A photograph of a modern conference room with a long white table, several black chairs, and large windows overlooking a city skyline at dusk. A green rectangular box is overlaid on the left side of the image, containing the title text.

# **2025 Proxy Voting Review**

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# About the Review

This review provides a comprehensive overview of proxy voting activities and trends across all public equity portfolios managed by TD Asset Management Inc. (TDAM) in the U.S., Canada and international markets. It pertains to proxy year 2024-2025, covering votes held at company meetings between July 1, 2024 to June 30, 2025.<sup>1</sup>

Proxy voting is an important part of our fiduciary obligations, investment stewardship and active ownership efforts. TDAM generally votes in accordance with its proxy voting guidelines, which are reviewed on an annual basis. The guidelines set forth our expectations of investee companies when it comes to mergers and acquisitions, governance practices and oversight of material risks, including environmental and social risks. For information on our proxy voting guidelines, proxy voting policy and stewardship policy, please visit our [Sustainable Investment page >](#).

# Proxy Voting Review

<sup>1</sup> You can also find additional information on our stewardship efforts in TDAM's annual Sustainable Investment and Climate Report.

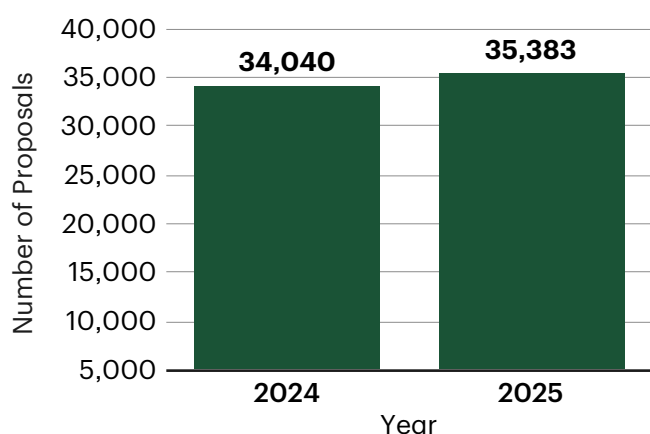
# 2024-2025 Proxy Voting Activity

This proxy season followed several regulatory changes and market activities globally that impacted the number of proposals seen at company annual meetings. We saw heightened levels of shareholder proposals in regions outside North America, particularly in Japan where corporate governance reforms continue to be a priority. A shifting governance landscape in the U.S. contributed to a drop in shareholder proposals, especially on environmental and social topics. More details on these developments are provided throughout this review.

TDAM continues to adhere to our proxy voting guidelines, with no substantial changes to those guidelines for the 2024-2025 season. While our voting principles remain the same, we enhanced our published proxy voting guidelines by adding information on our approach to assessing proposals about biodiversity risks, as we continue to see newer types of proposals in this space.

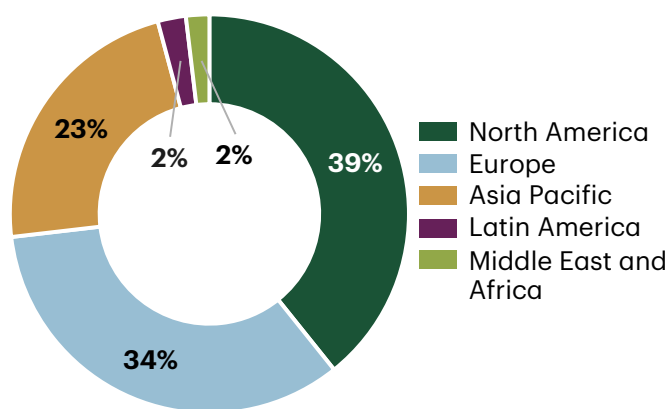
**Figure 1: Detailed breakdown of proposals voted**

**1.1 Items voted year-over-year**



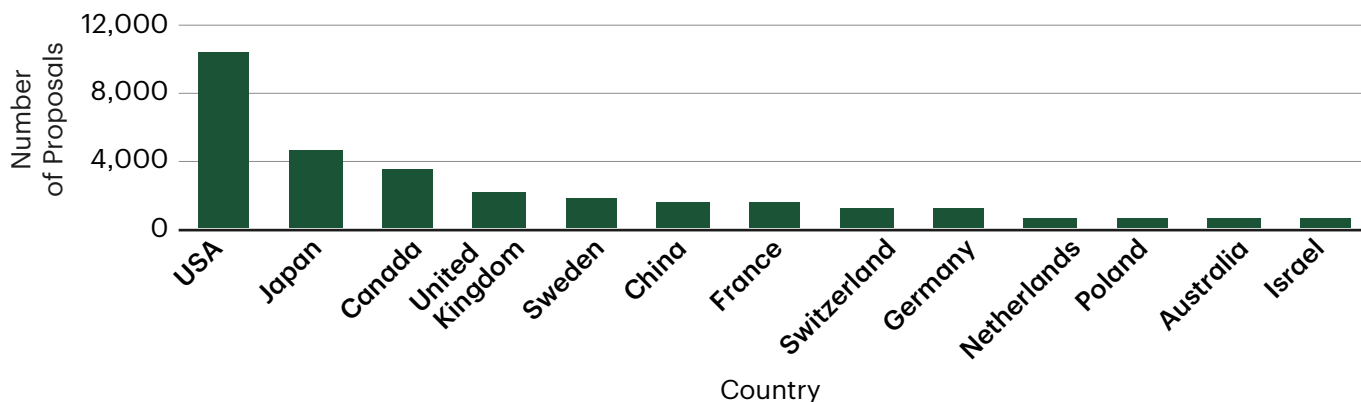
Source: TDAM, Institutional Shareholder Services (ISS). As of June 30, 2025.

