

Dollarama Inc. Shareholder Proposal #3, Adoption of Net Zero Targets

Proposal #3 “the Proposal” asks for the adoption interim- and long-term, science-based greenhouse gas emissions reduction targets. The following brief seeks to address the response by the corporation in Dollarama’s 2023 Management Proxy Circular and the analysis of proxy advisory firms.

Response of the corporation

While most talking points used by Dollarama’s proposal response in the Proxy Management Circular have been addressed in [SHARE’s proxy alert](#), this brief highlights key expectations for company growth and climate action.

Dollarama opened 65 new stores last year, and aims to expand its retail operations by 514 stores by 2031.¹ The Company has asserted the Proposal would be “incompatible with Dollarama’s significant growth plans”.²

The Company’s growth plans should not be seen as a barrier to meeting investor expectations on climate action. **Comparable peers demonstrate climate commitments with aggressive company growth are possible. Growth in the last year alone at both Dollar Tree and Restaurant Brands International surpassed Dollarama’s eight-year growth plan.**

Despite the increasing size of operations:

- **Dollar Tree announced it will be setting a science-based net zero target** by June of 2024.³ The company also opened 464 new stores last year, compared to Dollarama’s 65 stores.⁴
- **Restaurant Brands International has set targets approved by the SBTi.**⁵ The corporation opened 309 net-new Tim Hortons stores in 2022. Across all brands, 1266 new stores were

¹ <https://www.dollarama.com/en-CA/corp/wp-content/uploads/2023/05/DOL-2023-Proxy-Circular-EN-vFINAL.pdf>, Pg 37

² <https://www.dollarama.com/en-CA/corp/wp-content/uploads/2023/05/DOL-2023-Proxy-Circular-EN-vFINAL.pdf>, Pg B-7

³ <https://corporate.dollartree.com/values/environmental-stewardship>

⁴ <https://corporate.dollartree.com/investors/news-events/press-releases/detail/240/dollar-tree-inc-reports-results-for-the-fourth-quarter>

⁵ <https://sciencebasedtargets.org/companies-taking-action>

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added last year; over double the amount of new locations Dollarama aims to open in the next eight years.

Expanding operations should not prevent a company from setting emissions reduction targets and developing a long-term decarbonization pathway.

[A response to proxy advisory recommendations](#)

Proxy advisory firms have advised their clients to vote against the Proposal. Several components of their analysis are addressed below.

- 1) The proposal is said to be prescriptive and burdensome, citing modifying a climate strategy and setting targets as complex activities.

Response:

- The Company's *Climate Strategy Roadmap* is a set of four items, three of which were completed by the time of publication. Therefore, the Proposal does not require burdensome modification, given the lack of detail in the Company's existing strategy. This proposal seeks to encourage the company to develop a forward-looking climate strategy, focusing on actions yet to be taken.
- **Setting targets and modifying climate strategy is a common exercise for companies and a common ask in successful shareholder proposals.** In the past year, the following proposals with substantially similar "resolved" clauses received high votes in favour and/or advisory firm recommended support: Dollar Tree, Caterpillar Inc, Valero Energy, Monster Beverage, Builders First Source Inc, Boeing Company, US Foods Holding Corp, Costco Wholesale Corp, AutoZone Inc, Sysco Corp, Phillips 66, and Conocophillips.⁶
- **The proposal provides the company a longer timeline to set and disclose a strategy than similar proposals that have received widespread support.** A 2022 climate proposal at Costco prescribed 180 days to fulfill the adoption of GHG targets, and received 69.95 percent of the vote, including recommendations in support from both ISS and Glass Lewis. Other climate proposals filed in 2022 at companies such as Valero Energy, Sysco Corp, AutoZone Inc, have asked companies to set targets within a one-year timeline. **The timeline provided in the Proposal is intended, following engagement with the Company, to account for the Company's current state of planning and data management.** The timeline aligns with the window given by the Science Based Targets Initiative (SBTi) for companies

⁶ Substantially similar Proposals at these companies received votes in favour of between 44 to 92 percent.

seeking to commit to SBTi aligned targets. The SBTi is a leading global standard that investors rely on to assess corporate climate commitments.

- 2) Advisory firms acknowledge the Company's Task Force on Climate-related Financial Disclosures (TCFD) disclosures are incomplete.

Response:

- **It is clear TCFD alignment is weak.** Proxy advisory analysis explicitly acknowledged that the company's targets and disclosure were lacking compared to best practice and peers. Based on SHARE's evaluation, Dollarama's TCFD alignment is most strongly lacking in the thematic area, *Strategy*. **This proposal directly reflects the Company's most sizable opportunity to strengthen TCFD alignment**, providing investors with decision useful, forward looking information absent from existing disclosure.

Summary of SHARE's Initial Proxy Alert

1. The Company's current climate targets, disclosure and plan are inadequate. **Dollarama's existing target falls short on several fronts:** a) A 2030 target must reduce emissions by 50 percent from the baseline year. Dollarama's has not set this ambition; b) The 2030 target must be paired with a 2050 net-zero emissions target. Dollarama has no 2050 target; and c) The target must account for Scope 1, 2 and 3 emissions. Dollarama's targets do not.
2. Current disclosures are incomplete. **Dollarama first committed to measuring and disclosing their Scope 3 emissions three years ago. Management has still not shared a timeline** to complete this commitment.
3. A robust plan to reduce emissions is needed. **The Company's *Climate Strategy Roadmap* is simply not substantial enough to be considered a credible climate plan.**

For more detailed exploration of the proposal and Company performance, visit our [proxy alert, found here](#).

We recommend a vote FOR Proposal #3, Adoption of Net Zero Targets at Dollarama's Annual Meeting 9:00am EDT on June 7, 2023.

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