Vancity Investment Management

Shareholder Engagement Report.

2025 Q3 – 2026 Q2





Where we stand.

The sustainable investing landscape continues to evolve amid shifting political priorities, geopolitical uncertainty, rapid technological change, and growing physical climate risks. These developments have created new challenges for investors, while reinforcing the urgency of integrating ESG considerations into long-term decision-making.

The continued polarization of ESG remains a significant challenge. Recent SEC policy changes have made it easier for companies to omit shareholder proposals, and have limited smaller shareholders' ability to communicate voting intentions through exempt solicitations. At the same time, the U.S. Administration and several states have increased scrutiny of proxy advisors, particularly on climate and DEI issues. Despite these headwinds, the sustainable investing movement remains resilient, and the number of shareholder proposals brought to a vote this past proxy season hasn't noticeably declined.

However, since last year, we've seen an uptick in "anti-ESG" proposals. These proposals seek to limit, roll back, or audit corporate ESG policies, particularly relating to climate and social initiatives. Filed by politically motivated and anti-ESG shareholders, some of these proposals are becoming more difficult to discern as they use deceptive language to disguise the proposal as ESG-aligned. Encouragingly, shareholders overwhelmingly oppose these proposals resulting in very low levels of support.

Artificial intelligence has emerged as a defining trend, reshaping industries, labour markets, and demand for energy, data infrastructure, and critical minerals. While AI offers significant opportunities, it also raises important questions around governance, ethics, privacy, cybersecurity, workforce impacts, and resource use. Responsible AI oversight and digital rights have therefore become increasingly important areas of engagement.

Climate change remains a defining challenge. More frequent and severe extreme weather events are creating material financial impacts across sectors and regions. Although some companies have scaled back public climate disclosures or commitments, our conversations suggest that climate remains a priority, and that progress continues, even if less visibly. The transition to a lower-carbon economy also continues to advance, supported by resilient infrastructure needs, technological innovation, and declining clean energy costs.

The IPO of SpaceX brought governance practices and excessive executive compensation back into focus. Its unprecedented pay package and governance structure may influence future high-profile listings and raise broader questions about shareholder rights in public markets.

In this environment, active stewardship remains essential. Constructive engagement allows investors to encourage positive change while helping companies navigate emerging risks and opportunities. This year, we participated in 44 active engagements across topics including ethical AI, digital worker rights, climate transition plans, surveillance and data privacy, sustainable water use, and executive compensation. We also supported seven investor statements, including a call for stronger human rights practices in conflict-affected and high-risk areas. Although we don't hold shares in Palantir Technologies, we supported an open letter urging the company to conduct a Human Rights Impact Assessment.

By maintaining a long-term perspective and focusing on material sustainability issues, investors can support outcomes that benefit both investment performance and broader society. Progress may not always be linear, but we remain committed to advancing a more sustainable, equitable, and prosperous future through collaboration and persistent engagement.



Edmond Ho

ESG Lead

Vancity Investment Management

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Introduction to our investment philosophy and engagement framework.

Established in 1995, Vancity Investment Management (VCIM) 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.

VCIM's 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 area selected for every engagement as the primary one for tracking purposes. For example, our engagement work on Rights of Digital Workers 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 the report that follows, you'll find graphs and summaries of our overall engagement work, highlights of those engagements, and also details on our 2025/26 proxy voting.

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Engagement activities.

Overall engagement activities 2025 Q3 – 2026 Q2.

44
Engagements.

29
Companies engaged.

15
Engagement topics.

3
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
Alphabet Inc.®	Ethical AI		
Alphabet Inc.	Rights of Digital Workers		
Amazon.com Inc.®	Freedom of Association		
Amazon.com Inc.	Fair Pregnancy Accommodation Policy		
Amazon.com Inc.	Valuing Water Finance Initiative (VWFI)		
Apple Inc.®	Ethical AI		
Apple Inc.	Rights of Digital Workers		
Apple Inc.	Valuing Water Finance Initiative (VWFI)		
Aritzia Inc.® – Subordinate voting shares	Forced Labour and Supply Chain Due Diligence		
Bank of Montreal®	Decarbonization and Energy Transition		
Bank of Nova Scotia®	Decarbonization and Energy Transition		
Canadian Imperial Bank of Commerce®	Decarbonization and Energy Transition		
Canadian Pacific Kansas City®	Energy and Just Transition and Climate Risks		
Costco Wholesale Corporation	Nature Action 100		
DRI Healthcare Trust	Shareholder voting		
Exchange Income Corporation	Climate Disclosures, Setting Net-Zero Targets		
Gildan Activewear Inc.®	WBA Corporate Human Rights Benchmark		
Hermés International	Biodiversity and Nature		
Home Depot Inc.®	Biodiversity and Nature		

