

Shareholder engagement report.

2024 Q3

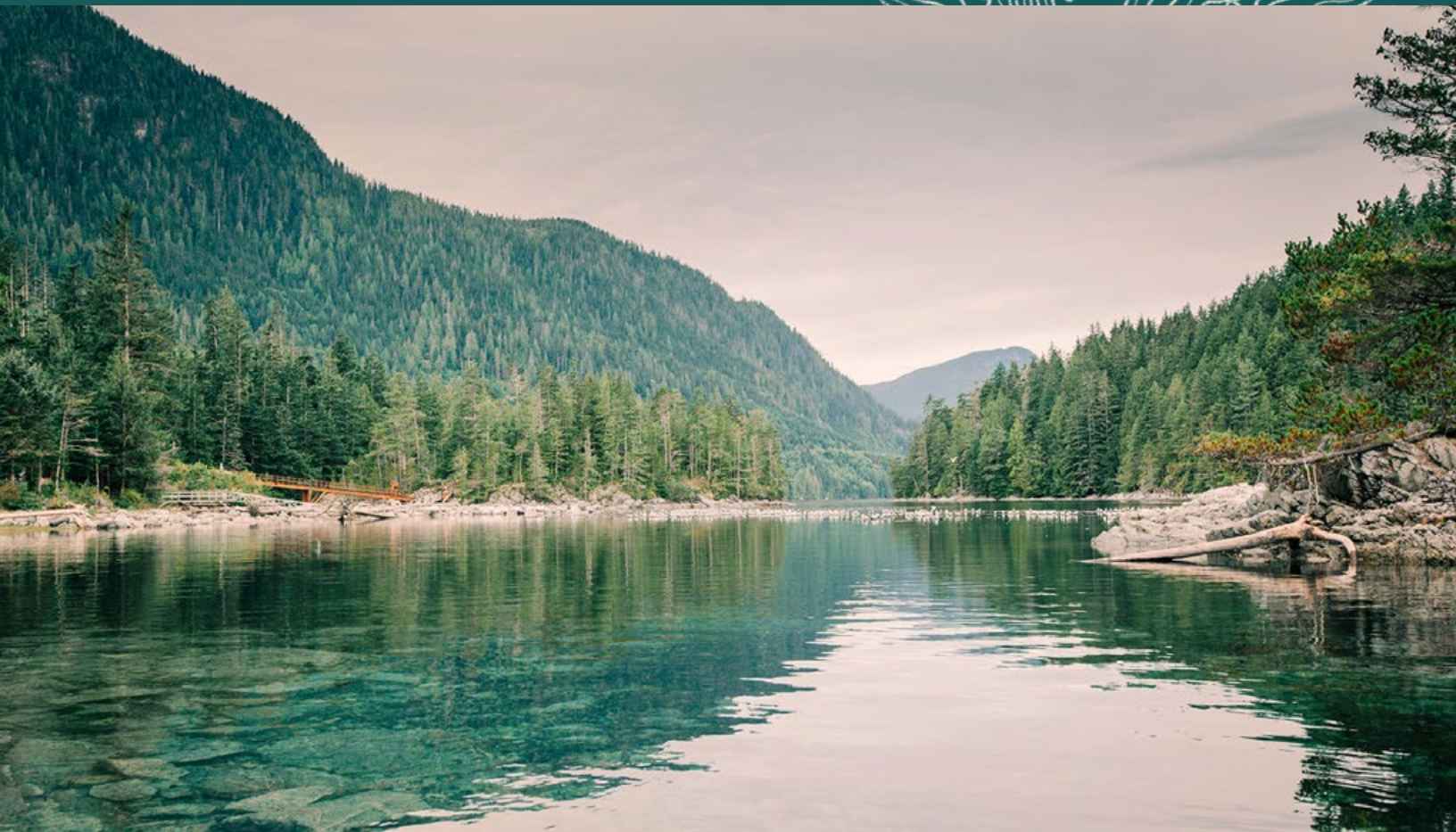


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Quarter in review.

This document marks our first quarterly shareholder engagement report. The third quarter of the year is often our quietest period for engagement. We view this time as essential for planning and strategizing our engagements for the coming year. During this time, we prioritize preparation and gear up for the approaching proxy season.

In this report, we outline our engagement activities that occurred during the quarter and highlight key stories. We continue to strive towards our commitment to work with companies to become better environmental stewards, community members, and employers.

