Vancity Investment Management

Shareholder Engagement Report.

2024 Q3 – 2025 Q2

Where we stand.

Geopolitical instability and climate change continued to weigh on investor confidence in global markets over the past 12 months. Ongoing conflicts in Eastern Europe, the Middle East, and Sudan, coupled with escalating trade tensions and protectionist policies, have intensified uncertainty across global markets.

In the United States, political shifts have introduced new headwinds to climate policy and social progress. Rollbacks on environmental, social, and governance (ESG) regulations and clean energy incentives have disrupted momentum in the renewable energy industry, which will ultimately impact climate action negatively. The current U.S. Administration's made it clear that fossil fuel projects and development will be prioritized.

Reflecting this political shift against climate action, major financial institutions in the U.S. scaled back climate commitments. Canadian banks followed swiftly, most notably having exited the Net Zero Banking Alliance (NZBA) earlier this year. Despite their exit, Canadian banks have continued to assure investors that climate policies remain a priority. Yet, regardless of politics and finance, temperatures across the globe continue to soar, with wildfires and extreme weather ravaging ecosystems more frequently.

Attacks on diversity, equity, and inclusion (DEI) have intensified following Donald Trump's return to the U.S. presidency. Racial discrimination has increased as some groups feel emboldened to promote harmful ideologies. President Trump's executive order to eliminate DEI practices, coupled with social media pressure from these groups have caused companies to withdraw their DEI practices. As a result, vulnerable communities and segments of the workforce have been disproportionately affected.

Despite interest rate cuts by the Bank of Canada, housing affordability remains a critical issue, which has been compounded by elevated living costs and mounting household debt. The uncertainty from newly imposed U.S. tariffs on select Canadian goods has further complicated the economic landscape. Canadians are finding it to be ever more difficult to save and invest for the future.

Against this backdrop, active socially responsible investing (SRI) remains a vital mechanism for driving systemic change. This year, we were involved with 59 active engagements. Our areas of focus included climate transition plans, human rights in supply chains, ethical governance for Artificial Intelligence (AI), digital worker rights, living wages, and disclosure around vertical pay metrics. Additionally, we signed seven investor statements that included support for a robust public health system, just immigration reform, and Amazon workers' right to freedom of association.

Persistent engagement with companies offers investors one avenue to drive change for the benefit of people and the planet. With political pressure seeming to halt climate and social progress, SRI is more important than ever. We remain diligent in our mission to drive positive change with the companies we invest in.

Edmond Ho

Associate Portfolio Manager, ESG

Vancity Investment Management

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Introduction to our investment philosophy and engagement framework.

Established in 1995, Vancity Investment Management was one of the first wealth management firms in Canada to focus on investments that deliver competitive returns while making a positive impact on the world. Today we continue to lead the way, putting people and the creation of an inclusive society at the centre of our engagement work.

Our engagement framework addresses the impact areas we've identified as most important to our work. Our engagement strategies focus on these seven categories:

1. **Biodiversity and nature**
2. **Climate, energy, and just transition**
3. **Financial resilience and diversity, equity, inclusion, and Reconciliation (DEIR)**
4. **Governance and disclosure**
5. **Health care**
6. **Human capital management**
7. **Human rights**

Most of our engagements advance multiple focus areas. We identify those areas throughout this report, with one primary area selected for every engagement for tracking purposes. For example, our engagement work on digital workers' rights primarily advances our human rights focus, but also addresses issues related to human capital management. This holistic approach to ESG issues carries through all of our engagement work.

In this report, you'll find graphs and summaries of our overall engagement work, along with details on our 2024/25 proxy voting, and some of our engagement highlights from this year.

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Engagement activities.

Overall engagement activities 2024 Q3 – 2025 Q2.

59
Total Engagements.

47
Companies engaged.

20
Engagement topics.

7
Shareholder resolutions filed.

7
Investor statements of support signed.

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Engagement impact areas.

