’ve never needed leadership more than we do today, and I’m proud to say that institutional investors just like yourselves are providing it. Let’s all build on that leadership in 2019, and let’s encourage other institutions to join with us so we can be even stronger together.

That’s what we mean when we talk about mobilizing investor leadership.

Sincerely,




Kevin Thomas  
Executive Director at SHARE



# 2018 AT A GLANCE

 SHARE's network:  
**100** organizations with over  
**\$22 billion AUM**

SHARE engaged **97**  companies on  
**12** Environmental, Social  
and Governance priorities

 **11** companies  
reported lowering their collective  
greenhouse gas emissions by  
**4.7 million tonnes of CO<sub>2</sub>**

**6**  companies announced support for the Task Force on Climate-related Financial Disclosures recommendations

**8**  companies adopted policies or began disclosing performance metrics on **Indigenous relations and reconciliation**, including setting targets for Indigenous employment

 **400+**  
participants

attended **9** events hosted by SHARE, including more than

**70** Indigenous trustees through the Reconciliation and Responsible Investment Initiative with our partner the National Aboriginal Trust Officers Association (NATOA)





SHARE  
voted  
against

187

**directors** who sat on compensation committees because they were current executive officers of other companies, and stood to benefit personally from ratcheting up executive pay in relevant markets

110

+ people



from **12 countries** attended the annual conference of the Committee on Workers' Capital in San Francisco

39



**companies** met one or more of SHARE's engagement targets, and **52 more** are in productive dialogues towards solutions

90



**companies**

participated in the global Workforce Disclosure Initiative (WDI), and **6 Canadian companies** enhanced their own disclosure on decent work

6



**companies** added their first female board member and took steps to address board and executive diversity

8



**more Canadian companies**

will now allow shareholders to vote on executive compensation, bringing the total to 220 since SHARE first launched "say on pay" resolutions in Canada in 2008

4



**more companies**

now disclose **political contributions and lobbying** efforts, and 2 companies pledged to end all political contributions

5



**companies** agreed to enhance supply chain human rights due diligence systems, and a Parliamentary committee recommended new legislation to take that market-wide



## GROWING INTERNATIONALLY

SHARE's work has always had a global impact.

We vote our institutional investor clients' shares in more than 40 countries. We impact practices in global supply chains. We influence policies and practices by investors, associations, and governments well beyond the Canadian stage. We've established global partnerships and collaborated with hundreds of institutional investors. While our shareholder engagement work has traditionally focused on Canadian markets, SHARE has a strong track record of engaging with companies outside Canada for some of our institutional investor clients. We are achieving results with larger US companies and playing a leading role in collaborative projects on climate change, decent work, gender equality and modern slavery.

Importantly, the work we do on systemic issues such as income inequality and climate change cannot be restricted to national borders.

In 2018, we built on our international track record by developing new programs, creating and strengthening partnerships, and speaking on a global stage. We introduced our new US and Global Equities Engagement Program, a new way for SHARE's members to extend their influence and advocate for a sustainable, inclusive and productive economy. Launched with the support of our many SHARE clients and partners, the program creates new opportunities to spread best practices with global companies, strengthen partnerships with like-minded investors, address common risks and opportunities in our clients' portfolios, and amplify their voices internationally.

SHARE also reaches global markets through partnerships with other organizations that share a common vision and together have a greater impact. In 2018, for example, we collaborated with the US-based Interfaith Center on Corporate Responsibility (ICCR) and its members to ask 30 North American oil and gas companies to disclose key information about their water-related risks through the CDP, a global environmental organization that is backed by 639 investors globally with over US\$69 trillion in assets.

We created a partnership with the Church Investors Group, the Church of Sweden and the ICCR, bringing together a group of 130 global institutional investors with CAD\$2.3 trillion in assets under management urging the Government of Canada to enact legislation to help identify and eliminate forced labour and child labour in supply chains through effective company due diligence and disclosure. SHARE led subsequent policy engagements to reinforce that message in Ottawa and work towards systemic change for workers in global supply chains.

