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Inaction by Scotiabank on Fossil Fuel Finance Policies and Human & Indigenous Rights Protections Forces Investment Advisor to Divest

NAPA, CA. – After four years of engagement with the Canadian financial institution, Bank of Nova Scotia (Scotiabank/BNS), socially responsible investment adviser Harrington Investments, Inc. (HII) has decided to divest all its clients’ shares in the bank due to its failure to make progress on the issues of Human and Indigenous Peoples’ Rights and involvement in the fossil fuel industry.

In 2016, after reading a Food & Water Watch article identifying Scotiabank as one of the banks financing the Dakota Access Pipeline Project (DAPL), HII sent a letter to BNS inquiring about their involvement in the construction of the DAPL. Also, HII, along with a group of other investment advisory firms and asset managers, sent a letter expressing concern and disapproval of Scotiabank’s alleged involvement in DAPL. Finally, HII filed a shareholder resolution at the company in the fall of 2016 in order to address these concerns. These actions spawned the 4-year-long dialogue between HII and BNS.

After the initial denial of involvement, HII discovered through SEC documents signed by BNS and companies financing the DAPL’s construction, that this alleged financial involvement was in fact occurring. BNS responded with the explanation that they were partaking in “general corporate loans” to these companies financing DAPL’s construction and expressed that BNS was not involved in financing at the “project level”. This denial of responsibility for Scotiabank’s involvement was disingenuous and misleading.

The years-long engagement entailed conversations with Scotiabank's legal team and a number of members of their corporate staff, but ultimately led to no substantial improvements to their protection of Human and Indigenous Peoples' Rights or any sufficient commitment to eliminate, phase out or even reduce funding of the fossil fuel industry.

The BNS annual meeting of shareholders was held April 7th, 2020, and HII's shareholder proposal was on the ballot for the 3rd year in a row. Unfortunately, shareholder support for the resolution was not sufficient under SEC rules to return for a fourth year. Following the meeting, HII decided that it had exhausted its efforts to push the company on these issues, believing BNS will only continue to resist enhancements to protections for Human and Indigenous Peoples' Rights and refusal to restrict or eliminate fossil fuel financing. HII has officially divested all its clients' shares in the Bank of Nova Scotia.

"While we are disappointed that Scotiabank has essentially forced us to divest our BNS shares by their inaction, we are hopeful that the larger fossil fuel divestment and anti-pipeline and Indigenous Rights movements will push BNS and other financial institutions to reevaluate their positions on these issues," asserted Brianna Harrington, Shareholder Advocacy Coordinator and Research Analyst at HII.

"We encourage Scotiabank, along with all banks, to make changes to their respective investment policies regarding fossil fuels and improvements to their governance documents to ensure oversight on Human and Indigenous Peoples' Rights when considering all forms of financing, whether it be at the general corporate level, or project level, making it a fiduciary duty of the Board of Directors," John Harrington, President and CEO of HII, stated in conclusion.

HII is a 38-year old Registered Investment Advisory firm managing individual and institutional assets based upon comprehensive social and environmental screens, shareholder advocacy, and an impact investment agenda.