

## Proxy Alert: Shareholder proposal on Indigenous reconciliation

**Company:** Onex Corp

**Ticker Symbol:** ONEX (TSX)

**Annual Meeting Date:** May 12, 2022

**Filer:** Catherine Donnelly Foundation, supported by the Shareholder Association for Research and Education (SHARE)

### **Recommendation: Vote FOR Proposal #1/Voting Matter #5 - shareholder proposal on Indigenous reconciliation.**

With no commitment to obtaining Progressive Aboriginal Relations (PAR) Certification nor Indigenous programs or policies in place, Onex Corp is lagging its peers and an emerging standard among Canadian TSX issuers with respect to reconciliation-related commitments.

SHARE's work on behalf of investors on issuers' commitments to reconciliation is framed in accordance with [Call to Action 92 of the Truth and Reconciliation Commission's Final Report](#), which is specifically addressed to the business community. The recommendation reads:

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

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

In 2021, the Reconciliation and Responsible Investment Initiative, a joint initiative between SHARE and the National Aboriginal Trust Officers Association (“NATOA”) released a [report providing an update on corporate Canada’s progress in advancing reconciliation](#) since the release of a benchmark report by SHARE in 2017.

Findings from the report indicated that there was considerable space for improving reconciliation-related disclosures in the financial sector, as at the time no more than three of the 13 sampled institutions reported on any single indicator.

In the intervening year, at least six Canadian issuers have made new commitments to achieve certification under the PAR program, including:

- In 2021, the TMX Group became the first issuer to endorse this shareholder proposal. [More than 98% of shareholders supported the proposal](#). The TMX now tracks both PAR “[Committed](#)” and “[Certified](#)” companies.
- In 2022, Toromont’s board similarly endorsed this proposal, with more than 99% of shareholders voting in favour of the proposal at the company’s April 28 meeting.
- Also in 2022, similar proposals were withdrawn from BCE Inc, and IA Financial, following those companies’ voluntary agreement to meet the proposals’ objectives.

SHARE, on behalf of the Catherine Donnelly Foundation, filed a shareholder proposal requesting THAT:

*The board of directors report to shareholders on the extent to which our company’s policies and practices regarding Indigenous community relations, recruitment and advancement of Indigenous employees, internal education on Indigenous reconciliation, and procurement from Indigenous-owned businesses compare to or are certified by external Indigenous-led standards of practice.*

### **Company Response & SHARE Analysis**

The board’s recommendation includes a high-level discussion of its “D&I” (Diversity & Inclusion) strategy. However, the company lacks any specific commitments with respect to reconciliation with Indigenous peoples. While reconciliation commitments can make up an important component of a Canadian issuer’s DEI (Diversity, Equity and Inclusion) strategy, this is insufficient on its own. Further, the company’s comments about D&I focus entirely on its HR policies with respect to diversity. Once again, these elements are important, but are insufficient on their own, and do not reflect a mature and developed approach to DEI.

With respect to commitments related to procurement, the company states that the nature of its business “does not lend itself to meaningful procurement of products or services in Canada or globally.” This statement dismisses the broad array of Indigenous businesses in Canada out of hand, and demonstrates an inattention to the PAR certification program.

The PAR certification program depends upon each participant undertaking an assessment of its operations, identifying the most appropriate opportunities, and developing a plan to achieve those opportunities. Dismissing the program altogether demonstrates the company would benefit from a focused review of what commitments to reconciliation are appropriate and possible.

Further, the Company describes a “multi-stage” DEI journey, and notes that Onex “recognizes that fostering a diverse team in an inclusive environment can create a competitive advantage for idea and value generation for the Corporation and its investors and shareholders.” While the company is satisfied that “the Corporation’s D&I Council is focused on key priorities of increasing representation from individuals with diverse backgrounds, improving inclusion and engagement for all team members, and supporting the equitable development and advancement of individuals with diverse backgrounds, all of which would inherently include consideration of Indigenous Peoples,” we respectfully disagree.

[As the Globe and Mail's Rita Trichur wrote, it is indeed “perverse.”](#) In Trichur’s words, Onex’s “rationale is an unnecessary pitting of underrepresented individuals against one another.”

Trichur quotes Tabatha Bull, CEO of the Canadian Council for Aboriginal Business (which oversees the PAR program), as saying “The journey of reconciliation between Indigenous and non-Indigenous people in Canada is indeed separate... many organizations state that there are not enough Indigenous businesses in Canada or that there are no Indigenous businesses that can supply what a corporation purchases. I would challenge any corporation who makes a claim such as that to prove it.”

Like Ms. Bull, we believe it is appropriate for the company to devote the appropriate due diligence and undertake the PAR certification process. Accordingly, **we urge shareholders to vote FOR Proposal #1/Voting Matter #5 - shareholder proposal on Indigenous reconciliation.**

**Link to full proposal:**

<https://shareca.box.com/s/xtlfl573m4tpw6egjtlquzvx74dkc51j>

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