

Shareholder engagement report.

2024 Q4



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Quarter in review.

The fourth quarter of the year saw us continue our efforts to plan and prepare for the upcoming proxy season. This was a period when we finalized and submitted our shareholder proposals, as many companies tend to have deadlines for filing ahead of their management information circular being published in Q1. We also began to meet with companies to further discuss the merits of our proposals. Activities with collaborative investor groups we work with also increased substantially during the fourth quarter.

In this report, we outline our engagement activities that occurred during the quarter and highlight key stories. We continue to strive toward 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


















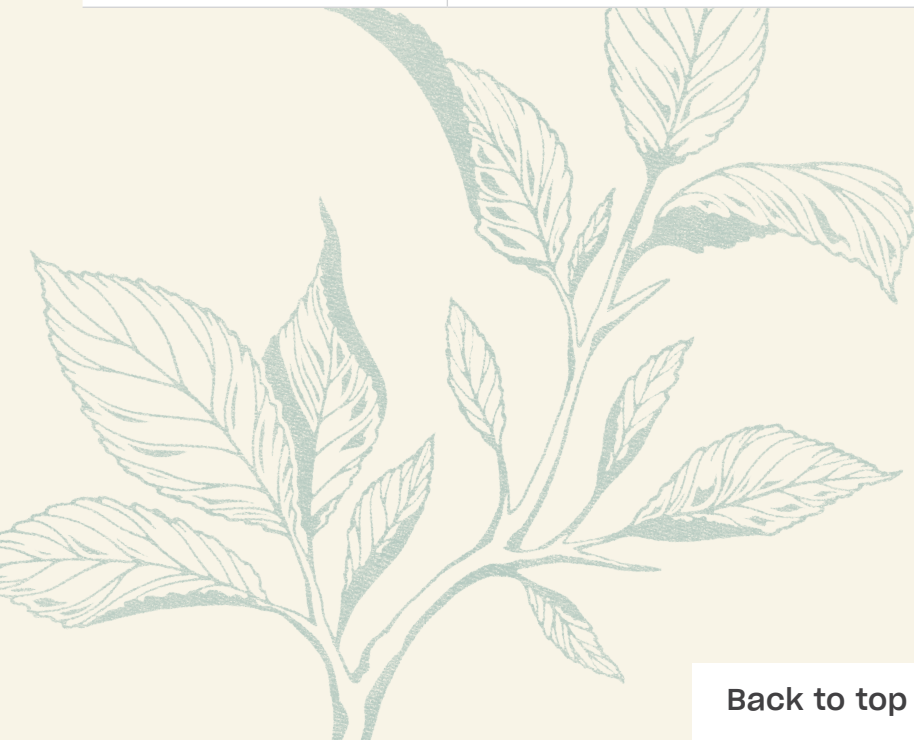
7. Human rights

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, 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 Q4 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
RBC, TD, BMO, CIBC	Executive compensation and vertical pay metrics		
TD Bank	Board governance and climate matters		
CIBC	Disclosure on climate transition plans		
Costco	Biodiversity mapping		
Unilever PLC	Plastic pollution		
Dollarama	Living wage		
Adobe	Ethical AI		
Broadcom	Ethical AI		
Amazon	Freedom of association		



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.



41.3%
Environmental

21.7%
Governance

37%
Social

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.

39.4%	Responsible consumption and production		18.2%	Decent work and economic growth	
37.9%	Climate action		13.6%	Responsible consumption and production	
22.7%	Reduced inequality		12.1%	Clean water and sanitation	
22.7%	Good health and well-being		10.6%	Industry, innovation and infrastructure	
19.7%	Life on land		10.6%	Life below water	

Proxy voting.

We've 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 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 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.

	2024	
	Q3	Q4
Number of company AGMs	11	13
Number of engagement meetings with companies	5	8
Say on pay - Total proposals	8	21
Say on pay - Proposals we voted against	8	11
Say on pay - % Against total	100%	52%
Shareholder proposals - Total	7	10
Shareholder proposals - Against management recommendation	6	9
Shareholder proposals - % supported against management recommendation	86%	90%
Director election - Total	116	102
Director election - Voted against	64	57
Director election - % of total we opposed	55%	56%
Shareholder proposals - Environmental	3	2
% Voted for/abstain against Board recommendation	100%	100%
Shareholder proposals - Social	3	5
% Voted for/abstain against Board recommendation	100%	100%
Shareholder proposals - Governance	1	3
% Voted for/abstain against Board recommendation	0%	67%

Engagement highlights.

Vertical pay metrics proposal with Canadian banks.

During the quarter, we filed shareholder proposals with Royal Bank (RBC), Toronto-Dominion Bank (TD), Bank of Montreal (BMO), and Canadian Imperial Bank of Commerce (CIBC), requesting the disclosure of how vertical pay metrics are used in setting executive compensation. This proposal broadens our previous request for the disclosure of the CEO-to-median pay ratio to focus on the process rather than specific figures.

Following our submission, we had initial meetings with RBC, BMO, and CIBC to mutually share thoughts. Due to a scheduling conflict, we were unable to schedule a meeting with TD Bank during the quarter.

Climate proposals with TD and CIBC.

Working with the investor group, Investors for Paris Compliance and asset manager, Green Century Capital Management, we co-filed an additional proposal with TD Bank calling for an independent review of TD's board governance policies and director selection criteria, specifically with regards to expertise on climate matters. We felt this would be an impactful proposal as a follow up to our conversations with TD by asking them to begin disclosing more tangible specifics regarding its climate transition activities.

Separately we filed a climate proposal with CIBC asking for disclosure of industry specific client transition plans with procedures to ensure alignment with CIBC's 2030 interim targets to reduce financed emissions.

Costco's biodiversity mapping of supply chains.

In 2023, we filed a proposal with Costco requesting the company to conduct a biodiversity risk assessment on their supply chains. Following a series of conversations, we withdrew our proposal on the terms that Costco would pilot biodiversity mapping on one of their supply chains and provide a report on their findings.

This quarter, Costco met with us to provide an update on their efforts. The company improved their understanding on their biodiversity risk exposure but don't yet have plans to disclose their findings publicly. We hope to see more from Costco in the coming years and will continue to follow up periodically.

A conversation on living wage with Dollarama.

To leverage collaborative investor support, we successfully proposed that Dollarama be included in the Interfaith Center on Corporate Responsibility's (ICCR) engagements focused on living wage. We had an initial meeting with Dollarama to better understand the wage practices of the company and spoke to them about the business case for becoming a living wage employer. As a first step, we encouraged Dollarama to consider conducting a living wage assessment to determine the gap between current and living wages. The company was receptive to conduct more research on the matter and we provided them additional resources. We will follow up with the company in 2025 and hope to have further constructive dialogue. We are currently partnering with Living Wage for Families BC, a program of Vancity Community Foundation, to conduct our living wage engagements.

Ethical AI with Adobe and Broadcom.

Continuing our involvement in the World Benchmarking Alliance campaign on Ethical AI, we had a chance to meet with Adobe and Broadcom during the quarter to discuss their respective approach in ensuring 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. In contrast, Broadcom's response did not meet the investor group's expectations, and we expect to have further conversations with the company.

Amazon Freedom of Association proposal.

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 International Labor Organization (ILO) and the ILO 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.

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