**1.2 Proposals voted across regions 2025**



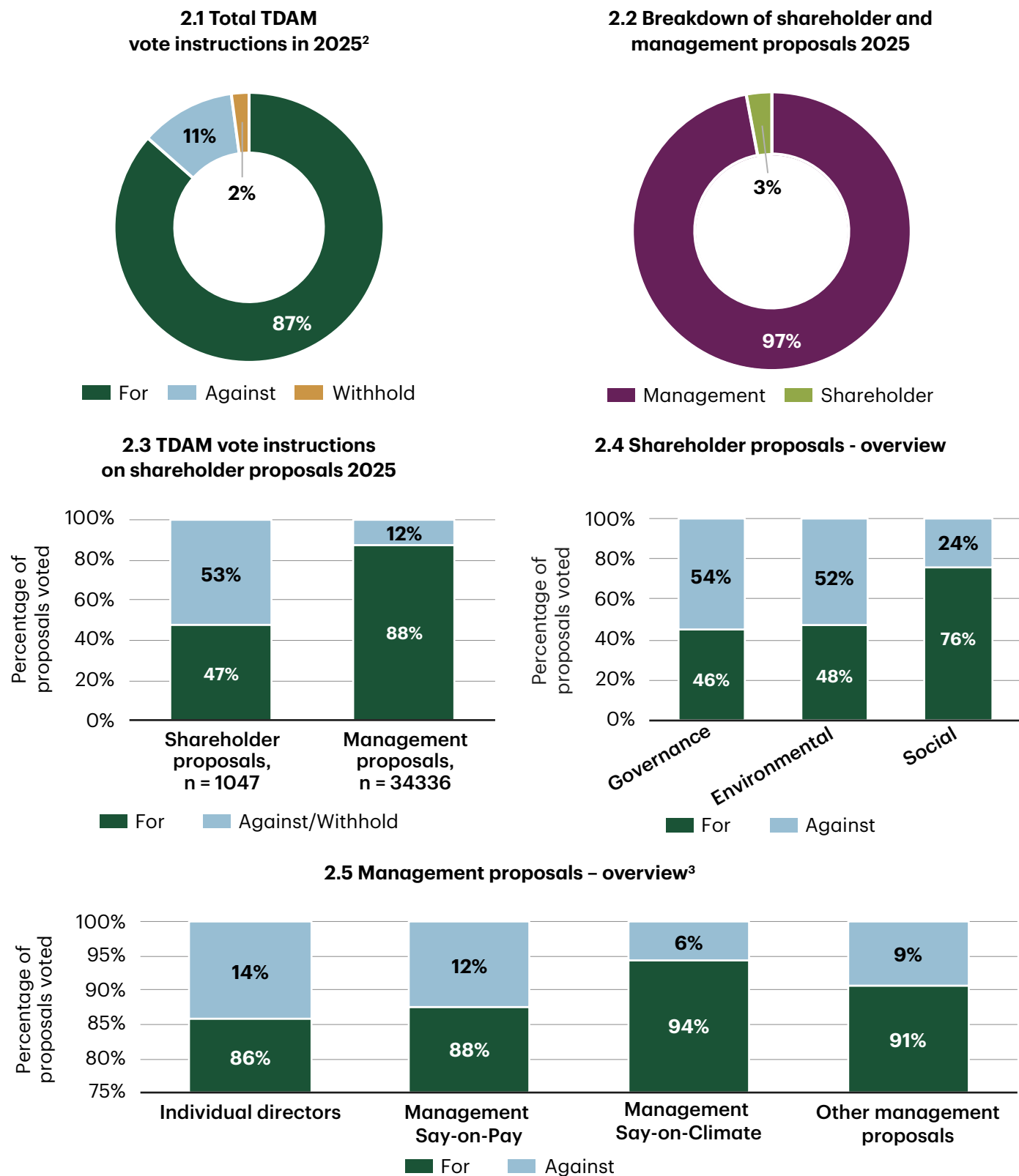
Source: TDAM, ISS. As of June 30, 2025.

**1.3 Proposals voted across countries 2025**  
(where tdam voted 500 proposals or more.)



Source: TDAM, ISS. As of June 30, 2025.

Figure 2: Basic voting activity



Source: TDAM, ISS. As of June 30, 2025.

<sup>2</sup> Vote instructions reflect votes across management and shareholder proposals.  
<sup>3</sup> “Other management proposals” refers to other routine and non-routine management proposals

In summary,

- For the 2024-2025 proxy year, TDAM voted a total of 35,434 management and shareholder proposals. Across these proposals, TDAM voted against 12% of management proposals and 53% of shareholder proposals.
- TDAM voted on a total of 1,047 shareholder proposals and supported 47% of them (497 shareholder proposals), including 111 proposals focused on social issues, 72 focused on environmental issues, and 313 proposals focused on governance issues, with one proposal not explicitly falling within environmental, social or governance (ESG) categories.
- When it comes to “against” votes on management proposals, specifically election of directors, TDAM withheld support from directors on many key areas related to board composition. These areas include, but are not limited to, board-level and committee level independence, diversity, tenure, director commitments and other areas where we believe board composition and structure may not be aligned with the principles outlined in TDAM’s Proxy Voting Guidelines.
- Beyond board composition, we also withheld votes on directors due to specific concerns about executive compensation, alongside our votes against the Management Say-on-Pay proposals, and in cases where there are multi-class share structures with uneven voting rights in certain markets.

Generally, the activity reflects our belief that boards should be well-structured, largely independent and high-performing, so companies have the appropriate skills and characteristics at the board level for effective oversight, including oversight of financially material environmental and social risks, to generate sustainable long-term shareholder returns. It is also aligned with our belief that executive compensation should incentivize management to prioritize consistent long-term shareholder returns.

# Effective Oversight

# Trends and Takeaways: TDAM's Perspectives and Case Studies

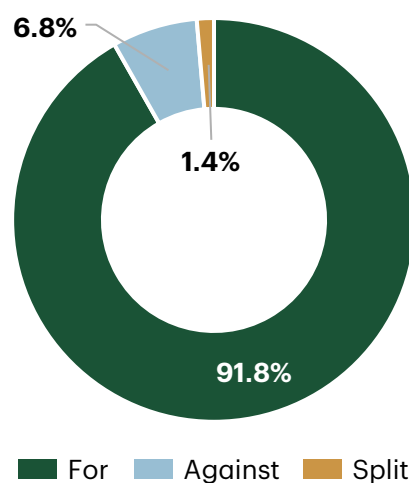
## Investment Proposals – Mergers And Acquisitions

In the area of mergers and acquisitions (M&A),<sup>4</sup> TDAM voted on a total of 73 proposals in the 2025 proxy year. By and large, TDAM supported the vast majority of all such proposals (91.8%), only voting “against” in a handful of cases. M&A proposals are event-driven and deal-specific, so we will not draw conclusions about major trends in their prevalence or TDAM's rate of support. Geographically, a significant majority of M&A proposals TDAM voted on remained within Canadian and U.S. companies, with 24 and 23 of such votes, respectively. In terms of sector trends, the most active sectors for M&A proposals within TDAM's portfolio were the financial, materials, energy and consumer discretionary sectors.

TDAM reviews all corporate transactions and investment-related proposals on a case-by-case basis, as the implications of these decisions are unique and require careful evaluation of all relevant factors and context. When it comes to M&A proposals, TDAM reviews and balances a range of factors, including, but not limited to, deal valuation and consideration, market reaction, strategic rationale, pro-forma governance and conflicts of

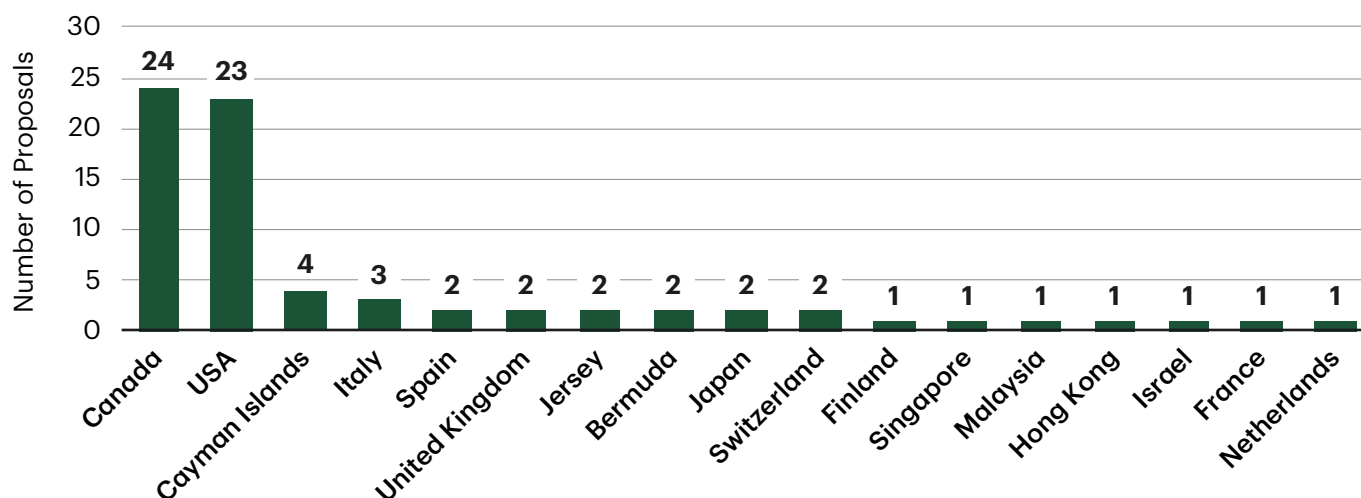
interests. Balancing all the above, portfolio managers aim to vote in the best interests of the clients of their specific portfolios.

