

# 2023 PROXY SEASON INSIGHTS: TSX60 SHAREHOLDER PROPOSALS

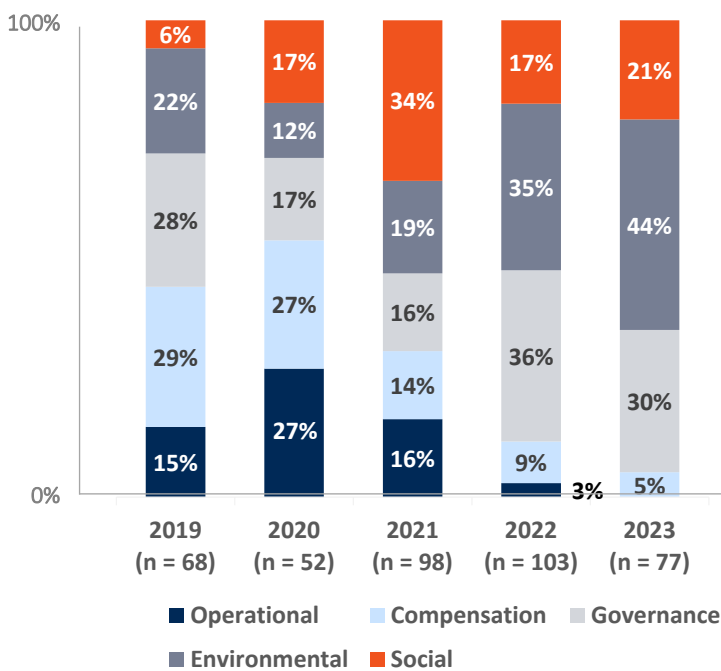
Authors: Miles Fazzalari, Solomon Coupal

As part of our annual review of the 2023 TSX60 issuer proxy circulars, we have analyzed the shareholder proposals submitted to these issuers to better understand how shareholder expectations / concerns have evolved over the years.

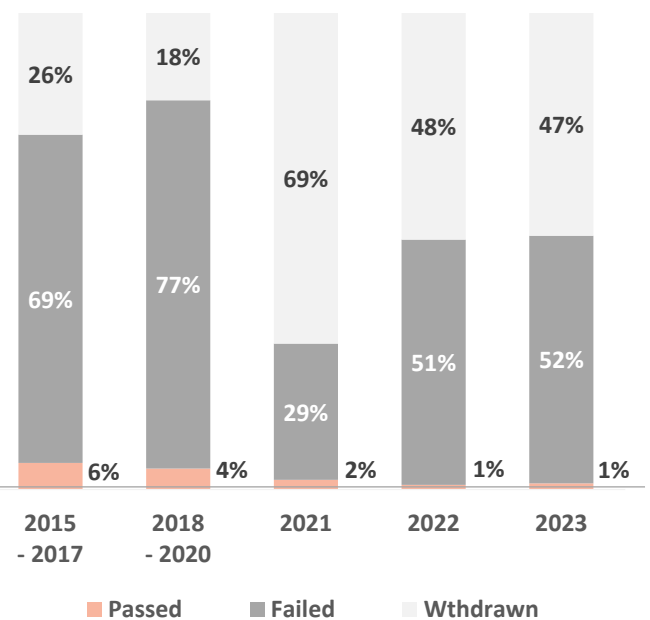
## Key Findings

- So far this year, TSX60 issuers received 77 shareholder proposals, down ~25% from 2022 (103)
- Environmental, Governance, and Social proposals continue to be most prevalent, representing 44%, 30% and 21% of this year’s total, respectively. The proportion of Compensation and Operational proposals is at a 5-year low (5% and 0%, respectively).
- Of the 77 proposals submitted this year, 36 were withdrawn (47%). The proportion of proposals that are being withdrawn has increased over the years.
  - In the last three years (2021-2023), the average proportion of proposals that were withdrawn was 55% versus the 18% withdrawn in the three preceding years (2018-2020)
- Only one shareholder proposal passed this year which came with support from the Board and management

Shareholder Proposals – Type



Shareholder Proposals – Results



Source: 2023 Proxy Circulars

## Voted vs. Withdrawn Proposals

Some companies opt to engage with the shareholder (or group) directly, with the goal of coming to an agreement and having the proposal withdrawn – this agreement could include the company agreeing to the proposal entirely, negotiating a reduced or alternative action, or submitting a management-sponsored proposal. In the event that the company and the shareholder (or group) cannot come to an agreement, the proposal will be voted upon at the company’s AGM.

- 83% of the Governance-related shareholder proposals received by TSX60 issuers were withdrawn (19/23)
- 24% of the Environmental-related shareholders proposals were withdrawn (8/34)
- 56% of the Social-related shareholder proposals were withdrawn (9/16)
- No Compensation-related shareholder proposals were withdrawn (0/4)

## Voted Proposals: Strongest Support

- Amongst all the shareholder proposals submitted to TSX60 issuers, the only proposal that passed was a proposal submitted to Cenovus Energy by the *Investors for Paris Compliance* (99.5% support) requesting that the Board “produce a report, at reasonable cost and omitting proprietary information, outlining whether and how Cenovus is aligning its direct and indirect lobbying and public policy advocacy with its net zero goal”. We note that Cenovus’ Board recommended that shareholders vote FOR the proposal, impacting the result.
  - A similar proposal relating to lobbying practices was submitted to Restaurant Brands International and received 24% support (the Board recommended AGAINST this proposal)
- Social proposals submitted by *SHARE* and *BC General Employees' Union (BCGEU)* to both the Royal Bank of Canada and the Bank of Montreal (separately), requesting each Board “conduct and publish a third-party racial equity audit analyzing each bank’s adverse impacts on non-white stakeholders” received 42% and 37% support, respectively.
- An Environmental proposal submitted to Restaurant Brands International by *Saybrook LP (SF)* requesting the Board issue a report “describing how the Company could reduce its plastics use in alignment with the one-third reduction findings of the Pew Report, or other authoritative sources, to reduce its contribution to ocean plastics pollution” received 36% support.
- 7 Climate proposals at 5 issuers outlining a request for disclosure of science-based climate action plans (e.g., emissions targets) received above 20% support<sup>1</sup>
- 3 Compensation proposals at RBC, TD and CIBC outlining a request for pay ratio disclosure received 12% support on average

Taken together, we see these trends as a sign of how boards and management teams are evolving their response to shareholder proposals, that is with more transparent dialogue on topics of focus for shareholders.

[1] Note: Companies that received the proposals were Metro (29% votes for), Dollarama (26% and 21% votes for), Bank of Nova Scotia (25% votes for), Enbridge (24% votes for), and TD Bank (24% & 21% votes for) | Sources: 2023 Proxy Circulars

To ensure you receive future articles, [subscribe here](#).

*Hugessen Consulting is an independent consulting firm dedicated to helping boards make the right decisions within an environment of heightened complexity and scrutiny. With offices in Toronto, Montreal, and Calgary, the firm’s mission is to be the leading provider of advice to public and private boards on executive compensation, performance measurement and assessment, board effectiveness, and related governance.*

© 2023 by Hugessen Consulting Inc. All rights reserved