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Home Depot Inc.	Data Privacy Rights		
Home Depot Inc.	Chemical Safety and Management		
Kits Eyecare Ltd.	ESG Disclosure		
Linde Plc.	Decarbonization		
LVMH Moët Hennessy Louis Vuitton SE	Chemical Safety and Management		
Microsoft Corporation®	Ethical AI		
Microsoft Corporation	Digital Workers Rights		
Royal Bank Of Canada®	Decarbonization and Energy Transition		
Savaria Corporation	Climate Disclosure - CDP		
Siteone Landscape Supply, Inc.	Climate Disclosure - CDP		
Texas Instruments Inc.	Mental Health in the Workplace		
Toromont Industries Ltd.	Climate Disclosure - CDP		
Toronto Dominion Bank®	Decarbonization and Energy Transition		
Trane Technologies	Decarbonization and Energy Transition		
Zedcor Inc.®	ESG Disclosure		

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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.



52% Environmental

34% Social

14% Governance

Sustainable development goals.

Over the most recent period, Vancouver Investment Management's 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 SDGs that each engagement theme has contributed to:

1. **Biodiversity and Nature**



2. **Climate, Energy and Just Transition**



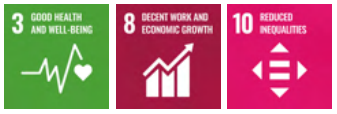
3. **Financial Resilience and Diversity, Equity, Inclusion and Reconciliation (DEIR)**



4. **Governance and Disclosure**



5. **Healthcare**



6. **Human Capital Management**



7. **Human Rights**



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Types of engagements.

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



52.3%
Collaborative (leading role)

31.8%
Internal

15.9%
Collaborative (participatory role)

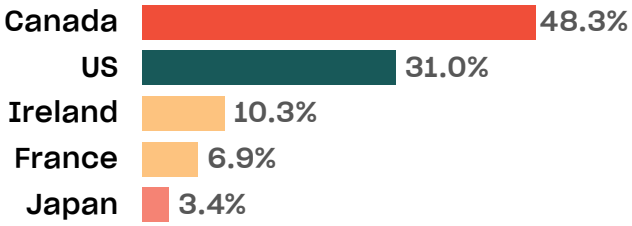
VCIM conducts engagements in three primary ways: internally, collaboratively with a leading role, and collaboratively with a participatory role.

- **Internal:** Engagements VCIM undertake on our own without other investor involvement.
- **Collaborative (leading role):** Engagements undertaken with other investors through collaborative investor networks where VCIM takes a leadership role in the engagement.
- **Collaborative (participatory role):** Engagements undertaken with other investors through collaborative investor networks where VCIM participates 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 that Vancouver Investment Management engaged with in this reporting period.



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Engagements conducted on an individual fund basis.

Vancity Investment Management Global Equity Pooled Fund



25% Engaged

75% Not engaged

Vancity Investment Management Canadian Equity Pooled Fund



29% Engaged

71% Not engaged

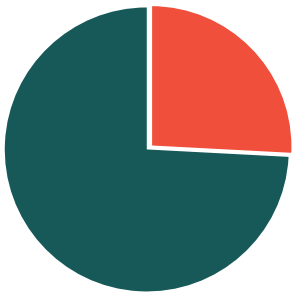
Vancity Investment Management Monthly Income Pooled Fund



20% Engaged

80% Not engaged

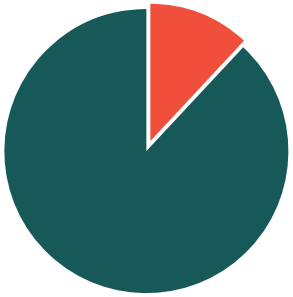
Vancity Investment Management Global Small Cap Pooled Fund



26% Engaged

74% Not engaged

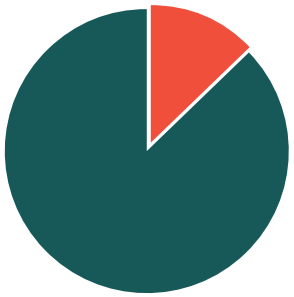
Vancity Investment Management Global Low Volatility Fund



12% Engaged

88% Not engaged

Vancity Investment Management Global Impact Fund



13% Engaged

87% Not engaged

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Proxy voting.