**Figure 3: Support rates for M&A proposals (voted)**



Source: TDAM, ISS. As of June 30, 2025.

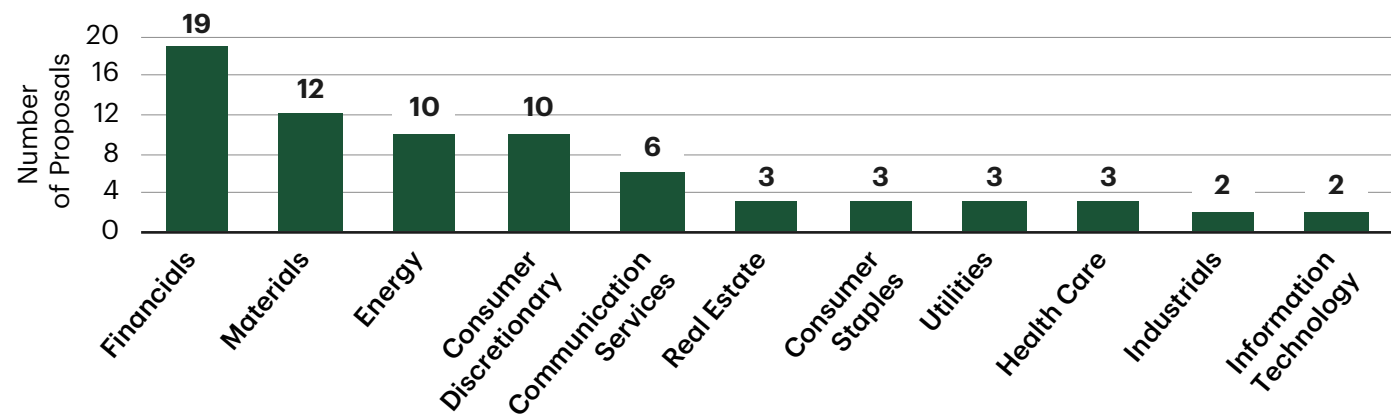
**Figure 4: M&A proposals by country (voted)**



Source: TDAM, ISS. As of June 30, 2025.

<sup>4</sup> These proposals are typically votable proposals which solicit shareholder votes on the M&A approval from the target company and/or share issuance proposals to effect the M&A transaction on the acquiring company's side. Shareholder votes on asset sales, Special Purpose Acquisition Company (SPAC) transactions and other investment proposals are not included in this figure.

Figure 5: M&A proposals by sector



Source: TDAM, ISS, Bloomberg Finance LP. As of June 30, 2025.

Case Study



Case Study: Reorganization Transaction of a Large Canadian Financial Company

During the 2025 proxy season, TDAM evaluated an arrangement resolution at a large Canadian company in the financial sector seeking to simplify its corporate structure by bringing under its umbrella one of its operating platforms currently held by another publicly listed affiliate. The transaction would be effected through an exchange of shares on a one-for-one basis with the publicly listed affiliate.

The intention of the transaction would be to consolidate ownership of one of the currently unlisted operating platforms under the large financials company, offering simplification of the company’s structure. Another strategic rationale highlighted through engagement with company management and public solicitation materials was to increase the likelihood of the company being added to a major U.S. index.

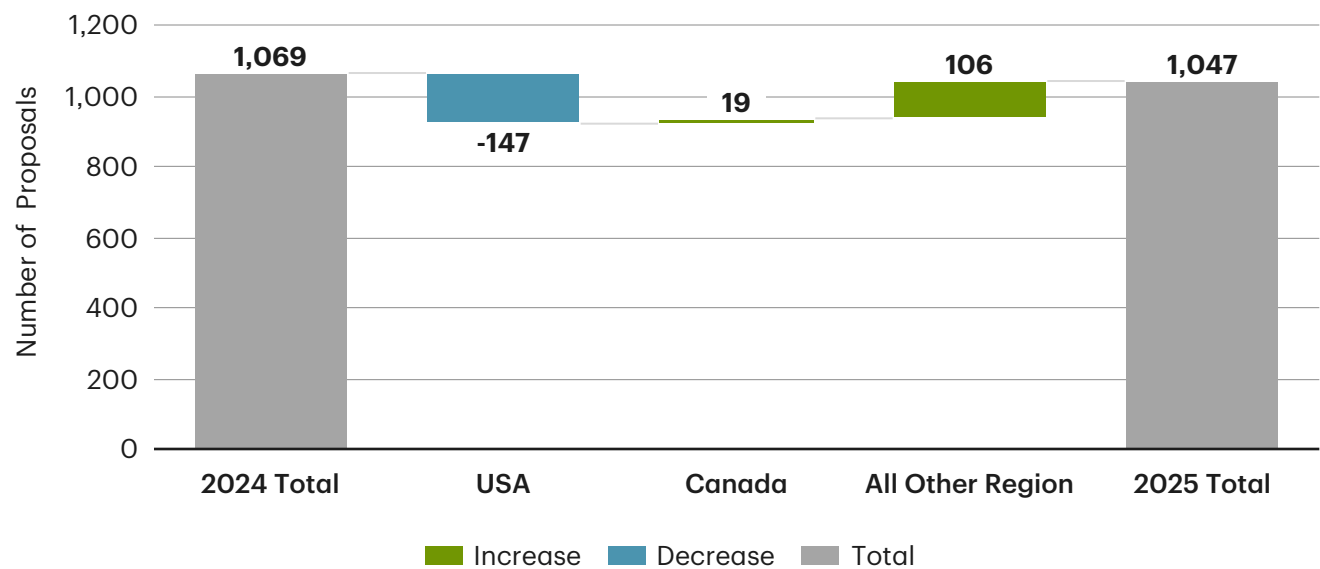
However, the arrangement would also reduce the percentage of directors electable by the free float of the company’s shares. Prior to the proposed transaction, the company was significantly influenced through a dual-class shares structure. Under that structure, a second class of shares held in trust by senior company leaders, among others, allowed for election of half the board; the other class of shares, which represented the listed shares public float, elected the remainder of the board. In essence, board election power was divided equally. The transaction’s net effect would be to reduce the percentage of directors being electable by the free-floating share class, thereby potentially diminishing shareholder rights through reduction of board representation below majority.

After considering the merits of the transaction, individual managers of different TDAM portfolios voted in the best interests of their funds. Certain portfolio managers opted to vote against the proposal, as the potential merits of the strategic rationale did not, in their view, outweigh the diminished shareholder rights. Other portfolio managers supported the proposal because the transaction offered increased simplification and transparency of structure, because the company’s original dual-class share structure dictated only half an electable board by the free float, and the possible inclusion in a major index may have potential upside with negligible downside if unsuccessful.