As the Secretariat to the Global Unions' Committee on Workers' Capital (CWC), SHARE advances the responsible investment agenda by connecting trade union organizations and pension funds around the world. The CWC brings together over 300 trade union representatives and asset owner board members from 25 countries to promote information sharing and joint action in the field of workers' capital.

Over the course of 2018, the CWC ramped up its efforts on asset manager accountability with a specific focus on social issues such as labour and human rights. The CWC collaborated with pension fund trustees to press their asset managers to raise workers' rights issues at companies where they own a large stake. Results from this work included the reinstatement of fired union leaders at Imperial Parking Corporation (Impark) along with the commitment by XPO Logistics' largest shareowner to discuss worker rights issues with executive management.

In 2018, the CWC organized its first Trustee Leadership Workshop which was delivered in collaboration with SHARE and the Trustee Leadership Forum at the Harvard Kennedy School. More than 30 trustees from the world's largest pension funds took part in the workshop which set the scene for the two day CWC Conference in San Francisco, an event attended by more than 110 participants from 12 countries.

Let's think and act both locally and globally. Talk to us about ways you can expand your reach.





“The CWC’s Asset Manager Accountability work drives key changes on two fronts. First, we are supporting pension trustees to ask their asset managers to demonstrate responsible investment policies in deeds and not just words, and as a result, we are seeing asset managers press companies to remedy the workers’ rights violations being raised by CWC partner unions.”

Hugues Létourneau

Manager, Responsible Investment Leadership and Committee on Workers’ Capital

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## **CATHOLIC SISTERS ADVOCATE FOR INTERNATIONAL HUMAN RIGHTS AT WORLD'S LARGEST POTASH COMPANY**

After years of engagement by a small community of Catholic sisters from eastern Canada, the world's largest producer of potash ended its controversial sourcing of minerals from a disputed territory in Africa.

The Sisters of Mercy of Newfoundland is a congregation of about 75 women which ministers in Canada and Peru, with a focus on alleviating injustice and serving the poor and oppressed, especially other women. They are also shareholders of Nutrien, the world's largest producer of potash and the second largest producer of nitrogen fertilizer which was formed in 2018 as a merger between Agrium Inc. and PotashCorp.

The Saskatoon-based company was the single largest buyer of phosphate rock from Western Sahara.

Western Sahara is a former Spanish colony in North Africa that is classified by the United Nations as a "Non-Self Governing Territory." Much of it has been occupied by Morocco since 1975, which has led to sustained conflict with the local Saharawi people. The United Nations has repeatedly affirmed the right of the Saharawis to self-determination and Moroccan control over the territory's natural resources is a major point of conflict.

As clients of SHARE, in 2016 the Sisters took action on their concerns at the annual general meetings of PotashCorp and Agrium. At the Potash meeting, the sisters rallied votes representing 31.6 per cent of outstanding shares in favour of a motion calling for an independent, public assessment of human rights implications of phosphate mining in the Western Sahara.

After continued engagement supported by SHARE, in 2018 Nutrien's management agreed to end purchases from the Moroccan supplier by the end of the year.

Davis stresses the intervention by her congregation was not the only factor, or perhaps even the major one, in the Nutrien decision.

"There's a bit of a myth of this little religious community from Newfoundland and Labrador trying to stand up to two giant multinational corporations," Davis said in an interview with the *Catholic Register*. "But once we became members of SHARE we were no longer a little religious community. Now you are talking about millions and millions of dollars being invested by many, many organizations that share similar values."



SHARE'S WORK IN ACTION:

## ADDRESSING INEQUALITY

In 2018 we got a glimpse – however imperfect – of the extent of income inequality within US companies when they were required to report the CEO to median worker pay ratio for the first time. The data shows a broad range of ratios across sectors, though many companies reported CEO pay that was hundreds or even thousands times the median worker.