This chart shows how specific company engagements contribute to our seven primary engagement impact areas. All specific engagements have one primary impact area for tracking purposes.

Most engagements contribute to multiple areas, and this is indicated by the “Contributes to impact area” column.

Counterparty	Topic	Primary impact area	Contributes to impact area
Accenture® PLC	Digital worker rights		
Alphabet Inc.	Digital worker rights		
Alphabet Inc.	Ethical AI		
Amazon.com Inc.®	Freedom of association		
Amazon.com Inc.	Valuing water finance initiative (VWFI)		
Apple®	VWFI		
Aritzia LP®	Forced labour and supply chain due diligence		
Bank of Montreal®	Vertical pay metrics		
Bank of Montreal	Fossil fuel lobbying and policy Influence		
Bank of Nova Scotia®	Climate transition plans		
Bridgestone®	Forced labour and supply chain due diligence		
Broadcom Inc.	Ethical use of AI		
Brunello Cucinelli S.P.A.®	Impact of textiles on biodiversity		
Canadian Imperial Bank of Commerce®	Vertical pay metrics		
Canadian Imperial Bank of Commerce	Net zero transition plans		
Canadian Pacific Kansas City®	Precision rail scheduling		
Danaher Corporation	Clinical Trial Diversity		
Darling Ingredients Inc.®	Animal waste and Pollution - FAIRR		
Diversified Royalty Corp.	Board independence and executive compensation		
Dollarama Inc.®	Fair compensation and living wage		

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Exchange Income Corp	Climate disclosure - CDP		
Hermés International	Impact of textiles on biodiversity		
Kinaxis Inc.®	Fiduciary Duty of Board/Management		
LVMH	Valuing Water Finance Initiative (VWFI)		
LVMH	Impact of textiles on biodiversity		
Microsoft Corp.®	Ethical AI		
Microsoft Corp.	Digital workers' rights		
Nutrien Ltd.®	Nature Action 100		
Roche Holding®	Clinical trial diversity		
Royal Bank Of Canada®	Vertical pay metrics		
Starbucks Corp®	Biodiversity Taskforce on Nature-related Financial Disclosures (TNFD) analysis and disclosure		
Telus Corp®	Digital workers' rights		
The North West Company Inc.	Reconciliation		
Toronto Dominion Bank®	Vertical pay metrics		
Toronto Dominion Bank	Audit of board selection process		
Topbuild Corp	Setting net-zero targets		
Trane Technologies	Climate Action 100+		
Unilever PLC®	Plastic pollution		
Waste Connections Inc.®	Climate Engagement Canada (CEC)		
WSP Global Inc.	Involvement in conflict Areas		
XPEL Inc.	Setting net-zero targets		

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Impact fund engagement approach.

Our engagement with holdings in labelled impact funds focuses on improved reporting disclosures and performance on identified impact metrics. The four main approaches utilized are as follows:

1. Impact metrics disclosure approach.
   a. Engage to improve disclosure of impact metrics.
2. Impact targets disclosure approach.
   a. Engage to set impact related targets.
3. Impact metrics performance approach.
   a. Engage to improve performance against impact metrics and progress towards reaching targets.
4. General ESG engagement approach.
   a. Engage with companies using our standard shareholder engagement approach.
   b. Initiate engagement with names when opportunities arise or when a specific ESG risk is identified.

Counterparty	Topic
Pigeon Corp.	Impact metrics disclosure
EDP SA	Contractor safety
Deere & Company®	Right to repair
Deere & Company	DEI policy change
Boralex®	Human rights risk in supply chain

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ESG categories.

This diagram shows the percentage of engagements in this reporting period that are tied to each of the environmental, social, and governance (ESG) categories.

Sustainable development goals.

Over the most recent period, our engagement activities helped advance a number of the United Nations' (UN) Sustainable Development Goals (SDGs). These goals are designed to address poverty, economic inequality, gender equity, and environmental sustainability. The UN and many governments explicitly recognize that businesses cannot thrive unless these goals are met. The graphic below illustrates the percentage of our engagements tied to each SDG.