# Slight Decline in Overall Shareholder Proposals Voted

The number of shareholder proposals seen across portfolio company annual general meetings (AGMs) and available for TDAM vote dropped by 2% year-over-year. This includes a 25% drop in proposals voted on at U.S. companies, largely reflecting regulatory and political shifts which reduced the number of shareholder proposals filed. This was offset by an increase in governance shareholder proposals outside North America. TDAM supported 47% of the total 1,047 shareholder proposals voted.

Figure 6: Year-over-year change in shareholder proposals voted<sup>5</sup>



Source: TDAM, ISS.

## Corporate Governance Themes and Proposals

In the context of corporate governance, TDAM remains focused on three core pillars which underpin the way we engage and cast our votes – quality, composition and effectiveness of boards; executive compensation and management incentives; and shareholder rights.

At a high level, we continue to believe that boards should be well-structured, largely independent and high-performing, so companies have the appropriate

oversight, including oversight of financially material environmental and social risks, to generate long-term sustained value. With regards to executive compensation, we believe that companies should have management incentives tied to long-term value creation and designed to discourage excessive risk-taking. Finally, we continue to be focused on shareholder rights to ensure that they are not inequitably diminished.

<sup>5</sup> Graph reflects change in shareholder proposals filed at portfolio company AGMs (or other special meetings) and available for vote by TDAM.

## Board Quality, Composition and Effectiveness

TDAM voted against directors at 347 companies globally during the proxy year due to boards not meeting the requisite two-thirds independence requirement that we have in certain jurisdictions for companies of a certain size and scale. Additionally, we voted against directors at 84 companies globally where more than one-third of the board is comprised of directors whose tenure exceeds 15 years. We also voted against directors at 517 companies due to board diversity concerns. We continue to believe that assessing board characteristics, such as director independence and tenure, will allow us to evaluate whether boards encourage renewal and refreshment, processes which are critical to ensuring that boards remain effective and high-performing.

### Case Study



#### **Beyond North America - Japanese Market Case Study: Cross Shareholdings at a Japanese Financial Company**

In the Japanese market, TDAM may consider withholding on certain director(s) where the company's cross-shareholdings exceed a particular threshold (generally 20% of the company's net assets). During the past year, TDAM engaged the management team of a Japanese financial company before its annual meeting to discuss its percentage of cross-shareholdings on its balance sheet.

The company had a significant majority of its net assets in cross-shareholdings. It had recently been involved in a local-market price fixing scandal where the country's regulator had also recommended a reduction in cross-shareholdings as part of its findings. Despite this, the company had set and disclosed to the public a relatively long-term plan to unwind its cross-shareholdings, instead of choosing a quickly executed near-term plan.

Therefore, TDAM wanted to understand why the company still had such a significant percentage of shares tied to cross-holdings and why it had not accelerated its unwinding plans. Notably, the level of cross-shareholdings within the Japanese market had declined rapidly over the last several years, in part due to the country's regulator and the government's push for progress.

Our engagement with the company highlighted the unique circumstances it faced, where the timeline for cross-shareholdings reduction was set in conjunction with the local market regulator's recommendations. Additionally, the company demonstrated resolve to achieve its reduction goals, with actual reductions being significantly higher than planned in the most recently completed fiscal year. The company remained strongly committed to achieving its plan. Based on the above factors, TDAM did not withhold support from any directors on the basis of the high proportion of cross-shareholdings. We intend to keep monitoring and engaging with the company to ensure it continues to follow and execute on its stated plans.

## Executive Compensation and Management Incentives

This past proxy year, TDAM voted against 223 Say-on-Pay proposals globally, with 68 in the U.S., 6 in Canada and 149 in other jurisdictions. When we vote against Say-on-Pay proposals at companies of a particular size and scale in North America, we generally also vote against the chair of the compensation committees. In circumstances where compensation concerns are persistent and/or the board has not been responsive, “against” votes may also extend to other compensation committee members. For context, this past year, we voted against directors at 98 companies due to executive compensation concerns globally. TDAM generally evaluates a company’s approach to executive compensation on a case-by-case basis, depending on circumstances specific to the company.

Importantly, the main approach to TDAM’s analysis of executive compensation and management Say-on-Pay proposals is ensuring that management incentives are structured in a way that incentivizes sustained long-term value creation, while limiting any excessive risk that management may take. Therefore, the underlying themes behind TDAM’s “against” votes remain relatively unchanged year-over-year. They typically relate to pay-for-performance misalignment, one-time transitory payments structured in ways that are inconsistent with long-term value creation, and significant problematic actions by the compensation committee.

### Case Study



#### Case Study: Pay-for-Performance Misalignment at a Canadian Material Sector Company

In the past proxy year, TDAM examined the compensation program at a Canadian material sector company as part of its review of the company’s Advisory Vote to Ratify Named Executive Officers’ Compensation (Say-on-Pay). Through the company’s proxy materials and through additional soliciting materials, we learned that the board had enabled a discretionary payout related to the vesting of a portion of the company’s performance share units (PSUs).

In its disclosures, the company described nil PSU payouts in the past two years because its performance criteria had not been met, partly due to factors outside management’s control. However, we did not find sufficient reasons to support the Say-on-Pay in this case. Because the PSUs were based on relative total shareholder return performance against a particular material sector index, which typically already factors in the overall performance of the company, as opposed to discrete absolute and/or singular metrics which may be heavily impacted by certain operational elements outside of management control, we did not find a sufficiently compelling a reason to support management’s compensation programs at the time.

This is especially the case considering a pay-for-performance misalignment in light of the company’s shareholder return performance against quantitative pay levels. Furthermore, the company has a practice of targeting compensation above the median of peers. While soliciting materials describe certain reasons and unique attributes which aim to justify this practice, we typically only accept above-median benchmarking in very specific and limited cases where above-median performance is targeted and also demonstrably achieved.

## Case Study



### Case Study: Executive Compensation in Executive Transitions

Ahead of the shareholder vote for a large-cap U.S.-based healthcare company, TDAM undertook an engagement request to meet the Chair of its Compensation Committee. Importantly, the company had just experienced a sudden executive transition before its scheduled annual shareholder meeting.

We had initial concerns about the pay package offered to the incoming CEO, which was structured as a self-funded up-front equity award intended to cover the next several years of equity, made entirely in the form of cliff-vesting time-based stock options. In addition to the lack of performance-vesting features of this significant award, the company had recently experienced a precipitous decline in stock value. This would mean that exercise prices for the CEO stock options would be set at a lower watermark. Through the engagement, we sought to understand the Compensation Committee's reasoning for electing this form of award, in addition to deliberations and processes at the company related to succession planning and selection of the incoming CEO.

Ultimately, after engaging with the company, we were satisfied with the responses provided by the Compensation Committee Chair. While the upfront equity grant was not perfect, we thought the existing structure represented a good compromise at that particular time to incentivize performance while introducing stability for the company. We were pleased with the self-funded and cliff-vesting options, intended to incentivize stability and retention – awards that would be entirely forfeited if the executive leaves prior to vesting.

Regarding the lack of performance-vesting features, given the company's specific situation, where its recent market guidance had been withdrawn, absolute metrics and targets would be difficult to set. Relative targets, such as relative total shareholder returns, may also give the incoming CEO an unfair advantage in light of the recent steep decline in share price.

As a result, we thought the compensation plan was supportable considering the circumstances, and it would be best structured to incentivize long-term performance in this given situation.