In Canada, no such disclosure is required, though national data shows the average hourly wage has remained “essentially unchanged” since the 1970s when inflation is taken into account.<sup>1</sup> Meanwhile, between 2008 and 2016 the ratio of median CEO pay to the average private sector salary has gone from 120:1 to 140:1.<sup>2</sup>



<sup>1</sup> <https://www150.statcan.gc.ca/n1/pub/11-630-x/11-630-x2015006-eng.htm>

<sup>2</sup> Institute for Governance of Private and Public Organizations. Executive Compensation: Cutting the Gordian Knot. Policy Paper #9. 2017. Page 17. Available at: [https://igopp.org/wp-content/uploads/2017/11/IGOPP\\_PP\\_Remuneration\\_PP9\\_EN\\_vf\\_WEB.pdf](https://igopp.org/wp-content/uploads/2017/11/IGOPP_PP_Remuneration_PP9_EN_vf_WEB.pdf).

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## MOBILIZING LEADERSHIP TO ADDRESS INCOME INEQUALITY

On October 24, 2018, SHARE together with the Principles for Responsible Investment (PRI) and The Investment Integration Project (TIIP) co-hosted an event to discuss opportunities for investors to contend with the complex and daunting challenge of income inequality. The event served as the launch of a TIIP and PRI publication on *Income Inequality: A Challenge for Investors* and focused on three areas of investor action: employee relations and the labour market, corporate tax policies and practices, and CEO compensation.

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Addressing inequality is fundamental to achieving SHARE's mission of mobilizing investor leadership to build a sustainable, inclusive and productive economy. Our strategy to address inequality focuses company and policy-maker attention on improving wages and working conditions for those who ultimately make shareholder returns possible: workers.

Changing company culture at the top can be done through concerted shareholder engagement and voting. For example, SHARE has been engaging with Canadian boards of directors, asking them to consider the pay grades and/or salary ranges of all classifications of company employees when setting targets for CEO compensation. We also asked management to address specific practices that contribute to inequality and precarious work such as poor shift scheduling practices and gender pay gaps.

Our proxy voting team closely scrutinize pay packages where the ratio of executive pay is equal or greater than 150 times the median household income for the company's jurisdiction of operations and voted against pay that is 200 times that median income.

Promoting better assessment and reporting can also help demonstrate the value of decent work for company performance. Too few companies provide meaningful reporting on their approaches to managing their workers, leaving investors ill-equipped to identify leaders and laggards. To address this gap, SHARE has partnered with the Workforce Disclosure Initiative (WDI) – a global effort that brings together institutional investors to secure comparable workforce reporting from listed companies. In 2018, more than 120 investors with over US\$13 trillion in AUM participated in the WDI leading to 90 global companies disclosing to the WDI survey.

SHARE also combines corporate engagement with policy advocacy in support of decent work. In 2018 we advocated for legal reforms to protect workers' pensions in the event of insolvency and new measures to help limit corporate tax avoidance. We engaged with the Ontario government on several occasions to express investor support for strong employment standards, fair wages and measures to address the gender pay



gap as the province considered changes to employment laws, and we spoke out publicly in support of fair wages both in Ontario and Québec through editorials in the daily papers. SHARE is a member of the Better Way Alliance in Ontario, a coalition of businesses that advocates for decent work.

Globally, inequality is further entrenched through abusive labour practices, suppression of the right to organize, and unfair wages. We ask companies to put in place comprehensive due diligence systems to identify and mitigate risks of worker rights abuses in their supply chains including forced labour, and to provide redress where such instances are found. Following on the adoption of new corporate reporting requirements in the UK, France, Australia and elsewhere on human rights due diligence and modern slavery, SHARE is leading a multi-year policy advocacy effort calling on the Government of Canada to adopt similar legislation. Together with global colleagues we organized a group of 130 investors with CAD\$2.3 trillion in assets to join us in urging the government to adopt the law, and we worked with government officials and politicians to promote a parliamentary subcommittee study on the issue which, in late 2018, recommended that the government move forward with development of legislation.

Investor advocates have been increasingly willing to consider energy transitions and climate change as an investor concern. But the social impacts of that transition, in terms of job losses, job quality, stranded communities and economic growth are less commonly addressed. In order to support a just transition that mitigates those impacts, SHARE began to engage with a set of utilities companies in 2018 on the steps they are taking to account for and address the impacts of their shifting operations for workers and communities, securing early commitments to re-deployment of workers, protection of benefits, and social dialogue. We spoke out in the media on the issue of just transitions and are building an expanded program of work on the issue alongside international partners.