56.8%	Responsible consumption and production
29.5%	Good health and well-being
29.5%	Climate action
25.0%	Decent work and economic growth
25.0%	Reduced inequalities
11.4%	Clean water and sanitation
11.4%	Peace, justice and strong institutions
11.4%	Life on land
9.1%	Zero hunger
9.1%	Life below water
6.8%	Gender equality
4.5%	Affordable and clean energy
4.5%	Sustainable cities and communities
2.3%	Industry, innovation and infrastructure
2.3%	No poverty
1.7%	Partnerships to achieve the goal

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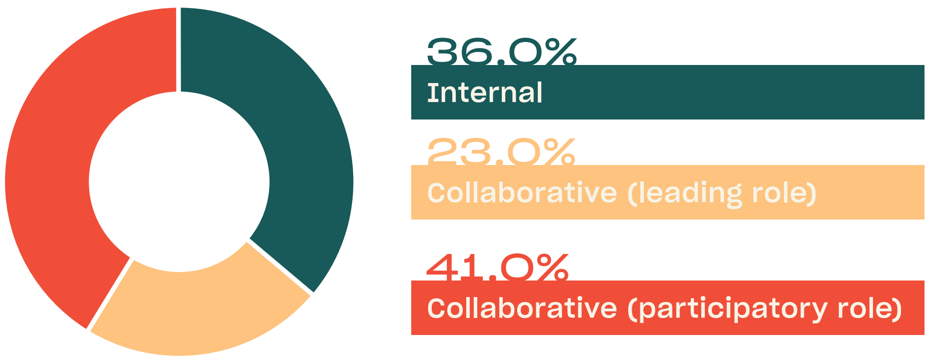
Types of engagements.

This chart outlines the percentage of engagements we conducted for each type.



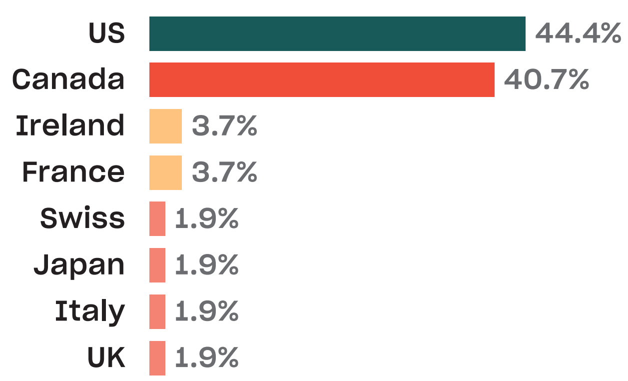
We conduct engagements in three primary ways: internally, collaboratively with a leading role, and collaboratively with a participatory role.

- **Internal:** Engagements we undertake on our own without other investor involvement.
- **Collaborative (leading role):** Engagements undertaken with other investors through collaborative investor networks where we take a leadership role in the engagement.
- **Collaborative (participatory role):** Engagements undertaken with other investors through collaborative investor networks where we participate in the engagement.

Internal and collaborative engagements each have advantages. The decision to involve other investors often depends on the size of the company being engaged with, its geographic location, the presence of an existing relationship, and the intention to file a shareholder proposal.

Geographic distribution.

This chart shows the geographic distribution of the companies we engaged with during this reporting period.



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Engagements conducted on an individual fund basis.

Vancity Investment Management Global Equity Pooled Fund

23% Engaged

77% Not engaged

Vancity Investment Management Canadian Equity Pooled Fund

27% Engaged

73% Not engaged

Vancity Investment Management Monthly Income Pooled Fund

23% Engaged

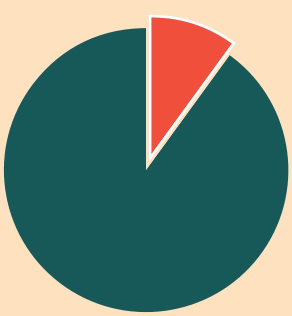
77% Not engaged

Vancity Investment Management Global Small Cap Pooled Fund

10% Engaged

90% Not engaged

Vancity Investment Management Global Low Volatility Fund



10% Engaged

90% Not engaged

Vancity Investment Management Global Impact Fund

17% Engaged

83% Not engaged

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Percentage of engagements by sector on an individual fund basis.

