United Church of Canada Treasury

Q1 2019

January 1st - March 31st

Proxy Voting Report

Responsible investment for a sustainable economy

SHARE
SHAREHOLDER ASSOCIATION for RESEARCH & EDUCATION

Proxy Voting Highlights Q1 2019

Meetings

Type

Annual	3
Total	3

100% Annual

Jurisdiction

Canada	3
Total	3

Canada 100%

Proposals

	Votes consistent with / contrary to management recommended votes		No. proposals
All proposals	52% consistent	48% contrary	46
Management proposals	56% consistent	44% contrary	43
Director Elections	54% consistent	46 % contrary	35
Say-On-Pay		100% contrary	2
Auditor Ratification	100% consistent		3
Shareholder proposals		100% contrary	3
Governance		100% contrary	3

Common sense voting on executive compensation

Executive compensation at publicly-listed companies has become enormously complex. Corporate boards use a wide range of data and indicators with the stated objective of aligning executives' incentive pay with better corporate performance. However, the objective result has been a continued escalation of executive pay, and incentives that focus on share price rather than long-term value and productivity.

Although SHARE's analysts review much of this complex pay structure in the course of their work, they focus on the factors that contribute most to the misalignment of executive pay with sustainable long-term value. Our analysis zeroes in on four all-too-common practices that inflate pay and distract management from building sustainable and productive companies. No fancy footwork, complex graphs and scoring here: where we find these practices, we vote against the board's approach to executive compensation. Period.

- **Too much pay at the top.** We vote against executive pay when it is too high relative to the company's performance. We compare the total compensation of the five highest-paid executives to the company's net income after taxes or EBITDA to determine how executives' pay compares to performance. We prefer this to analyses that focus on shareholder returns, because buyback can encourage executives to focus too narrowly on gaming the share price with practices like massive share buybacks, that may undercut long-term performance. When executives focus instead on growing revenues and innovation, companies and their stakeholders will ultimately benefit.
- **Too much pay, period.** We vote against executive pay when it is too high relative to the pay of average workers, because increasingly unequal societies are less sustainable, less inclusive, and less productive. For companies in the US and Canada, SHARE compares the total compensation paid to a company's highest-paid executive – usually the CEO – with the average personal wage in the appropriate country. If the executive's pay is more than 200 times the average wage, we vote against the executive pay.
- **Money for nothing.** If more than 30% of the executives' incentive compensation is not based on performance, SHARE votes it down. If the incentive pay is not based on performance, what is it an incentive for?
- **Growing disparity.** Internal pay disparities within a company can contribute to low productivity, poor morale, and high employee turnover. We compare the CEO's pay to the pay of the next-highest-paid executive and, where the data is available, to the pay of the company's median employee. If the CEO's pay is three times that of the next-highest-paid executive or more, we vote against the executive compensation. An acceptable "vertical" ratio of CEO pay to the median employee's pay varies with the size and type of company. But in general, if the ratio is more than 160-to-1, we vote against the executive compensation plan.

By voting consistently against common practices that distort compensation and distract executives, we're bringing common sense back to executive pay.

CGI GROUP INC. Canada

Ticker Symbol	**GIB**	ISIN	**CA39945C1095**
Meeting Date	**30-Jan-2019**	Meeting Type	**ANNUAL AND SPECIAL MEETING**

Custodian	Account No.	Ballot Shares	Unavailable Shares	Vote Date	Vote Confirmed
RBC INVESTOR SERVICES	**000805121**	**7800**	0	17-Jan-2019	Yes