Vancouver Investment Bank has adopted SHARE's (Shareholder Association for Research and Education) 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 that 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 have 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 Universal Declaration of Human Rights
- The ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy
- The 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.

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 2025 Q3 – 2026 Q2.

	2025			2026		
	Q3	Q4	Total	Q1	Q2	Total
Number of company AGMs	13	17	30	27	176	203
Say on pay - Total proposals	12	22	34	30	249	279
Say on pay - Proposals we voted against	11	17	28	24	204	228
Say on pay - % Against total	92%	77%	82%	80%	82%	82%
Shareholder proposals - Total	4	7	11	19	129	148
Shareholder proposals - Against management recommendation	4	5	9	8	80	88
Shareholder Proposals - % supported against management recommendation	100%	71%	82%	42%	62%	59%
Director election - Total	94	92	186	230	1534	1764
Director election - Voted against	57	52	109	138	874	1012
Director election - % of total we opposed	61%	57%	59%	60%	57%	57%
Shareholder proposals - Environmental	3	2	5	0	16	16
% Voted for/abstain against Board recommendation	100%	100%	100%	—	100%	100%
Shareholder proposals - Social	0	2	2	0	15	15
% Voted for/abstain against Board recommendation	—	100%	100%	—	93%	93%
Shareholder proposals - Governance	1	0	1	7	75	82
% Voted for/abstain against Board recommendation	100%	—	100%	71%	63%	64%
Shareholder proposals - Anti-ESG	0	3	3	12	23	35
% Voted for/abstain against Board recommendation	—	33%	33%	25%	13%	17%

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Excessive executive compensation.

The current trajectory of executive pay with its widening disparity to median worker wages is unsustainable and incompatible with long-term value creation. Excessive pay practices represent a systemic risk to the stability of financial markets, exacerbate wealth inequality, and undermine the social contract on which healthy, functioning economies depend.



In recent years, we have focused our efforts on Canadian banks by filing shareholder proposals requesting they disclose their use of vertical pay metrics in setting executive compensation and in particular the CEO-to-median worker pay ratio. We believe this additional disclosure is an important first step in helping improve transparency and accountability around executive pay as it will provide investors with a metric to monitor the pace of increase over time. Albeit an important step, vertical pay metrics and the CEO pay ratio disclosure alone will not solve the issue of excessive executive pay and its broad impact on income and wealth inequality. We're also aware that executive compensation is even more egregious at U.S. companies. While we still would like the remaining Canadian banks to disclose vertical pay metrics, we also wanted to broaden the scope of our reach.

In Q4 2025, our ESG team joined the newly launched Excessive Executive Compensation (EEC) leadership committee and working group coordinated by the Interfaith Center for Corporate Responsibility (ICCR). This group provides strategic oversight and supports the development of coordinated investor strategies on excessive executive pay. We proposed the development of an investor statement as a foundational step to launch the campaign, establishing a clear and shared investor framework on the issue. In March 2026, we led the writing and development of this investor statement on EEC, in partnership with United Church Funds. The statement outlines concerns regarding misaligned and excessive executive compensation and sets out investor calls to action across proxy voting, corporate engagement, and stewardship practices. The investor statement was presented and publicly launched at ICCR's Annual Spring Conference in New York on March 25, 2026, marking the formal commencement of ICCR's coordinated work on EEC.

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Climate engagement with Canadian banks.

Engaging Canadian banks on financed emissions and broader climate issues is critical because banks play a central role in allocating capital across the economy and therefore have a significant influence on the speed and direction of the transition to a net zero future. Financed emissions, which are emissions associated with lending and investment activities, typically far exceed banks' operational emissions and are therefore the largest component of their climate impact. Engagement helps ensure that banks maintain credible climate strategies, robust risk management practices, and adequate disclosure, particularly during times when climate action faces intense political opposition. Investor engagement also encourages the banks to better manage transition and physical climate risks, and direct capital toward opportunities that support economic resilience and decarbonization. Such engagement helps protect clients, investors, and communities from the most severe impacts of climate change.