Vancity Investment Management Global Equity Pooled Fund

Sector	Percentage distribution of engagements by sector
Communication services	0.0%
Consumer discretionary	11.1%
Consumer staples	11.1%
Energy	0.0%
Financials	0.0%
Health care	5.6%
Industrials	11.1%
Information technology	61.1%
Materials	0.0%
Real estate	0.0%
Utilities	0.0%

Vancity Investment Management Canadian Equity Pooled Fund

Sector	Percentage distribution of engagements by sector
Communication services	0.0%
Consumer discretionary	14.3%
Consumer staples	0.0%
Energy	0.0%
Financials	35.7%
Health care	0.0%
Industrials	21.4%
Information technology	21.4%
Materials	0.0%
Real estate	0.0%
Utilities	7.1%

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Vancity Investment Management Monthly Income Pooled Fund

Sector	Percentage distribution of engagements by sector
Communication services	6.3%
Consumer discretionary	18.8%
Consumer staples	12.5%
Energy	0.0%
Financials	50.0%
Health care	0.0%
Industrials	6.3%
Information technology	0.0%
Materials	6.3%
Real estate	0.0%
Utilities	0.0%

Vancity Investment Management Global Small Cap Pooled Fund

Sector	Percentage distribution of engagements by sector
Communication services	0.0%
Consumer discretionary	50.0%
Consumer staples	16.7%
Energy	0.0%
Financials	0.0%
Health care	0.0%
Industrials	16.7%
Information technology	16.7%
Materials	0.0%
Real estate	0.0%
Utilities	0.0%

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Vancity Investment Management Global Low Volatility Fund

Sector	Percentage distribution of engagements by sector
Communication services	0.0%
Consumer discretionary	25.0%
Consumer staples	12.5%
Energy	0.0%
Financials	12.5%
Health care	12.5%
Industrials	0.0%
Information technology	37.5%
Materials	0.0%
Real estate	0.0%
Utilities	0.0%

Vancity Investment Management Global Impact Fund

Sector	Percentage distribution of engagements by sector
Communication services	0.0%
Consumer discretionary	0.0%
Consumer staples	20.0%
Energy	0.0%
Financials	0.0%
Health care	0.0%
Industrials	40.0%
Information technology	0.0%
Materials	0.0%
Real estate	0.0%
Utilities	40.0%

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Proxy voting.

We’ve adopted the Shareholder Association for Research and Education’s (SHARE) model proxy voting guidelines. We participated on SHARE’s Proxy Voting Guidelines Advisory Committee, playing an integral role in the development of these guidelines to ensure they reflect best practices and are aligned with our responsible investing philosophy.

Groupe Investissement Responsible (GIR) executes our proxy voting based on SHARE’s guidelines. GIR partnered with SHARE in 2020 to establish a single entity to execute proxy votes and since that time, we’ve abided by SHARE’s model proxy voting guidelines and used GIR to execute votes.

Key components of SHARE’s guidelines include:

Recognition of systemic risks. We go beyond assessing how each vote affects issuers individually by looking at the impact of economy-wide systemic issues that may affect our portfolio and future investment returns. These include issues such as climate change, inequality, and human rights violations.

Recognition that companies don’t operate in a vacuum and that they affect, and are affected by, the people, social structures, and environment around them.

