

Q1 2023

CORPORATE ENGAGEMENT SNAPSHOT

Analog Devices open to discussing solutions for high executive pay

Meeting objective(s): Explain why we voted against their executive compensation package and encourage steps toward closing the pay gap.

Analog Devices asked to meet with us in response to a letter we sent by email as part of our 2022 feedback-on-proxy campaign. We continued to vote against their say-on-pay vote this year because CEO pay and pay for one additional named executive officer exceeded our threshold. We were encouraged by their openness to dialogue, as it was clear from our conversation that attracting and retaining talent in the technology sector is highly competitive. We highlighted three things we would like them to consider: setting a cap on executive compensation; assessing pay equity using vertical pay metrics (that is, up and down the organization as opposed to across peers); and, publicly disclosing how compensation is assessed and monitored.

Next steps: We hope to see how the company integrates equitable pay considerations into their compensation framework by their next AGM.

Areas for disclosure improvement at Tencent

Meeting objective(s): Encourage Tencent to improve disclosure and consider the decision-useful recommendations put forward by the Ranking Digital Rights (RDR) program.

Our first engagement with China-based Tencent was as co-lead of an investor collaboration facilitated by the Investor Alliance for Human Rights. We met to discuss RDR's recommendations for the company. RDR is a research program that benchmarks global tech giants on how they manage human rights issues in our digital world. One of the areas we focused on was Tencent's policies on digital rights issues such as privacy and content moderation across their many lines of business, which they told us they were working on centralizing. We also discussed board visibility of those issues.

Next steps: We will review their forthcoming ESG report for improved disclosure.

Kicking off CEC engagement with Metro + migrant workers in the supply chain

Meeting objective(s): Two meetings in Q1—one to kick off Climate Engagement Canada (CEC) engagement, the other to discuss supplier accountability regarding temporary migrant workers.

We met with Metro as part of our collaborative engagement through CEC. The grocery retailer is assessing how to account for scope 3 greenhouse-gas emissions as part of their transition strategy, and said we could expect more information in their forthcoming corporate responsibility report. We had a separate meeting (with one other investor) on the topic of temporary migrant workers employed within the company's supply chain. Metro conducted a pilot project last year to help develop an approach for monitoring supplier compliance with working conditions using a code of conduct, and they said the learnings from that project will feed into their approach.

Next steps: We look forward to reviewing Metro's upcoming corporate responsibility report.

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