As such, we continued our engagements with the Canadian banks to discuss our climate and nature priorities as investors. Given the current political environment and growing pushback against climate-related disclosure and targets, the ESG team made a strategic decision not to file shareholder proposals this year. Instead, we focused on direct engagement with the banks to better understand how their climate strategies are evolving in response to growing political pressures, and to identify opportunities to strengthen their approach to decarbonization and advance meaningful climate action.

Since Q4 2025, we've held ongoing conversations with Royal Bank of Canada (RBC), Bank of Montreal (BMO), The Bank of Nova Scotia (BNS), TD Bank (TD), and Canadian Imperial Bank of Commerce (CIBC), to discuss their reasons for exiting the Net-Zero Banking Alliance (NZBA) and, more importantly, details of their current approach, changes to their interim emissions-reduction targets, and broader perspectives on climate-related risk management and fossil fuel financing.



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Biodiversity and nature.

Preserving biodiversity and natural ecosystems is critical to sustaining the balance of life on Earth. But, it's far more than just an environmental concern as it's fundamental for economic prosperity. Healthy ecosystems provide essential services and raw materials that support countless industries through clean water, fertile soils, crop pollination, and climate regulation. The loss of biodiversity erodes these natural assets, increasing costs for businesses, disrupting supply chains, and heightens the risk of extreme weather events and resource scarcity. Preserving biodiversity therefore represents an investment in long-term economic resilience, and responsible stewardship is imperative.

With the rapid expansion of artificial intelligence and cloud computing, there has been significant growth in technology infrastructure, particularly water-intensive data centers. We continued our work as part of the Valuing Water Finance Initiative (VWFI) to engage on the topic of water management. Recognizing the material water risks associated with Amazon Web Services' continued expansion, we engaged with Amazon in 2025 through VWFI to better understand how water stewardship is being integrated into its growth strategy and its commitment to be water positive by 2030. The discussion focused on the credibility and regional relevance of water replenishment projects, progress in improving water-use efficiency within data centers, and the transparency of disclosures supporting reported progress. We also discussed implementing clearer links between water initiatives and underlying operational and supply-chain risks, particularly in high water-stress regions. We'll continue to monitor Amazon's progress and engage as needed to support risk-aligned, transparent water stewardship as the company continues to grow its data center operations.

Additionally, we engaged on the topic of nature disclosure and reporting. With international regulations imposing stricter requirements on companies to protect the environment, biodiversity risk translates to financial risk. Recognizing that substances posing a risk to human health can be damaging to ecosystems during both manufacturing and end-of-life phases of products, we initiated discussions with LVMH through the World Benchmarking Alliance to discuss nature-related reporting, impact and dependency assessments, measuring changes in material locations, regenerative agriculture, wastewater, and plastic. As consumer expectations evolve, we'll continue to work with LVMH on these topics to ensure they have robust and secure supply chains that'll be able to evolve with ecosystem sensitivities.

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Misinformation from artificial intelligence (AI).

The disruptive impact of AI technology across industries continues to grow each year. Clear ethical guidelines are essential to ensure these powerful tools are developed and used responsibly, and equitably. Without strong governance, risks such as racial bias, privacy violations, misinformation, and labour displacement could increasingly threaten social and economic stability.

While most leading tech companies now have - responsible AI committees and governance oversight in place, more work still needs to be done as new risks are emerging and existing risks persist. One such risk relates to AI-generated misinformation which many users may not be aware of. For example, Google's own findings suggest that its Gemini services contain factual error rates as high as 30%. With an estimated 750 million monthly active users as of 2026, the spread of misinformation presents a material risk.



In Q4 2025, we filed a shareholder proposal with Alphabet, in partnership with the organization OpenMic, requesting the company conduct a third-party assessment on strategies it can take to mitigate the amount of false information generated by its various AI models. We presented this proposal at Alphabet's AGM in June and received 9.3% support of total votes, which translated to 28.9% of independent votes, excluding insider shares. Prior to the AGM, our proposal was highlighted by The Globe and Mail. We believe our proposal successfully helped raise shareholder awareness of AI misinformation risks and the need for stronger safeguards to reduce the generation of false information by the company's AI models.