The proxy voting guidelines and principles are inspired by the following international standards:

- The UN “Universal Declaration of Human Rights”
- The International Labour Organization’s (ILO) “Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy”
- The Organisation for Economic Co-operation and Development’s (OECD) “Guidelines for Multinational Enterprises”
- The UN “Declaration on the Rights of Indigenous Peoples”
- The UN Global Compact
- The UN “Guiding Principles on Business and Human Rights”

We regularly support proposals raised by other shareholders on ESG issues and often vote against executive compensation packages. Proxy voting is a critical avenue for engagement and an opportunity for shareholders to elevate the importance of ESG issues to management.

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Proxy voting is a critical avenue for engagement and an opportunity for shareholders to elevate the importance of ESG issues to management. As can be seen in the table below, we've regularly supported proposals raised by other shareholders on environmental, social, and governance issues and often vote against executive compensation packages.

Proxy voting record for 2024/Q3 – 2025/Q2.

	2024			2025		
	Q3	Q4	Total	Q1	Q2	Total
Number of company AGMs	11	13	24	27	117	144
Number of engagement meetings with companies	5	8	13	9	7	16
Say on pay - total proposals	8	21	29	25	155	180
Say on pay - proposals we voted against	8	11	19	18	136	154
Say on pay - % against total	100%	52%	66%	72%	88%	86%
Shareholder proposals - total	7	10	17	21	94	115
Shareholder proposals - against management recommendation	6	9	15	7	75	82
Shareholder proposals - % supported against management recommendation	86%	90%	88%	33%	80%	71%
Director election - total	116	102	218	264	1165	1429
Director election - voted against	64	57	121	166	664	830
Director election - % of total we opposed	55%	56%	56%	63%	57%	58%
Shareholder proposals - environmental	3	2	5	1	20	21
% voted for/abstain against board recommendation	100%	100%	100%	100%	100%	100%
Shareholder proposals - social	3	5	8	4	29	33
% voted for/abstain against board recommendation	100%	100%	100%	75%	83%	81%
Shareholder proposals - governance	1	3	4	3	38	41
% voted for/abstain against board recommendation	0%	67%	50%	66%	76%	75%

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Vertical pay metrics proposal with Canadian banks.

Following our 2024 shareholder proposal requesting greater transparency in how Toronto-Dominion (TD) Bank determines executive compensation, we met with the bank in January 2025. TD Bank confirmed it will begin disclosing its CEO pay ratio in the 2025 management proxy circular. The CEO ratio is important because it measures how a company's top executive compensation compares to that of its average or median worker, offering insight into internal pay equity. TD's decision to disclose the CEO pay ratio reflects the result of several years of dialogue—not only with TD, but also with other Canadian banks—focused on improving transparency and accountability around executive pay. These engagements stem from a growing concern about the long-term trend of rising executive compensation alongside stagnating or declining median worker pay, a dynamic that poses risks to social cohesion and may introduce cost inefficiencies within companies. As concerns grow around rising executive pay and income inequality, TD's commitment signals progress in aligning with evolving investor expectations, and emerging regulatory requirements related to internal pay metric disclosure.

While the remaining three top banks in Canada—Royal Bank of Canada (RBC), Bank of Montreal (BMO), and Canadian Imperial Bank of Commerce (CIBC)—have yet to agree to publish the CEO ratio, we continued to engage with them over this matter. We broadened our proposal request this year, focusing on how vertical pay metrics are used in executive compensation decisions rather than solely focusing on the disclosure of the actual ratio. Following constructive discussions with these three banks, each proposal went to a vote at each bank's respective AGM and received a good level of support.

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Climate proposals with TD Bank and CIBC.

Canada's top banks play a major role in the transition to net zero. While they all face risks from climate change, there are also immense opportunities for them to assist and accelerate the transition to net zero by directing capital.

In 2024, alongside investor group Investors for Paris Compliance (I4PC) and asset manager Green Century Capital Management, we co-filed a shareholder proposal with TD Bank. The proposal called for an independent review of TD's board governance policies and director selection criteria, with a specific focus on climate expertise. We met with TD Bank this quarter to discuss the proposal. TD indicated that it's undertaking a governance review and aims to better reflect climate-related proficiencies in board oversight. As a result, the proposal was withdrawn; however, dialogue on this topic will continue. I4PC also presented the proposal at TD's AGM to further encourage the bank to disclose more concrete details about its climate transition activities.