The underlying principle we advance with both companies and governments is that workers are essential to a company's success, and that for investors, a productive and sustainable economy ultimately depends on its inclusiveness.

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## VOTING ON INEQUALITY AND THE GENDER PAY GAP: ALPHABET

Catherine Smith  
Proxy Voting Services Manager  
and Senior Analyst

In April 2017, the US Department of Labor announced that it had found “systemic compensation disparities against women pretty much across the entire workforce” at Google. It also charged Google with trying to withhold relevant information and obstruct its inquiries into the company's gender pay gap. A 2018 shareholder proposal filed at Alphabet, Google's parent company, asked the company to report on the risks associated with its gender pay gap. That proposal received 15.7 percent of shareholder support overall, but among the non-controlling shareholders, the resolution received 45.7% support. Alphabet claimed it already reports on its pay equity and that their [study](#) found no statistically significant disparity in pay based on gender. However, the results of this study were disclosed in a blog post that does not include any of the underlying data. An independent study by Payscale found a 15.2 percent difference in the average pay of men and women at Google. SHARE voted in favour of this shareholder proposal at Alphabet. Through our shareholder engagement work, we continue to encourage companies to conduct meaningful evaluations of gender-based differences in their employees' pay, and to report publicly on the results of their evaluations and the steps they are taking to address gender pay gaps.

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# MOVING TOWARDS RECONCILIATION

Reconciliation between Indigenous and non-Indigenous people is a pillar of SHARE's Responsible Investment Leadership and Shareholder Engagement programs, and is increasingly integrated throughout all our work. We collaborate with Indigenous and non-Indigenous investors to align capital with the principles of reconciliation and to amplify investor voices in support of the Truth and Reconciliation Commission (TRC) Call to Action 92 addressed to the business community.

Through the support of our partners, clients, and a network of dedicated funders, we are making progress through research, training, leadership development, and shareholder engagement.

The Reconciliation and Responsible Investment Initiative (RRII) is a joint initiative of the National Aboriginal Trust Officers Association (NATOA) and SHARE that is supported by a network of foundation, union and government funders that are committed to embedding reconciliation principles and Indigenous rights within the investment chain.

Together, we are building opportunities for investment in reconciliation. It is a concerted and systematic way of mobilizing institutional investors, led by Indigenous trusts themselves to promote corporate demand for Indigenous employment and leadership in governance, respect for Indigenous peoples' rights, as well as increased economic opportunities for Indigenous communities.

2018 marked the official launch of the Initiative. Since then, we have: delivered Indigenous trustee responsible investment workshops across the country, supported individual Indigenous trustees to embed responsible investment in their own trusts, published our Responsible Investment and Indigenous Trusts Discussion Paper, and designed a dynamic forum for institutional investors to help identify solutions for investing in the Indigenous economy.

With the support of Employment and Social Development Canada (ESDC), the Canadian Council on Aboriginal Business (CCAB) and SHARE partnered on a research program to better understand the role of different actors along the investment chain in enhancing the demand for Indigenous employment, training, procurement and business development opportunities. The research consisted of nation-wide surveys, focus groups and interviews with hundreds of Indigenous businesses and institutional investors. Our final report, including recommendations for investment organizations, will be published in 2019.

In 2018, SHARE engaged with 15 companies across sectors about their commitment to reconciliation and the TRC's Call to Action 92 on business and reconciliation. Our

“Reconciliation is about building long-term relationships based on trust. Relationships are dynamic and benefit from different inputs as they evolve. Our work towards reconciliation attempts to reflect this, acknowledging the important roles of listening, learning, respect, healing and empowerment.”

Rachel Forbes  
Reconciliation and Responsible  
Investment Coordinator

More information on RRII at:  
[reconciliationandinvestment.ca](http://reconciliationandinvestment.ca)





engagement focused on integration of the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) in business practices, internal education and training on Indigenous rights and history, and employment and business opportunities for Indigenous people. Eight of the companies engaged have adopted policies and operational changes in line with Call to Action 92 or begun disclosing new performance metrics on Indigenous relations and reconciliation. For companies that are not making progress on Indigenous relations, SHARE filed shareholder resolutions and pursued other tactics on behalf of our clients. For example, SHARE assisted the United Church of Canada pension plan to file a resolution at TransCanada asking the board to report on how the company respects internationally-recognized standards for Indigenous peoples' rights in its business activities. Through this proposal, we are seeking clarity on how TransCanada consistently applies the two main international standards for Indigenous rights across its operations: UNDRIP and the International Labour Organization Convention 169.