Our 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 planet first, and the creation of an inclusive society, are at the centre of our engagement work. Our engagement framework addresses the seven impact areas we've identified as most important to our work, as follows:



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 impact areas. We identify these areas throughout this report, and for tracking purposes, select one primary area for every engagement. For example, our engagement work asking Canadian companies to disclose the CEO-to-median employee-pay ratio primarily advances our governance and disclosure focus, but also addresses issues related to human capital management and financial resilience and DEIR. This holistic approach to environmental, social and governance (ESG) issues carries throughout all of our engagement work. In this report you'll find graphs and summaries of our overall engagement work, along with details on our 2023/24 proxy voting, and some of our engagement highlights from this year.

Engagement activities in Q3 2024.

Below is our company engagement list for the reporting period. Most engagements contribute to multiple impact areas as indicated by the *Contributes to impact area* flag.

Counterparty	Topic	Primary impact area	Contributes to impact area
Broadcom	Ethical use of artificial intelligence		
Diversified Royalty	Board Independence & Executive Compensation		
Dollarama	Fair Compensation & Living Wage		
Microsoft Corp.	Ethical use of artificial intelligence		
Unilever PLC	Plastic Pollution		
WSP Global Inc.	Customer Due Diligence		



Impact fund engagement approach.

In Q3 2024, we launched our Global Impact Fund. While all Vancity Investment Management portfolios adhere to rigorous ESG standards, the Global Impact Fund takes it a step further, focusing exclusively on companies that generate a product or service with positive impact.

Our engagement with holdings in labelled impact funds focuses on improved reporting disclosures and performance on identified impact metrics. There are four main approaches 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.

Impact fund engagement activities in Q3 2024.

Counterparty	Topic
Pigeon Corp	Impact metrics disclosure



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.



33.3%

Social

33.3%

Governance

33.3%

Environmental

Sustainable development goals.

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 business cannot thrive unless these goals are met. This chart illustrates the percentage of our engagements tied to each SDG.

40.0%	Reduced inequality		20.0%	Sustainable cities and communities	
20.0%	Good health and well-being		20.0%	Responsible consumption and production	
20.0%	Gender equality		20.0%	Climate action	
20.0%	Decent work and economic growth		20.0%	Life below water	
20.0%	Clean water and sanitation		20.0%	Life on land	

Proxy voting.

We have adopted the Shareholder Association for Research and Education's (SHARE) model proxy voting guidelines. We participated on the 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 Responsable (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 this time, we've abided by SHARE's model proxy voting guidelines and used GIR to execute votes.

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.

	Q3 2024
Number of company AGMs	11
Number of engagement meetings with companies	5
Say on pay - Total proposals	8
Say on pay - Proposals we voted against	8
Say on pay - % Against total	100%
Shareholder proposals - Total	7
Shareholder proposals - Against management recommendation	6
Shareholder proposals - % supported against management recommendation	86%
Director election - Total	116
Director election - Voted against	64
Director election - % of total we opposed	55%
Shareholder proposals - Environmental	3
% Voted for/abstain against Board recommendation	100%
Shareholder proposals - Social	3
% Voted for/abstain against Board recommendation	100%
Shareholder proposals - Governance	1
% Voted for/abstain against Board recommendation	0%

Engagement highlights.

Microsoft Ethical AI meeting

In August, 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 artificial intelligence. 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.

TD Climate Proposal

As part of the investor group, Investors for Paris Compliance, we sent a follow-up letter to TD in August. This was related to our previously filed shareholder proposal asking TD to begin disclosing more tangible specifics regarding its climate transition activities. Specifically, we are advocating for TD to disclose clear and timebound strategies that the company will use to achieve its near-term financed emissions reduction targets. The proposal received significant support, with almost one-third of shareholders supporting the proposal against management's recommendation to vote against it. We continuously monitor TD's progress on this topic and maintain an open dialogue in order to urge the bank to significantly improve its climate disclosures.

Investor Statement at COP

In Q3, we became a signatory of the 2024 Global Investor Statement to Governments on the Climate Crisis. This statement, coordinated by the Investor Agenda, urges governments worldwide to enact critical policies needed to free up private financial flows for the just transition to a climate-resilient, nature-positive, net zero economy. So far, investors managing more than USD 29 trillion in assets have signed on.

This statement launched in September – one week before New York Climate Week and ahead of the UN Climate Conference (COP29) in Baku, Azerbaijan, which is taking place in November. The statement will be presented to governments with the final list of signatories at COP29.

This comprehensive investor call for climate action urges governments to enact policies across five policy groupings:

1. Enacting economy-wide public policies;
2. Implementing sectoral strategies, especially in high-emitting sectors;
3. Addressing nature, water, and biodiversity-related challenges contributing to and stemming from the climate crisis;
4. Mandating climate-related disclosures across the financial system; and
5. Facilitating further private investment into climate mitigation, resilience, and adaptation activities in emerging markets and developing economies.