TMX management joins Canadian businesses committing to Indigenous economic empowerment

April 22, 2021 | News, Press Release

Following productive dialogue with the company, we are pleased to announce that the board of directors of the TMX Group (which owns the Toronto Stock Exchange) has agreed to jointly support a resolution on reconciliation and Indigenous relations to TMX shareholders filed by SHARE on behalf of the Atkinson Foundation.

The Atkinson Foundation’s proposal asks the company to commit to develop internal programs and policies on equity, diversity, and inclusion including Indigenous employees; to review procurement from Indigenous-owned businesses and establish procurement objectives; and to engage with Indigenous organizations to identify standards of practice and frameworks for this work.

Although the company initially issued a proxy circular with an opposition statement from the company, subsequent discussions allowed us to agree on a revised proposal which has support from both the company and SHARE. It will go to a vote at the company’s annual meeting on May 12th.

This will be the first time an Indigenous reconciliation or diversity proposal has ever been jointly endorsed by the board of directors of a Canadian company, and it marks important progress for the Canadian financial sector.

Through the Reconciliation and Responsible Investment Initiative (RRII), a partnership with the National Aboriginal Trust Officers Association, SHARE has prioritized engagements with companies to take up Call to Action 92 of the Truth and Reconciliation Commission’s (TRC) final report, which is directed at the corporate sector in Canada.

Within the financial services sector, leading firms have set positive standards that merit broader emulation. For instance, Bank of Montreal and Scotiabank have each achieved “Gold” level certification under the Canadian Council for Aboriginal Business’s Progressive Aboriginal Relations Program (PAR).
In recent months, following dialogue with SHARE, both Great-West Life and Sun Life Financial Inc. have made significant positive commitments: Both companies will provide additional disclosures on Indigenous relations, and Sun Life is now a PAR-Committed company. SHARE’s shareholder engagement team is engaging with other firms with similar requests.

TRC Call to Action 92 is directed at Canadian businesses. TMX Group’s willingness to report to shareholders on Indigenous relations in the future is a clear and positive answer that prioritizing and setting clear objectives related to reconciliation and Indigenous economic advancement is now best practice within the financial sector.

To investors: We urge you to join the call to action and vote YES at TMX Group.

To Canadian businesses: This is a good day to answer the call. Contact SHARE today to discuss how your company can implement these measures and take meaningful steps to advance reconciliation.

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Proxy Advisory

TMX Group Ltd
Symbol: X.TO
Annual Meeting date: May 12, 2021
Filer: Atkinson Foundation, supported by the Shareholder Association for Research & Education (SHARE)
Shareholder proposal on Indigenous relations and reconciliation (amended)
SHARE’s Recommendation: Vote FOR shareholder proposal (amended)
TMX Group Management Recommendation: Vote FOR shareholder proposal (amended)

RESOLVED that the TMX Group’s Board of Directors report to shareholders on its work:

- to develop internal programs and policies on equity, diversity, and inclusion (ED&I), including those that encompass current and prospective Indigenous employees, and relationships with Indigenous communities;
- to review procurement from Indigenous-owned businesses, and those owned by other underrepresented groups, and establish appropriate disclosure practices and objectives; and
- to engage with qualified Indigenous and other organizations to support this work so that these programs can be shown to meet standards that are appropriate for the company and, wherever possible, aligned with commonly-used frameworks, and to report in an ongoing way that supports investors’ ability to determine the breadth, depth, and content of these programs.

Rationale

To be responsive to the regulatory and reputational pressure related to Indigenous inclusion, many companies have developed internal programs or policies on Indigenous relations, recruitment of Indigenous employees, and procurement from Indigenous-owned businesses.

For investors, however, the breadth, depth, and content of these programs is impossible to determine. Facing inconsistent disclosure, the extent to which a company has effectively incorporated steps to address Indigenous inclusion and reconciliation is impossible to measure.

SHARE has tracked Canadian companies’ reconciliation-related disclosures through a report first published in 2017 and re-released with updated data in 2021. Despite some progress, Canada’s corporate sector has much work to do in accelerating representation and participation of Indigenous people on corporate boards, in management, and across companies’ operations, including as employees, suppliers, and business partners.

Of the 78 companies reviewed, 28 percent provided data on Indigenous representation on boards. The study also found that since 2016, there has been a significant 28 percent increase in companies that reference Indigenous heritage or identity in board of director diversity policies, and 22 percent in senior management policies. Two times more companies state that they prioritize the employment of Indigenous people than did in 2016. However, regular
reporting on Indigenous relations and reconciliation indicators merits further standardization to enhance transparency and equip investors to gauge company performance in these areas.

There are externally verified options for corporations to demonstrate that their programs meet standards developed by qualified Indigenous organizations, such as the Progressive Aboriginal Relations (PAR) program of the Canadian Council for Aboriginal Business, which provides independent certification to corporations in Canada. Within Canada's financial sector, this is already an established best practice: BMO, Scotiabank, CIBC, Deloitte, EY, ATB Financial, and Accenture have all achieved certification under the PAR program.

TMX Group acknowledges that important work needs to be done to improve the representation of Indigenous peoples and that Indigenous peoples are under-represented in positions of economic influence and leadership. TMX Group notes that it has begun to develop internal programs and policies on equity, diversity, and inclusion (“ED&I”), including those that encompass current and prospective Indigenous employees, and relationships with Indigenous communities, and reviewing procurement from Indigenous-owned businesses and associated disclosure practices.

These steps are encouraging. TMX Group still lags direct peers in the financial services sector, having not yet disclosed any information on company policies and practices on Indigenous relations and reconciliation. However, we appreciate the company’s commitment to future disclosure, setting clear objectives, and doing so in consultation with Indigenous organizations.

The company management and SHARE have provided a joint recommendation: Vote FOR proposal as amended.

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