Item	Proposal	Proposed By	Vote	For/Against Management
1.1	DIRECTOR: Alain Bouchard	Management	Withheld	Against
	Comments: Mr. Bouchard is Executive Chair of Alimentation Couche-Tard, and sits on the compensation committee. Directors who are chief executives themselves may have conflicts of interest in setting the pay of other executives, and thus are not suitable to be members of compensation committees.			
1.2	DIRECTOR: Paule Doré	Management	Withheld	Against
	Comments: Only 7 of this company's 14 directors are independent of management. Two-thirds of the directors must be independent in order to ensure that the board can oversee management without conflicts of interest. For this reason, we are voting against all of the directors who are not independent. Ms. Dore is a former executive of CGI Group.			
1.3	DIRECTOR: Richard B. Evans	Management	For	For
1.4	DIRECTOR: Julie Godin	Management	Withheld	Against
	Comments: See the comments for Ms. Dore. Ms. Godin is the daughter of one of CGI's founders, and an executive of the company.			
1.5	DIRECTOR: Serge Godin	Management	Withheld	Against
	Comments: Mr. Godin is the founder of CGI and the Executive Chair of the board of directors. The chair of the board cannot be a member of management and still guide the board in its responsibility for overseeing management's performance without a conflict of interest.			
1.6	DIRECTOR: Timothy J. Hearn	Management	For	For
1.7	DIRECTOR: André Imbeau	Management	Withheld	Against
	Comments: See the comments for Ms. Dore. Mr. Imbeau is one of the CGI's founders and a former executive of the company.			
1.8	DIRECTOR: Gilles Labbé	Management	Withheld	Against
	Comments: See the comments for Ms. Dore. Mr. Labbe is the CEO of Heroux-Devtek, which has been and may still be a client of CGI.			
1.9	DIRECTOR: Michael B. Pedersen	Management	For	For
1.10	DIRECTOR: Alison Reed	Management	For	For
1.11	DIRECTOR: Michael E. Roach	Management	Withheld	Against
	Comments: See the comments for Ms. Dore. Mr. Roach is a former executive of CGI Group.			
1.12	DIRECTOR: George D. Schindler	Management	Withheld	Against
	Comments: See the comments for Ms. Dore. Mr. Schindler is CGI's current CEO.			
1.13	DIRECTOR: Kathy N. Waller	Management	For	For
1.14	DIRECTOR: Joakim Westh	Management	For	For
2	Appointment of Auditor Appointment of PricewaterhouseCoopers LLP as auditor and authorization to the Audit and Risk Management Committee to fix their remuneration	Management	For	For
3	Name Change Approval of the change of name from "CGI GROUP INC. - GROUPE CGI INC." to "CGI INC."	Management	For	For

4	Shareholder Proposal Number Two Advisory vote on the Compensation of Senior Executives	Shareholder	For	Against

Comments: Although an advisory vote on executive compensation is not mandatory in Canada, the vast majority of Canadian public companies have adopted it. CGI is an outlier in this regard. An advisory vote will allow shareholders to express their views of executive compensation, while still recognizing the board's responsibility to set executive pay. CGI would do well to adopt a "say on pay" vote.

5	Shareholder Proposal Number Three Disclosure of Voting Results by Class of Shares	Shareholder	For	Against

Comments: CGI has a class of shares with 10 votes per share, owned mostly by the founders, and another class of shares with 1 vote per share. This proposal asks the company to report the results of shareholders' votes separately for these 2 classes of shares. This is a reasonable request. The votes of the two classes of shares may be quite different. Reporting the vote results separately will provide a more accurate picture of shareholders' true positions on ballot resolutions.

ENGHOUSE SYSTEMS LIMITED Canada

Ticker Symbol	**EGHSF**	ISIN	**CA2929491041**
Meeting Date	**07-Mar-2019**	Meeting Type	**ANNUAL AND SPECIAL MEETING**

Custodian	Account No.	Ballot Shares	Unavailable Shares	Vote Date	Vote Confirmed
RBC INVESTOR SERVICES	**000805121**	**10450**	0	15-Feb-2019	Yes

Item	Proposal	Proposed By	Vote	For/Against Management
1.1	DIRECTOR: Stephen Sadler	Management	Withheld	Against

Comments: Mr. Sadler is both CEO and chair of the board of directors, as well as the largest shareholder of Enghouse Systems. The chair of the board cannot be a member of management and still guide the board in its responsibility for overseeing management's performance without a conflict of interest.

Item	Proposal	Proposed By	Vote	For/Against Management
1.2	DIRECTOR: Eric Demirian	Management	For	For
1.3	DIRECTOR: Reid Drury	Management	Withheld	Against

Comments: The CEO is also chair of the board. This arrangement creates potential conflicts of interest that are not in the best interests of the company or its shareholders. The nominating committee is responsible for the board's governance, including who will serve as chair. We have voted against the members of the nominating committee for this reason. This includes Mr. Drury.

Item	Proposal	Proposed By	Vote	For/Against Management
1.4	DIRECTOR: John Gibson	Management	Withheld	Against

Comments: See the comments for Mr. Drury. Mr. Gibson is also a member of the nominating committee.

Item	Proposal	Proposed By	Vote	For/Against Management
1.5	DIRECTOR: Pierre Lassonde	Management	Withheld	Against

Comments: Mr. Lassonde is not an independent director because he is a major shareholder of Enghouse, along with Mr. Sadler. However he sits on the compensation committee, which should be made up entirely of independent directors.

Item	Proposal	Proposed By	Vote	For/Against Management
1.6	DIRECTOR: Jane Mowat	Management	For	For
1.7	DIRECTOR: Paul Stoyan	Management	Withheld	Against

Comments: See the comments for Mr. Drury. Mr. Stoyan is also a member of the nominating committee.