We met with CIBC to follow up on our late-2024 climate proposal, which requested disclosure of the industry-specific metrics used to assess client transition plans against the bank's 2030 interim financed emissions targets. Reducing financed emissions is critical to safeguarding CIBC's long-term financial stability, as these emissions impact both financial performance and overall risk exposure. With an estimated 12 per cent loss in global GDP for every 1°C rise in temperature, the financial stakes are clear. Although CIBC has committed to greater transparency around its decarbonization strategy, its disclosures remain limited relative to peers and are further compounded by its withdrawal from the Net-Zero Banking Alliance in early 2025. Our proposal was presented at CIBC's AGM in Q2 and received close to a quarter of votes in support.

We monitor and engage with all banks in our portfolio to ensure they deliver on climate commitments.

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Biodiversity and nature.

Preserving biodiversity and nature is essential for maintaining the delicate balance of life on Earth. When biodiversity declines, ecosystems weaken, making them more vulnerable to collapse and negatively affecting every sector of the economy. Biodiversity stewardship is both an important environmental issue and a financial imperative.

In late 2024, we joined the Fostering Action for Biodiversity through Responsible Investment in Clothing (FABRIC) initiative, organized by the Finance for Biodiversity Foundation. The investor-led coalition aims to work with companies to publicly commit to reducing the negative impacts on nature of the company's activities throughout the lifecycle of their products from sourcing to end-of-life. The coalition also aims to align with the Global Biodiversity Framework's targets by 2030. This will be a multi-year engagement as we work closely with companies on achieving this goal via assessment, targets, disclosure, governance, and stakeholder engagement. With this initiative we sent an initial outreach letter to LVMH, Hermés and Brunello Cucinelli in Q1 2025.

As part of the Valuing Water Finance Initiative (VWFI), we signed investor letters to Apple, LVMH, Amazon, Alphabet, Unilever, and YUM! Brands® urging them to disclose the most water-dependent areas of their supply chains and strategies for mitigating water-related risks. Water quality and management are increasingly critical engagement priorities, as freshwater scarcity threatens economic stability, growth, and global supply chains. Climate change is intensifying these risks, with extreme weather events like droughts and floods already disrupting industries—from rising crop prices to bottlenecks in sectors like microchips. The VWFI is a global, investor-led effort comprising 104 investors representing $17.7 trillion USD in assets.

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Governance on ethical AI.

AI technology continues to develop at a rapid pace, and the magnitude of its disruption on various industries increases each year. Ethical guidelines around AI use are essential to ensure these powerful technologies serve humanity responsibly and equitably. Without clear principles, risks associated with racial bias, invasion of privacy, misinformation, and labour displacement will increasingly threaten societal and economic stability.

We've actively engaged several companies to ensure ethical guidelines are in place to govern AI's development and use. We attended a call with Microsoft's Director of ESG Engagement in the Office of the Corporate Secretary, to go over the company's approach to the responsible use of AI. This was a group discussion convened by the World Benchmarking Alliance's (WBA) Investor Collective Impact Coalition on Ethical AI. This engagement group was born out of the WBA's Investment Statement on AI, which urges companies to implement, demonstrate, and publicly disclose a set of ethical principles, strong AI governance and oversight, how these principles are implemented via specific tools and programs, and impact assessment processes applied to AI.

We also had a chance to meet with Adobe and Broadcom to discuss their respective approach to ensure AI technology is developed and used responsibly. We were encouraged by the policy and structure Adobe shared with us, which appeared quite robust with proper oversight.

We also wrote to Alphabet expressing concerns about its transparency, accountability, and commitment to responsible AI practices—particularly in AI-driven targeted advertising. In our outreach letter, we urged Alphabet to conduct a human rights impact assessment on its AI-driven targeted advertising technology.