SHARE's proxy voting analysis includes consideration of Indigenous rights recognition where direct or related issues arise on ballots that we are voting for clients. For example, in 2018, SHARE voted in favour of a proposal on Indigenous rights at Scotiabank. The proposal related to the bank's financing of the Dakota Access Pipeline and the Transmountain pipeline. The proposal asked the bank to change its human rights policy so that it applies to general corporate financing as well as project financing. It also asked, more generally, that Scotiabank ensure its corporate-level financing considers the recipients' policies and practices for potential effects on human and Indigenous peoples' rights, including respect for the free, prior and informed consent of Indigenous communities on all projects affected by Scotiabank's financing. The proposal won the support of 8.46 percent of the votes cast.



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## GOING FURTHER ON DUE DILIGENCE WITH INDIGENOUS PEOPLES

Delaney Greig,  
Shareholder Engagement and Policy Manager

On June 21, 2018 – National Indigenous Peoples Day – Enbridge Inc. quietly released a discussion paper on its detailed approach to Indigenous rights and relationships with Indigenous Peoples. The paper signifies an important step for the company in improving its accountability and transparency on Indigenous rights.

Enbridge committed to preparing the discussion paper in response to a shareholder proposal presented by SHARE with the Sisters of Charity (Halifax) at its 2017 annual general meeting. The proposal called on the company to report to shareholders on its due diligence process to identify and address Indigenous rights in investment reviews for mergers and acquisitions, and joint ventures.

SHARE's latest engagement with Enbridge on Indigenous rights was prompted by its acquisition of 27.5 percent ownership in the Dakota Access Pipeline (DAPL), at a time when Indigenous peoples, investors and three US Federal Agencies had raised red flags about the adequacy of Indigenous consultation and environmental assessment for the project. Ultimately DAPL was approved following months of delay, violent attacks on protesters, and significant cost to project partners. Nevertheless, we continued our engagement with Enbridge because we



don't want to see the company involved in situations like DAPL again. As an outcome of this longer-term engagement, Enbridge's discussion paper addresses the company's approach to Indigenous rights and relations in its investment review processes and across operations.

The investment review processes outlined in the paper have yet to be tested, but if properly implemented should assist the company to avoid future investments that are risky to both Indigenous rights and its own operations. We want to see companies identify and address environmental and human rights implications before a deal is signed and the company becomes party to a risk or impact that it did not create and could have avoided.

Enbridge is seeking feedback on the discussion paper from Indigenous leaders and interested parties – including investors – and has committed to providing updates on implementation in future sustainability reports.



# CATALYZING ENVIRONMENTAL ACTION

A breakthrough in climate action is urgently needed, as the world approaches a tipping point and global GHG emissions continue to rise. The world's leading climate scientists and experts released a special report<sup>1</sup> about the impacts of 1.5°C of global warming in October 2018, which underscores the moral imperative for tackling climate change. The report and subsequent climate summit (COP 24) delivered a clear message of urgency and the need for increased ambition: action over the next decade is crucial for a smooth and just transition.

Investors are facing the stark reality that climate change poses serious risks to the stability of markets and financial systems. SHARE's clients are now proactively addressing climate risk in their portfolios – for these leading institutional investors and the companies they invest in, business-as-usual is no longer a safe or viable option.

While climate change has been a long-standing focus for SHARE, this year we stepped up our efforts to engage with companies and policy-makers, placing emphasis on sectors that play a vital role in a climate transition: utilities, banks, and oil and gas.

SHARE promotes the responsible stewardship of resources and safeguarding of our natural capital, informed by the global environmental governance landscape, including the United Nations Framework Convention on Climate Change Paris Agreement, the UN Sustainable Development Goals, and the recommendations of the Financial Stability Board's (FSB) Task Force on Climate-related Financial Disclosures (TCFD).