# Analysis

## Shareholder Rights

During the 2024-2025 proxy year, a number of developments impacted shareholder rights in the U.S. market. Some of these recent developments include:

- New guidance from the Securities and Exchange Commission (SEC) on share ownership reporting (Regulation 13D-G). This regulation imposes potentially more onerous reporting requirements for asset managers seeking to engage portfolio companies and discuss their proxy votes and issues related to ESG topics.
- New SEC guidance on shareholder proposals which potentially permits companies to more freely seek exclusions from shareholder proposals that are not deemed to be “economically relevant.”
- Significant reforms in Delaware General Corporate Law (DGCL) through Delaware Senate Bill 21 to maintain Delaware as the incorporation state of choice. While aimed at providing more clarity and certainty for companies, these changes potentially impact shareholder rights by limiting shareholders’ access to corporate books; creating a safe harbour for directors, officers and controlling stockholders in certain interested transactions; and codifying certain definitions such as “controlling stockholder” with bright-line tests.
- Significant developments through senate and assembly bills in Texas and Nevada which eventually will lead to, or have already led to, the creation of specialized business courts challenging Delaware courts as the preeminent choice for matters of internal affairs. Many of these recent bills in Texas and Nevada also generally enhance protections for directors, officers and corporations in a number of ways.

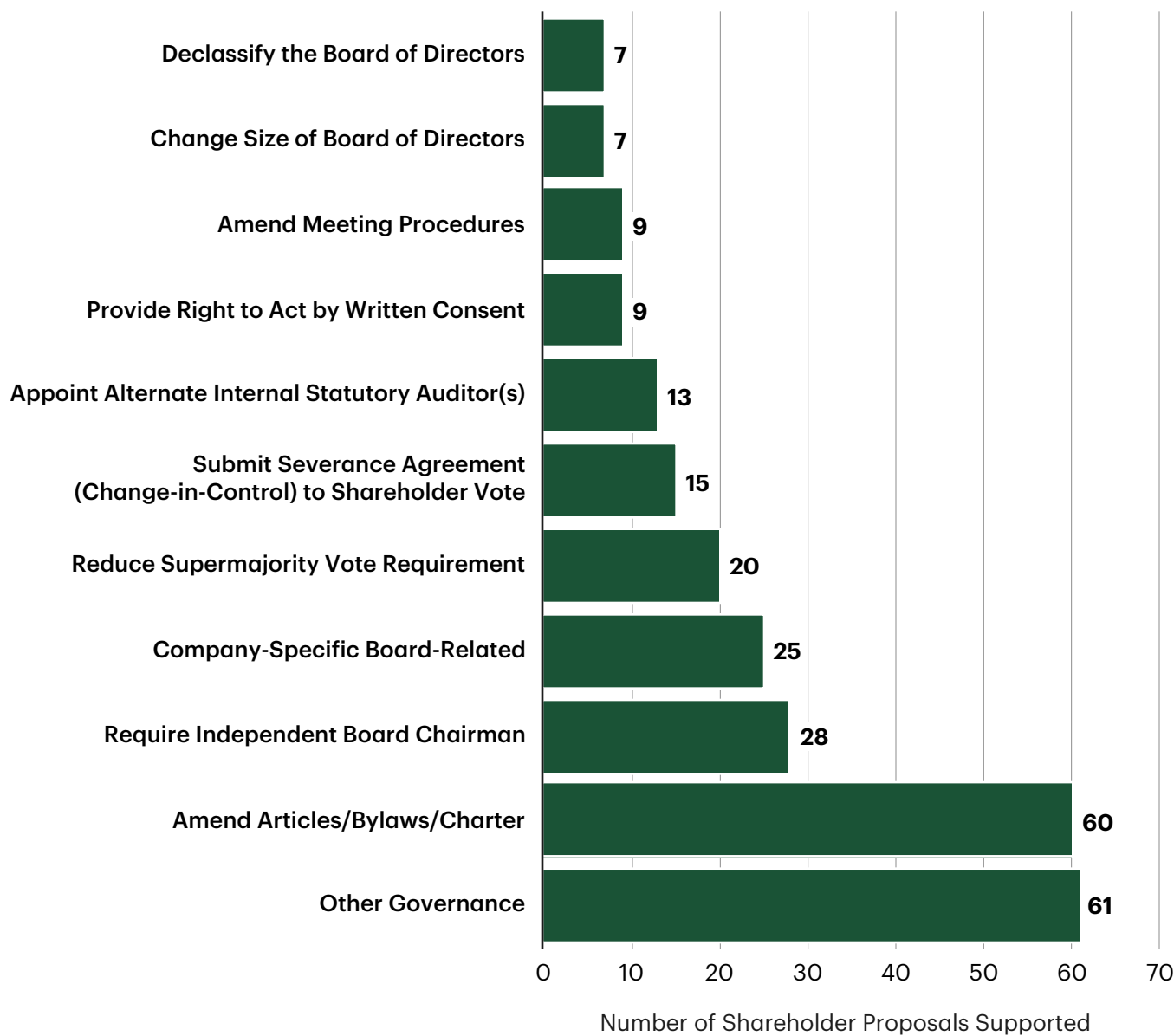
The combined effects of these developments have many potential implications for shareholder rights. For one, the recent changes in DGCL may potentially lessen its flexibility due to the bright-line test definitions introduced, among other things. Nonetheless, proponents could argue that the potential loss of flexibility presents benefits due to the certainty and clarity provided to issuers incorporated in the State of Delaware.

In the most recent proxy season, we observed an emerging trend of U.S. companies reincorporating away from Delaware to other jurisdictions, with the State of Nevada being one of the most popular choices (13 votes tracked in 2025 since the beginning of the year). For reference, almost two-thirds of the S&P 500 Index constituents are currently incorporated in Delaware. <sup>6</sup>

In the 2025 proxy year, TDAM reviewed several reincorporation proposals like that in the U.S., primarily to the State of Nevada. In our review, we generally balanced the economic benefits presented by the company, alongside the comparative shareholder rights regime between the incumbent and chosen jurisdictions. While we did not support reincorporation proposals to the State of Nevada in all the cases reviewed in 2025, primarily due to the loss of comparative shareholder rights (vis-à-vis Delaware), we will continue to review such proposals on a case-by-case basis. Our analysis will be underpinned by a comparison between the economic cost/benefit merits presented by the company for the reincorporation to another jurisdiction, with a focus on balancing clear, significant and quantifiable benefits for shareholders against the loss of their rights.

<sup>6</sup> Source: TDAM, Bloomberg Finance L.P.

**Figure 7: Governance shareholder proposals<sup>7</sup>**



Source: TDAM, ISS. As of June 30, 2025

In the 2025 proxy year, TDAM voted on 687 governance shareholder proposals, an increase from 599 in 2024. This rise is largely attributed to more proposals in the Japanese market. TDAM supported 46% (313) and opposed 54% of these proposals.