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Ensuring the rights of digital workers are respected.

Content moderators who review content for platforms like TikTok and Facebook often face exposure to graphic material, low pay, strict surveillance, unsustainable quotas, limited mental health support, and weak labour protections. Since TELUS Digital acts as an outsourcing firm for companies like Meta and ByteDance, we engaged TELUS to better understand their involvement in content moderation and the working conditions of TELUS' moderators. TELUS reported that only five per cent of reviewed content is violent or harmful; directly employed moderators are allowed unlimited mental health breaks and have free access to licensed psychologists during employment and for up to 12 months afterward. These practices helped address several key concerns. We continue to monitor reports of anti-union tactics at a TELUS Digital call center abroad and may re-engage if issues remain.

> “Our engagement work is rooted in the conviction that shareholders have the power to actively press companies to become more sustainable.”
>
> **Edmond Ho, Associate Portfolio Manager, ESG, Vancity Investment Management**

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Freedom of association.

Freedom of association empowers individuals to come together, express shared interests, and advocate for change. It protects the right to form unions and other organizations that amplify voices and foster collective action to challenge injustice.

Along with the Investor Group SHARE, we filed a proposal with Amazon urging for the Board of Directors to commission an independent, third-party assessment of Amazon's adherence to its stated commitment to worker's freedom of association and collective bargaining rights as outlined in the company's Global Human Rights Principles, which explicitly reference the Core Conventions of the ILO and their "Declaration on Fundamental Principles and Rights at Work." This proposal reflects our concern of Amazon's attitude and actions against unionization efforts of its workforce. Amazon submitted a request to the U.S. Securities and Exchange Commission and was granted a no-action ruling, which permitted the company to omit our proposal from its AGM. Yet, this initiative nevertheless elevated the visibility of worker rights concerns and reinforced investor expectations for greater accountability on freedom of association.

We were also signatories of an investor letter that expressed concern to Amazon over their closure of distribution centres in Quebec. Despite the challenge of this engagement, we are encouraged by the number of investors who share the same concern as us. We continue to work collaboratively with them to strategize the best approach.

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Consumer rights.

Deere & Company is included in our Global Impact Fund within the sustainable production and consumption impact theme. Estimates indicate that crop calories may need to increase by as much as 47 per cent by 2050 from a 2011 baseline due to global population growth.[1] Deere's focus on advancing the efficiency of its machinery and driving innovation is central to supporting farmers in meeting this global challenge in a sustainable way.

During our ESG review, we identified the right to repair as a material issue for the company. Right to repair refers to the ability of customers and independent shops to access the tools, parts, and information needed to repair equipment without relying solely on the manufacturer. Farmers and repair advocates have historically criticized Deere's repair policies, which limited independent repairs and increased costs and downtime. In response, Deere signed a voluntary memorandum of understanding (MOU) with the American Farm Bureau Federation in 2023 and has since begun expanding access to repair tools, including the rollout of its Customer Service Advisor diagnostic tool in 2024.

In Q2 2025, we met with Deere's sustainability manager and investor relations to discuss the company's progress. Deere emphasized its commitment to reducing customer downtime and outlined ongoing steps to support greater repair access. This engagement is timely as regulatory and political scrutiny continues to build, including a federal investigation by the US Federal Trade Commission and right to repair legislation being passed in states such as Colorado and Oregon.

We'll continue to monitor Deere's progress in implementing self-repair solutions and have identified this as an area for ongoing engagement to ensure the company delivers on its commitments under the MOU and supports farmers with more accessible, cost-effective repair options.

[1] https://www.ers.usda.gov/data-products/charts-of-note/chart-detail?chartId=108060

Introduction to Environmental, Social and Governance Team.

Edmond Ho, CFA

Associate Portfolio Manager, ESG

Morrigan Simpson-Marran

ESG Analyst

Tatiana Parrott, MA, MBA

ESG Analyst

Rachel Beechinor

ESG Analyst

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