Addressing the need for an industry-wide shift, SHARE hosted a webinar for all of the major utilities sector companies in Canada in partnership with the Canadian Electricity Association to promote effective climate change oversight, management and reporting by utilities sector companies. Using the TCFD framework for disclosure, SHARE asked companies to address climate-related risks and evaluate how their businesses align with keeping global warming to less than 2°C above pre-industrial levels. While many of the companies we engage with have begun to take steps to improve climate-related disclosure, many questions remain about how they plan to transition to a low-carbon economy. Recognizing that a transition away from fossil fuels must account for the impacts on and needs of workers and communities, SHARE also began to engage with utilities companies on how they are ensuring a just transition, and will continue to expand this work next year.

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<sup>1</sup> IPCC (2018). Global warming of 1.5°C. An IPCC Special Report on the impacts of global warming of 1.5°C above pre-industrial levels and related global greenhouse gas emission pathways, in the context of strengthening the global response to the threat of climate change, sustainable development, and efforts to eradicate poverty <https://www.ipcc.ch/sr15>.

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## CLIMATE VOTING IN CANADA

Among the investor responses to climate change, there has been an increased attention to opportunities for casting ballots in favour of measures to improve corporate disclosures and practices related to greenhouse gas emissions and the transition to a low-carbon economy. In order to better understand how investors are using these voting rights, SHARE, with support from the Commonwealth Climate Law Initiative catalogued and described climate-related shareholder proposals globally and the voting records of major Canadian institutional investors. This research resulted in the report *Climate voting by large Canadian investors 2016-2017*, which revealed that climate change is high on the agenda of significant Canadian investors. Top of the list of governance changes that investors are seeking is that companies develop a climate strategy or risk report related to the impact of meeting the 2° C climate target agreed to by the Canadian and other governments. A significant number of resolutions on improved disclosure of climate risk management, lobbying policies, initiatives in renewable energy and energy efficient technology, and a call for targeted GHG emissions reductions were also filed. Thanks in part to the leadership of institutional investors, climate-related proposals are winning strong support from shareholders, including 62 percent at a recent Exxon Mobil vote.

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At our annual Committee for Workers' Capital conference in San Francisco, we held a session for pension trustees from around the world on the just transition to a low carbon economy and the contribution that stewards of workers' capital can make in promoting that transition. We joined with many of those related funds in issuing a global commitment on just transitions prior to the international Conference of the Parties climate summit in Copenhagen.

Building on our earlier work engaging banks on climate-related risks and opportunities, SHARE coordinated our efforts this year with a group of international investors with almost US\$2 trillion in assets to engage with over 60 of the world's biggest banks. SHARE contributed to a report titled "Banking on a Low Carbon Future," and we used this report to inform our engagements and further discussions on how the banks are embedding climate change risks and opportunities into their core practices.

We have seen a substantive industry response, with all six of the major Canadian banks publicly endorsing the G20's Financial Stability Board's TCFD recommendations, and several banks taking notable steps towards alignment with the recommendations this year, including the development of climate change strategies and enhanced climate risk assessment.

Going forward, SHARE will continue to focus its engagements with the banks on developing climate-related exclusion policies, engaging with high-carbon sector clients about climate risk; and setting targets for low-carbon products and services.

Within Canada, climate-related legislation and regulation has continued to be a critical battleground. On behalf of investors, SHARE advocated for more effective policies and regulation that contribute to a sustainable economy. This included formal submissions to the Government of Ontario on its Proposed Cap and Trade Cancellation Act and to both the Canadian Securities Administrators and the Canadian Sustainable Finance Expert Panel to make the case for strong climate policy that supports a just transition and transparent, globally-aligned climate disclosure. We brought together asset owners, managers, banks and others to meet with securities regulators in support of new climate-related disclosure obligations, and expect further action from regulators in the coming year.

## PROTECTING CLEAN WATER

The world is headed towards a water crisis, with a rising threat to the quality and availability of global resources. Companies in extractive industries are finding themselves vying for increasingly strained water resources, struggling to safely dispose of wastewater and implement measures to reduce risks of spills or leaks into the surrounding environment.