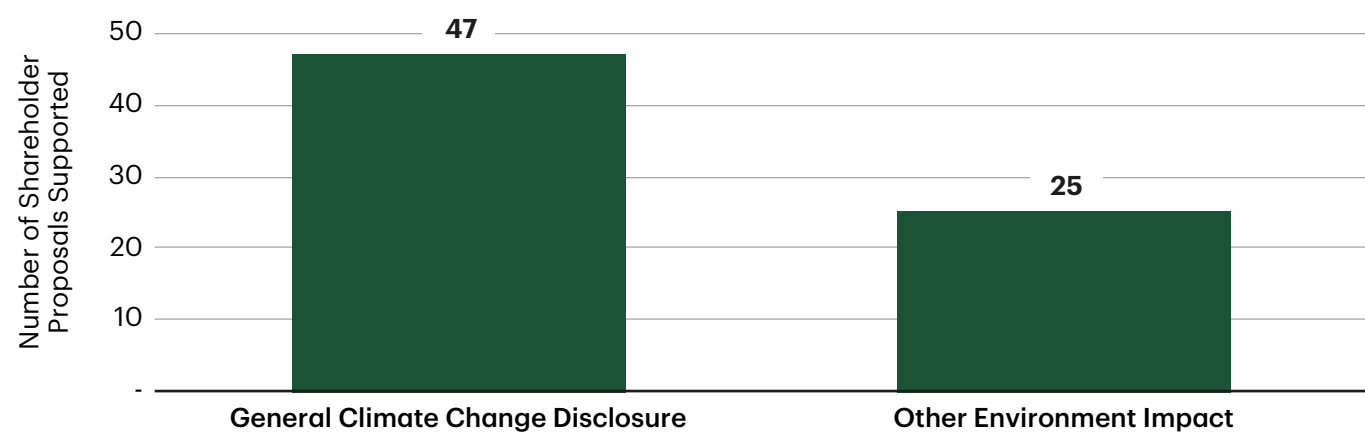
The most frequently supported proposals involved amending constating documents (charters, by-laws and articles). These included both routine and non-routine amendments, as well as those expanding rights related to governance features like calling special meetings and removing directors, among other things. Proposals seeking for an independent chair (n=28) and company-specific board-related proposals (n=25) were the second and third most supported types.

<sup>7</sup> This graph excludes ‘director-election-related’ shareholder proposals (n=59), which typically denominate proposals where shareholders are seeking nomination of directors on a target company board. “Company-Specific Board-Related” pertains to a wide-ranging mix of shareholder proposals that relate to the board but are not related to specific director elections. Examples may include approving remuneration of directors, approving remuneration for supervisory members, and fixing terms of directors, among other items. “Other Governance” includes proposals on a number of wide-ranging governance topics. These may be company-specific topics related to shareholder rights, general governance practices, executive and director compensation, among other topics.

# Environment-Focused Proposals

TDAM supported 72 of the environmental shareholder proposals put forward (48% of all environmental shareholder proposals) at 61 companies. These proposals continued to seek enhanced disclosure of company climate risks and opportunities, including disclosure of any company-set carbon reduction targets, emissions metrics and the strategies aimed at achieving such stated targets as well as disclosures related to the capex allocated to achieving targets. Several proposals were also aimed at building transparency around company efforts to reduce waste and related risks.

Figure 8: Supported environmental shareholder proposals

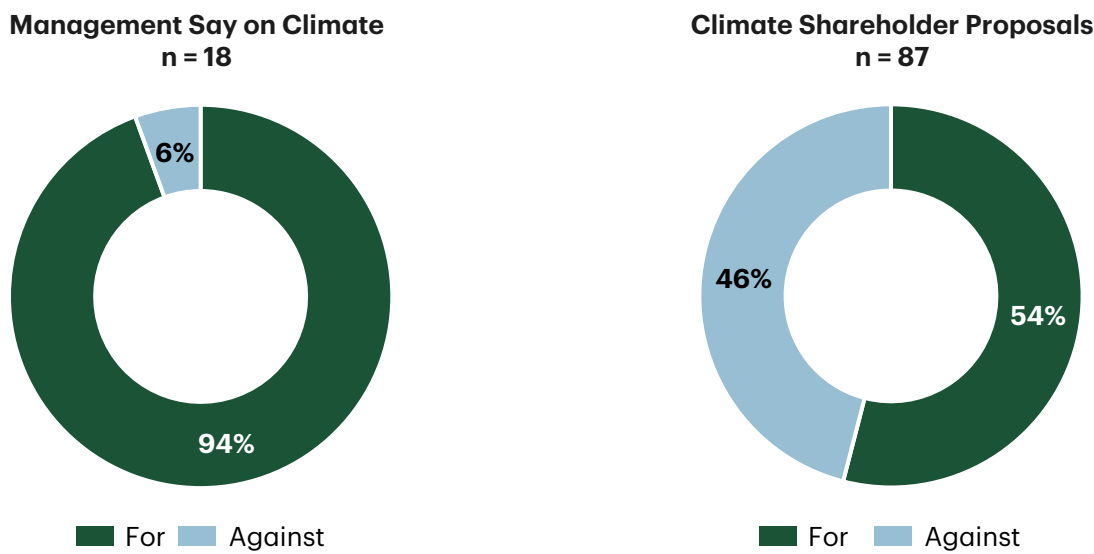


Source: TDAM, ISS. As of June 30, 2025.

## Climate Change

The most notable thing about the 2025 proxy year from the perspective of climate-oriented proposals was the continued drop in the number of proposals. During the 2025 proxy year, there was a 16% decrease in climate-oriented proposals seen at portfolio company AGMs and voted by TDAM, compared to the previous proxy year. We believe the primary contributing factor for this has been the shifting political and regulatory environment in the United States, which is covered in detail in the Shareholder Rights section of this report.

Figure 9: Percentage of TDAM votes for and against proposals on climate change



Source: TDAM, ISS. As of June 30, 2025.

TDAM voted in line with management more often in 2025 (46%) than in the prior proxy year (40%). In general, we continued to observe improvements in the quality of corporate climate disclosures and transition plans. At the same time, we saw many shareholder proposals requesting additional disclosures on specific elements of a climate transition plan. These additional disclosure proposals may continue to crop up due to the lack of consistent and standardized regulatory climate disclosures.

TDAM continues to vote on climate-oriented shareholder proposals on a case-by-case basis. We continue to evaluate proposals for their financial materiality, relevance to a company's core business model, the cost associated with fulfilling the request, as well as the quality of the company's existing disclosures.

## Diverging Reporting Requirements

In 2025, in line with previous years, we saw many proposals requesting disclosure of certain climate-related items, ranging from Scope 1, 2 and/or 3 Greenhouse Gas (GHG) emission disclosures, reduction targets tied to GHG emissions, and/or quantitative or qualitative scenario analysis.

Meanwhile, several jurisdictions and standard-setting bodies have been exploring and implementing mandatory climate reporting requirements for corporate entities. Many countries are leveraging the standards put forward by the International Sustainability Standards Board (ISSB), which operates under the International Financial Reporting Standards (IFRS). The ISSB has published standards recommending baseline corporate disclosures on sustainability and climate-related risks and opportunities. These standards are intended to provide a global baseline for corporate sustainability disclosures.

The most recent and notable development in this space is that Chinese regulators are moving to adopt the ISSB standards on climate reporting, with a target implementation date for reporting companies by 2027. China is joining a growing group of jurisdictions that have already adopted or are in the process of

adopting the standards, including the EU, the UK, Japan, Australia, Brazil, Mexico and many others.

However, here in North America there have been headwinds against mandatory climate reporting. In March 2025, the SEC in the United States announced it would cancel previous plans to mandate ISSB-aligned corporate climate reporting.

In Canada, the Canadian Securities Administrators (CSA) had been consulting stakeholders on adoption of the ISSB standards for over a year, but in April 2025 announced they would pause all work due to changes in the global geopolitical and economic landscape.