We also continued our participation in the World Benchmarking Alliance's (WBA) Investor Collective Impact Coalition on Ethical AI through ongoing engagements with Microsoft.

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Freedom of association and human capital management.

As one of the world's largest private sector employers, Amazon's labour practices have implications far beyond its own workforce. Concerns regarding worker safety, respect for freedom of association, and allegations that the company has interfered with workers' efforts to organize, continue to raise important questions about the company's management of human capital risks across its operations and supply chain. These issues remain a focus of ongoing investor scrutiny and engagement.

Working with the Shareholder Association for Research and Education (SHARE) and other investors, we co-filed a shareholder proposal requesting that Amazon report on the effectiveness of its policies and practices in respecting internationally recognized human rights standards, including the ILO Core Conventions. Although the proposal was not included on the 2026 AGM ballot, it helped maintain investor attention on worker rights concerns and supported further dialogue with the company. In subsequent engagement with Amazon's ESG team, investors raised freedom of association as both an enabling right and an important workforce risk-management issue, while broadening the discussion to the quality of Amazon's human capital reporting. The engagement now also seeks more decision-useful disclosure on areas such as workforce composition and turnover to better support investor assessment of workforce-related risks. Amazon has indicated a willingness to continue dialogue with investors.



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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. Four main approaches are utilized.

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
Hubbell	Energy Transition
Berner Industrier	Energy Transition
Prysmian	Energy Transition
ATS	Sustainable Production and Consumption

During the reporting period, Impact Fund engagements focused on understanding how company products and services contribute to our impact themes, assessing progress on measurable environmental and social outcomes, encouraging stronger disclosure around impact and sustainability performance, and addressing relevant ESG risks when they arise. These discussions included topics such as grid modernization, resource efficiency, sustainable manufacturing, water treatment, circularity, climate resilience, and governance practices.

Hubbell - Energy Transition.

During our engagement with management in June 2026, we explored how Hubbell's products contribute to more resilient and reliable electricity networks. Discussion focused on utility investment in grid modernization, the impact of permitting delays on infrastructure deployment, and the role of storm hardening in reducing damage from extreme weather events. Management emphasized that grid upgrades remain a long-term priority for utilities regardless of near-term demand drivers, supporting the company's contribution to the impact theme of Energy Transition.

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Berner Industrier – Energy Transition.

We met with the CEO of Berner to discuss the impact alignment of the business with the Energy Transition theme. We discussed how Berner's businesses contribute to addressing environmental and societal challenges through practical problem-solving and technology adoption. Management highlighted the company's focus on solutions that improve resource efficiency, including energy savings, wastewater treatment, circular use of nutrients, and technologies that support sustainable transportation infrastructure. We also discussed the role of regulation in driving demand for environmental solutions, particularly in water treatment where increasingly stringent standards are creating opportunities for technologies that improve efficiency, reduce waste, and support circularity. The conversation reinforced the alignment between Berner's acquisition strategy and its objective of building a portfolio of businesses that address long-term sustainability challenges.

Prysmian – Energy Transition.

As part of our ongoing discussion with management, we discussed Prysmian's role in enabling the energy transition through the development of transmission and distributioninfrastructure. The company is experiencing growing demand for grid expansion and modernization driven by electrification trends, including electric vehicles, data centers, increased electricity consumption, and renewable energy integration. Additionally, we discussed the company's focus on innovation, including technologies that improve grid capacity, enhance network resilience, and reduce environmental impacts during cable installation. We also discussed a governance matter with management following shareholder concerns regarding executive remuneration, with the company outlining actions taken to incorporate investor feedback and strengthen future compensation practices.

ATS – Sustainable Production & Consumption.

We engaged with ATS on the company's role in enabling more efficient and sustainable manufacturing. Discussion focused on how automation technologies can improve productivity, reduce waste, optimize resource use, and support the adoption of more sustainable packaging solutions. The conversation reinforced ATS's alignment with our Sustainable Production & Consumption theme through its ability to help customers improve manufacturing efficiency, while meeting evolving sustainability objectives.

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