SHARE's approach is grounded in the belief that responsible water management is important not only for the value of our investments in these companies, but more broadly for sustaining the basic functions of our planet, society and economy. SHARE's work supports the United Nations Sustainable Development Goals, adopted in 2015, that call for substantial increases in water use efficiency across all sectors, and reductions in pollution and releases of untreated wastewater.

In 2018, SHARE asked companies to increase transparency on their governance, strategy, risk assessment, risk management and targets related to water. We also asked companies to develop better systems to prevent and mitigate spills and leaks that endanger water resources. In 2018, together with other investors, we launched a global campaign to promote sustainable water resource management in the oil & gas sector. SHARE is leading engagements with three Canadian oil and gas companies asking them to disclose key information about their water-related risks by responding to the CDP Water Questionnaire.<sup>2</sup>

SHARE is committed to amplifying investor voices to protect our natural resources, including water.

<sup>2</sup> The CDP is a global organization that requests annual environmental data disclosure from companies and is backed by 639 investors globally with over US\$69 trillion in assets.

## SHAREHOLDER RESOLUTION ON IMPROVING WATER-RELATED RISK DISCLOSURE

Laura Gosset

Senior Engagement and Policy Analyst



In 2018, SHARE helped the Fonds de Solidarité des Travailleurs du Québec (FTQ) file a shareholder proposal at Imperial Oil Limited, requesting better disclosure on the company's exposure to and management of water-related risks. The proposal was co-filed by the BC Investment Management Corporation and PSP Investments.

As one of the largest integrated oil companies in Canada, Imperial Oil could face exposure to physical, regulatory and reputational water-related risks across its business segments. Risks could include, for example, drought that limits access to freshwater and results in operational delays or tailing pond failures that contaminate nearby water bodies and result in significant clean-up costs.

Many of the company's peers, including Cenovus Energy and Husky Energy, are responding to the CDP water questionnaire, which provides more systematic and comparable disclosure of the management of water-related risks. The Fonds FTQ proposal asked that Imperial respond to the CDP Water information request or issue a stand-alone report to shareholders detailing the company's assessment of its water related-risks and its mitigation plan related to those risks.

Our proposal received 44 percent of the vote from independent shareholders, sending a strong message to the company that shareholders want the company to do more, and through follow-up discussions with the company we expect to see improvements in 2019.



# SHARE PUBLICATIONS



**Climate Voting by Large Canadian Investors 2016-2017**  
 Commissioned by Commonwealth Climate Law Initiative  
 Commissioned by Research and Education  
 July 2018

## Climate Voting by Large Canadian Investors 2016-2017

How is your pension fund voting on climate change? Commissioned by the Commonwealth Climate Law Initiative, this study analyzes and compares climate-related shareholder proposals, climate voting records and shareholder engagement by major Canadian institutional investors and asset managers.

July 2018



**How Do Canadian Consumer Goods Manufacturing Companies Measure Up?**  
 Valuing Decent Work  
 June 2018

## Valuing Decent Work: How do Canadian Consumer Manufacturing Companies Measure Up?

With funding from the Jarislowsky Fraser Partners Foundation, this paper analyzes public reporting from ten consumer manufacturing companies in five areas of workforce management. The purpose of the analysis was to identify gaps in current disclosure and areas where companies can improve their reporting with key metrics such as turnover and internal promotion rates, and the number of contingent workers.

June 2018

**Gender Diversity at Alberta-Incorporated Companies on the TSX Composite Index**

Following on our 2017 report “Off the Ballot,” SHARE reviewed the most recent annual data on board and executive level diversity at every company on the TSX Composite Index, and found that Alberta-incorporated companies continue to lag their peers on average on gender diversity. We note that outdated Alberta corporate laws that restrict shareholder proposals limit the ability of institutional investors to press for change.

March 2018



**Responsible Investment and Indigenous Trusts Discussion Paper**

The purpose of this discussion paper is to start a conversation among Indigenous communities and their representatives about the opportunities and challenges associated with aligning Trust investments with community values, community development aspirations and the broader goals of reconciliation. This paper was written for the Reconciliation and Responsible Investment Initiative by Jason Campbell, Principal and CEO of Arete Development Group LLC, and Mark Sevestre, President of the National Aboriginal Trust Officers Association (NATOA).