These diverging reporting requirements pose challenges for both corporate issuers and investors. During the 2024-2025 proxy season, we continued to see companies referencing the diverging requirements and, more recently, the removal of requirements as reasons to vote against certain shareholder proposals requesting additional climate-related disclosures from issuers.

What remains clear is that over the short to medium term, there will continue to be notable differences in climate reporting requirements for corporate entities across different jurisdictions.



### **Case Study: Climate Reporting at a Large Global Restaurant Chain**

As an example of TDAM's climate-reporting guidelines at work, we supported a proposal at a large global restaurant chain requesting the company to disclose an assessment of whether its current climate transition plans and related resource commitments can reasonably fulfill its 2030 and 2050 emissions reduction targets, or whether additional plans or commitments are necessary. The proponent had specific concerns about emissions generated through the company's supply chain in the livestock sector.

Upon evaluating the company's climate transition plan, we noted that it was relatively strong and underpinned by GHG reduction targets that were verified by the Science Based Targets Initiative (SBTi). However, key pieces of information were missing from the plan, which ultimately led us to support the proposal.

Notably, the company has established a target to reduce absolute Scope 3 Forestry, Land and Agriculture (FLAG) GHG emissions by 16% by 2030 (using 2018 as a baseline) and to maintain no deforestation across its primary deforestation-linked commodities. To support this target, the company noted that it requires its global beef and chicken suppliers to commit to set science-based targets validated by the SBTi.

While we commend the company on its targets and efforts to work with suppliers to reduce these hard-to-abate emissions, we found it difficult to assess how the company was progressing against these goals. The company did not provide the absolute level of Scope 3 FLAG emissions in the current or baseline year, nor did it disclose how many of its global beef and chicken suppliers had committed to setting SBTi-validated targets.

In our view, the company's disclosures were incomplete. That is why we supported this proposal to assess whether the company's existing actions would be sufficient for achieving its 2030 goals, as we were unable to do it through the information provided by the company. Completing the disclosures would give investors financially material, decision-useful information and it would enhance the overall credibility of the company's climate transition plan.

# Opportunities

## Proliferation of Energy Supply Financing Ratio Proposals

In 2025, we continued to see the proliferation of the Energy Supply Financing Ratio (ESFR) shareholder type of proposal at North American banks. The proposal requests banks to publish the ratio of clean energy supply financing to fossil fuel energy supply financing and their underlying methodologies. The Bloomberg New Energy Finance (BNEF) research organization introduced this metric in 2022 and began publishing results for several large global banks.

This proposal first emerged in 2024 at one Canadian and five U.S. banks. Three of those banks agreed to the conditions of the proposal and ultimately it was withdrawn. The support level for the proposals was high at the three banks where it went to a vote, ranging from 22.5% to 28.5%.

In 2025, the proposal returned at those three banks, along with five other Canadian and U.S. banks receiving the proposal for the first time, for a total of eight occurrences across North American banks.

### Case Study



#### Case Study: How TDAM Voted on Clean Energy Supply Financing Ratio Proposals

The Clean Energy Supply Financing Ratio is an emerging topic for large banks. This ratio is defined as a bank's total financing (through equity and debt underwriting, and project finance) of low-carbon energy supply to that in fossil fuel energy supply. The disclosure, prepared at a reasonable expense and excluding confidential information, describes the company's methodology, including what it classifies as low-carbon or fossil fuel energy.

The ratio originated from the BNEF research organization, which reports annually an Energy Supply Investment Ratio (ESIR) for major global banks. ESIR shows the proportion of capital outlay going into low-carbon supply components relative to that going into fossil fuel supply areas.

BNEF research indicates that in order to limit the global temperature rise to 1.5°C, in line with the most commonly cited net-zero climate scenarios, global investment in low-carbon energy supply needs to average four times that in fossil fuels this decade, forming the basis for a 4:1 ESIR. According to BNEF, the required ratio can scale significantly, to an average of 6:1 in the 2030s and 10:1 in the 2040s.

BNEF publishes an annual report tracking how large banks perform against this ratio year-over-year, albeit using imperfect information.

We found compelling reasons both for and against this proposal.

On the one hand, we recognize that banks receiving the proposal generally already have transparent disclosures and commitments related to sustainable and carbon-related finance activities. Therefore, we are cautious about asking these banks' sustainability teams, which are stretched thin and dealing with competing reporting priorities, to report an additional metric.

On the other hand, we view ESFR as an emerging and important metric that complements financed emissions disclosures and sustainable finance commitments to paint a more complete picture of a bank's climate alignment.

That said, no metric on its own is perfect. Financed emissions disclosures are prone to volatility from non-emissions-related factors and sustainable finance goals suffer from methodological differences.

TDAM engaged with multiple banks on the issue. As part of our discussions, we encouraged the banks to consider disclosing the ratio and having the shareholder proposal withdrawn. In our view, metrics disclosed directly by companies would enable investors to verify publicly available information, including Bloomberg's ESIR, which is now widely used to assess banks' progress on their stated climate commitments. We believe disclosures by banks would lead to higher quality of data and result in quantifying progress and contextualization of the ratio within a bank's broader client engagement and sustainable finance strategy.

Of the eight banks facing the proposal, only one committed to publishing the metrics, which ultimately led to the proposal being withdrawn at this bank. This strengthened our view that ESIR is likely to become an important and necessary part of the annual climate disclosures of large banks. As a result, TDAM supported the proposal at the seven banks that did not have the proposal withdrawn.

During the 2025 proxy year, we saw a wide range in support levels, with notable differences between Canadian and U.S. banks. At the three Canadian banks, support levels ranged from 33% to 38%. At the four U.S. banks, support levels ranged from 13% to 18%. Given the high support levels and agreement by several global systemically important banks to disclose the metric, we expect to see the proposal again in 2026 at large banks that have not agreed to disclose.

## Say-on-Climate Proposals

In proxy year 2025, we saw a slight decrease in the volume of management-sponsored Say-on-Climate proposals. These non-binding proposals request that shareholders vote for a company's climate transition plan. TDAM supported 94% of the management-sponsored Say-on-Climate proposals it voted on during the 2025 proxy year, signaling strong support for management teams and the plans they put forward. While this number may seem high, the types of companies advancing these proposals already likely have strong confidence that their plans will garner support.

TDAM continues to vote on these proposals on a case-by-case basis. Our evaluation framework is broadly based on the relevancy, materiality, cost and existing climate strategy, similar to shareholder-driven proposals. Our assessment of a company's climate action plan may include, but is not limited to, the strength of targets within the climate plan and related duration of such targets, pathways toward achieving set targets, commitment of capex to support the achievement of climate goals, alignment of lobbying activities with targets, disclosures based on the recommendations of the Task Force on Climate-related Financial Disclosures, as well as any additional context gained through our engagements with companies where applicable.

# Framework

## Case Study



### Case Study: Management Say-on-Climate at a Global Construction Materials Company

A large European-based global construction materials company put forward its climate report for an advisory vote to shareholders. The company primarily operates in the production of cement, aggregates and ready-mix concrete products, which is widely recognized as a hard-to-abate sector, meaning it is difficult and/or very expensive to reduce GHG emissions with existing technologies.