Item	Proposal	Proposed By	Vote	For/Against Management
2	Appointment of Ernst & Young as Auditors of the Corporation for the ensuing year and authorizing the Directors to fix their remuneration.	Management	For	For
3	Acceptance of the Corporation's approach to executive compensation.	Management	Against	Against

Comments: Enghouse continues to pay its executives excessive amounts relative to the company's performance. This year, it paid its top 5 executives 13% of its net income. This indicates that the executives' pay is only weakly tied to their performance, and that the company is using too much of its profits to pay only 5 employees.

4	Increase the maximum number of common shares of the Corporation which may be issued under its stock option plan by 950,000.	Management	Against	Against

Comments: Although we are not opposed to the increase in shares as such, we are opposed to this stock options plan. It is a stock options plan for executives, but it also includes directors. This is not a good compensation practice, for two reasons. First, including directors in a management compensation plan can undermine the board's independence, because it tends to align directors' interests with the interests of the executives whose performance the board is supposed to oversee. Second, stock options reward their recipients for increases in share price. Thus, they give directors an incentive to foster relatively short term gains in share price, even when this does not result in improved value of the company.

METRO INC. Canada

Ticker Symbol	**MTRAF**	ISIN	**CA59162N1096**
Meeting Date	**29-Jan-2019**	Meeting Type	**ANNUAL**

Custodian	Account No.	Ballot Shares	Unavailable Shares	Vote Date	Vote Confirmed
RBC INVESTOR SERVICES	**000805121**	**14200**	0	16-Jan-2019	Yes

Item	Proposal	Proposed By	Vote	For/Against Management
1.1	DIRECTOR: Maryse Bertrand	Management	For	For
1.2	DIRECTOR: François J. Coutu	Management	For	For
1.3	DIRECTOR: Michel Coutu	Management	For	For
1.4	DIRECTOR: Stephanie Coyles	Management	For	For
1.5	DIRECTOR: Marc DeSerres	Management	Withheld	Against

Comments: Mr. DeSerres is the President of Omer DeSerres Inc, and sits on the compensation committee. Directors who are chief executives themselves may have conflicts of interest in setting the pay of other executives, and thus are not suitable to be members of compensation committees.

1.6	DIRECTOR: Claude Dussault	Management	Withheld	Against

Comments: Mr. Dussault is the President of ACVA Investing, and sits on the compensation committee. Directors who are chief executives themselves may have conflicts of interest in setting the pay of other executives, and thus are not suitable to be members of compensation committees.

1.7	DIRECTOR: Russell Goodman	Management	For	For
1.8	DIRECTOR: Marc Guay	Management	For	For
1.9	DIRECTOR: Christian W.E. Haub	Management	Withheld	Against

Comments: Mr. Haub is the CEO of the Tengelmann Group, and sits on the compensation committee. Directors who are chief executives themselves may have conflicts of interest in setting the pay of other executives, and thus are not suitable to be members of compensation committees.

1.10	DIRECTOR: Eric R. La Flèche	Management	For	For
1.11	DIRECTOR: Christine Magee	Management	For	For
1.12	DIRECTOR: Marie-José Nadeau	Management	For	For
1.13	DIRECTOR: Réal Raymond	Management	For	For
1.14	DIRECTOR: Line Rivard	Management	For	For
2	Appointment of Ernst & Young LLP, Chartered Professional Accountants, as Auditors of the Corporation	Management	For	For
3	Advisory resolution on the Corporation's approach to executive compensation	Management	Against	Against

Comments: Metro's CEO is paid almost six times as much as the next highest-paid executive officer. Such large disparities in compensation correlate with financial mistatements, low productivity and high employee turnover, none of which benefit the company. We also note that the CEO has the discretion to award annual bonuses even if the recipients have not met their performance targets. This tends to undermine the purpose of incentive-based pay, and may contribute to excessive amounts of executive compensation.

4	Resolution on the adoption of a Shareholders Rights Plan for the Corporation	Management	For	For
5	Shareholder proposal	Shareholder	For	Against

Comments: This proposal asks Metro's compensation committee to include in its annual compensation disclosure a description of the importance it places on good social, environmental and governance performance in evaluating the executives' performance and awarding their incentive compensation. Metro has a policy on corporate responsibility and reports on its implementation. However it does not include any environmental or social performance measures in its executives' performance-based compensation. Including measures of corporate responsibility in those performance evaluations would give executives an incentive to manage Metro in a profitable and socially and environmentally sustainable way.

The Shareholder Association for Research and Education (SHARE) is a non-profit organization based in Vancouver, British Columbia. Since its creation in 2000, SHARE has provided leadership, expertise and advocacy in the area of responsible investment and active share ownership. SHARE assists institutional investors in implementing responsible investment strategies through our Active Ownership Services, including:

- Pension Investment & Governance Education
- Proxy Voting & Advisory Services
- Shareholder Engagement
- Responsible Investment Advisory Services

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