March 2018



**Pension Fund Cost Transparency: A How-to Guide for Unions**

SHARE acts as the secretariat for the Global Unions Committee on Workers’ Capital (CWC), an international labour union network for dialogue and action on the responsible investment of workers’ retirement savings. This “how to” guide seeks to empower trade unions and pension trustees to seek better transparency on the fees paid when the retirement savings of workers are invested.

October 2018





## PARTNERSHIPS



### Global Unions Committee on Workers Capital (CWC)

SHARE acts as the secretariat for the Global Unions Committee on Workers Capital (CWC). The CWC was established in 1999 to connect labour activists from around the world to promote information sharing and joint action to leverage workers' capital to influence how companies respect human and labour rights, remain financially sustainable, and minimize adverse impacts on the environment. The CWC is a joint initiative of the International Trade Union Confederation, the Global Unions Federations and the Trade Union Advisory Committee to the OECD.



### Church Investors Group (CIG)

Together with CIG, the Interfaith Center on Corporate Responsibility and the Church of Sweden, SHARE launched an international, faith-based collaboration on modern slavery. Sharing experience, networks, and opportunities to engage, the collaboration has helped to support SHARE's push for new supply chain due diligence legislation and enhance corporate engagement in each participating country.



### Interfaith Center for Corporate Responsibility (ICCR)

SHARE is an affiliate member of the ICCR – a coalition of faith and values-driven organizations who view the management of their investments as a powerful catalyst for social change. SHARE participates in a number of collaborative engagements through the ICCR.



### National Aboriginal Trust Officers Association (NATOA)

NATOA is a national charity that builds knowledge about and encourages professional stewardship of trusts and investments for Indigenous peoples. SHARE and NATOA formed the Reconciliation and Responsible Investment Initiative (RRII) to explore strategies to meaningfully invest in reconciliation. Together we are mobilizing institutional investors, led by Indigenous trusts themselves, to promote corporate demand for Indigenous employment and leadership in governance, as well as increased economic opportunities for Indigenous communities.



### Canadian Council for Aboriginal Business (CCAB)

The CCAB is a national charity that works to foster sustainable business relations between First Nations, Inuit and Métis people and Canadian businesses. SHARE and CCAB work together on research initiatives that seek to identify opportunities to empower Indigenous businesses and strengthen Indigenous voices throughout the investment chain. We also refer companies we engage with to some of CCAB's programs including their Progressive Aboriginal Relations (PAR) program.



### Workforce Disclosure Initiative (WDI)

In 2017, SHARE began a partnership with ShareAction in the UK on a new Workforce Disclosure Initiative (WDI), now backed by investors with over \$13 trillion in assets under management. The WDI asks companies to report on a set of specific metrics relevant to positive workforce development and value both within the company itself and throughout its supply chain. The WDI is a positive opportunity to develop not only better disclosure from companies about decent work practices, but to develop better thinking amongst boards and management about the value of their workforce and how to improve workplace practices.



### Climate Action 100+

SHARE is signatory to the Climate Action 100+ Sign-on Statement that sets out the commitment and expectations to implement a strong governance framework, take action to reduce greenhouse gas emissions across value chains, and provide enhanced corporate disclosure. SHARE is leading or participating in three corporate engagements as a member of the CA100+ initiative.



### Principles for Responsible Investment (PRI)

SHARE is a service provider signatory to the United Nations-supported Principles for Responsible Investment (PRI). The PRI is an international network of investors working together to put the six Principles for Responsible Investment into practice. As a signatory, SHARE is able to participate in a growing global community of institutions seeking to build a more sustainable financial system.



### Responsible Investment Association (RIA)

SHARE is an associate member of Canada's Responsible Investment Association (RIA). The RIA promotes the practice of responsible investing in Canada and supports the responsible investment practices of its members.



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The Shareholder Association for Research and Education (SHARE) is dedicated to building a sustainable, inclusive and productive economy. Since its creation in 2000, SHARE has worked toward this goal by supporting responsible investment leadership among institutional investors and building a network of investors who share our vision.

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