Within that context, we found that the company presented an ambitious and transparent climate transition plan. The plan is underpinned by sector-appropriate GHG reduction targets, covering all three scopes of emissions, at mid- and long-term target dates. These targets have been validated by SBTi under a 1.5°C scenario, something TDAM considers to be a best practice. The company also provides a transparent roadmap on the levers it will use to decrease its emissions, and how much each lever will contribute to the company's overall GHG reductions. Additionally, the company clearly lays out its capex expected for supporting its climate goals and it details its climate-related lobbying activities through a climate policy engagement report.

Overall, the company has presented a clear roadmap on its emissions trajectory, which is supported by transparent metrics that investors can track over time. In our view, the plan meets all the criteria TDAM looks for in a strong climate transition plan. Given all the above, TDAM supported management on this Say-on-Climate vote.

## Natural Capital

Despite the shift in the U.S. on environmental priorities, globally there are evolving regulations on risks to biodiversity, given its material contributions to economies and communities. Over the past year, additional efforts took shape in support of building capacity for corporate mitigation of biodiversity risks.

In April 2025, the IFRS and the Taskforce on Nature-related Financial Disclosures (TNFD) announced a formal collaboration on nature-related sustainability reporting. This represents another step forward taken by ISSB, which oversees the development of the IFRS Sustainability Disclosure Standards, in integrating nature disclosures. TNFD and other entities have also provided training tools and guidance to fuel greater awareness of nature risks and further adoption of nature-related financial disclosures.

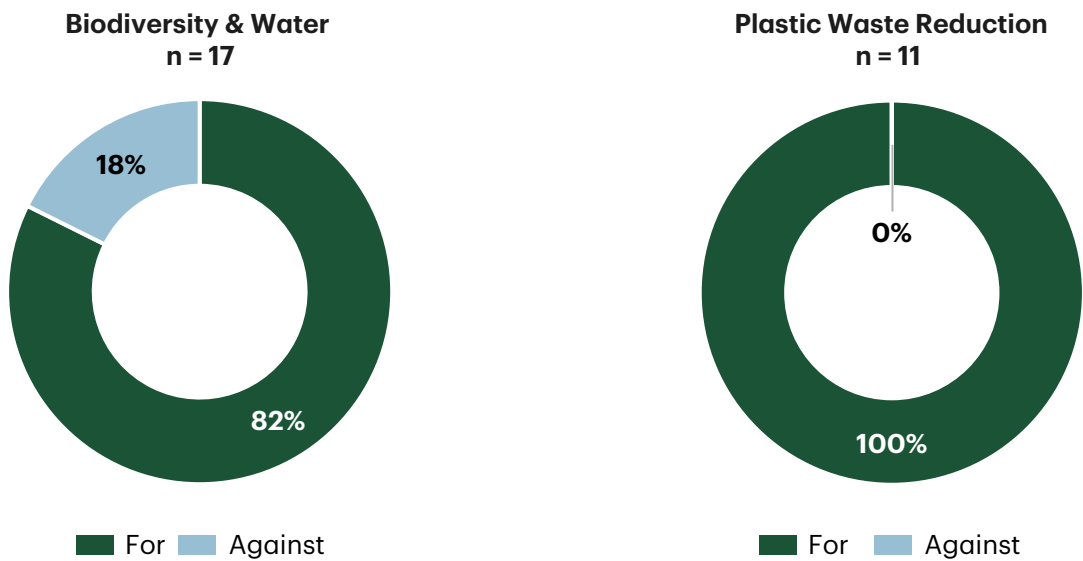
Companies appear to be following through and committing to additional disclosures. At the UN

Biodiversity COP16 in October 2024, TNFD announced that roughly 500 global companies and financial institutions had formally committed to TNFD-aligned disclosures, a 57% increase from the start of that year. That momentum appears to continue, with the next set of adopters to be announced in November 2025 at the UN Climate Change COP30.<sup>8</sup>

If withdrawn proposals are any indicator, initial observations show that companies are generally receptive to advancing their work around biodiversity risks. Various proposal proponents have been able to engage productively and secure corporate commitments to advance biodiversity-related policies, practices and disclosures. Withdrawn requests seen include assessments of company biodiversity impacts and dependencies, reports on supply chain deforestation, and analyses around water use and pollution.

<sup>8</sup> TNFD (March 2025). TNFD launches next global adoption campaign ahead of COP30 in Belém. <https://tnfd.global/tnfd-launches-next-global-adoption-campaign-ahead-of-cop30-in-belem/>

**Figure 10: Percentage of TDAM votes for and against proposals on biodiversity, water, and plastic waste**



Source: TDAM, ISS. As of June 30, 2025.

With these various wins and corporate initiatives behind the scenes, fewer biodiversity-related proposals went to a vote. For the 2025 proxy year, TDAM generally supported biodiversity-related proposals that went to a vote, including requests for biodiversity impacts and dependency assessments, reports on water risks, and enhanced disclosures on waste reduction efforts. We will continue to monitor things to understand the general pace of change in terms of corporate biodiversity efforts.

**Biodiversity in TDAM’s Proxy Voting Guidelines**

Our investments at TDAM include many sectors and geographies that may face risks related to biodiversity and ecosystem loss. Sectors such as food and beverage, materials, energy and pharmaceutical companies can experience material impacts and/or dependencies on natural capital and biodiversity. We believe that companies should assess and manage their financially material biodiversity risks to avoid regulatory fines, litigation, operational disruption and impediments to business strategy and growth.

On a systemic risk basis, there are links between biodiversity loss and climate change, because forests, soil and oceans are a natural sink for carbon emissions and therefore a natural defense against global warming. We see greater assessment and disclosure from companies as important elements of building investor awareness around biodiversity risks in portfolios.

As investors, we note various standards and regulations on biodiversity loss, with several countries having signed onto the Kunming-Global Biodiversity Framework, the development of the TNFD, and the ISSB’s consideration of biodiversity-specific disclosure standards. We encourage companies to consider the above standards as they advance their own efforts to prevent and mitigate biodiversity impacts on and by their operations.

**GUIDELINE:** We will vote on biodiversity-related proposals on a case-by-case basis, given company context, materiality of biodiversity risks and progress on risk mitigation and disclosure. TDAM may support shareholder proposals requesting companies to adopt biodiversity-related policies, to assess material biodiversity impacts and dependences, and to enhance disclosure around those biodiversity risks.



### **Case Study:** **Taking Action on Waste Reduction and Measuring Progress**

During the 2025 proxy season, several companies that sell food, beverages and groceries saw proposals requesting development of targets and action plans to reduce waste sent to landfills. Food and other types of products draw on environmental resources for production, such as energy, water and agricultural inputs. Finding ways to right-size production, implement alternative pricing or use strategies for dated, damaged or undersold inventory can help ensure that environmental resources are not tapped needlessly.

Moreover, waste sent to landfills produces a substantial amount of GHG emissions, contributing to climate change. This reality has led various federal and local jurisdictions to advance laws and targets that aim to mitigate different types of waste. Companies have also flagged consumer concerns about the environmental impacts of solid waste streams as risks, with those consumer concerns potentially serving as catalysts for the adoption of additional future regulations. Some companies are adding transparency to their disclosures as well, increasingly tracking food waste generated in their operations and the amounts directed to landfills.

One Canadian discount retailer saw a proposal which requested that the company develop a policy to minimize waste in its operations by setting objectives and providing information on the initiatives that will allow those objectives to be achieved. The company's disclosures indicate that it has a general objective to minimize and divert waste from landfills, along with various ongoing initiatives that assist in that area, including inventory management efforts to reduce damage or loss, donation initiatives and mark-downs on perishable items.

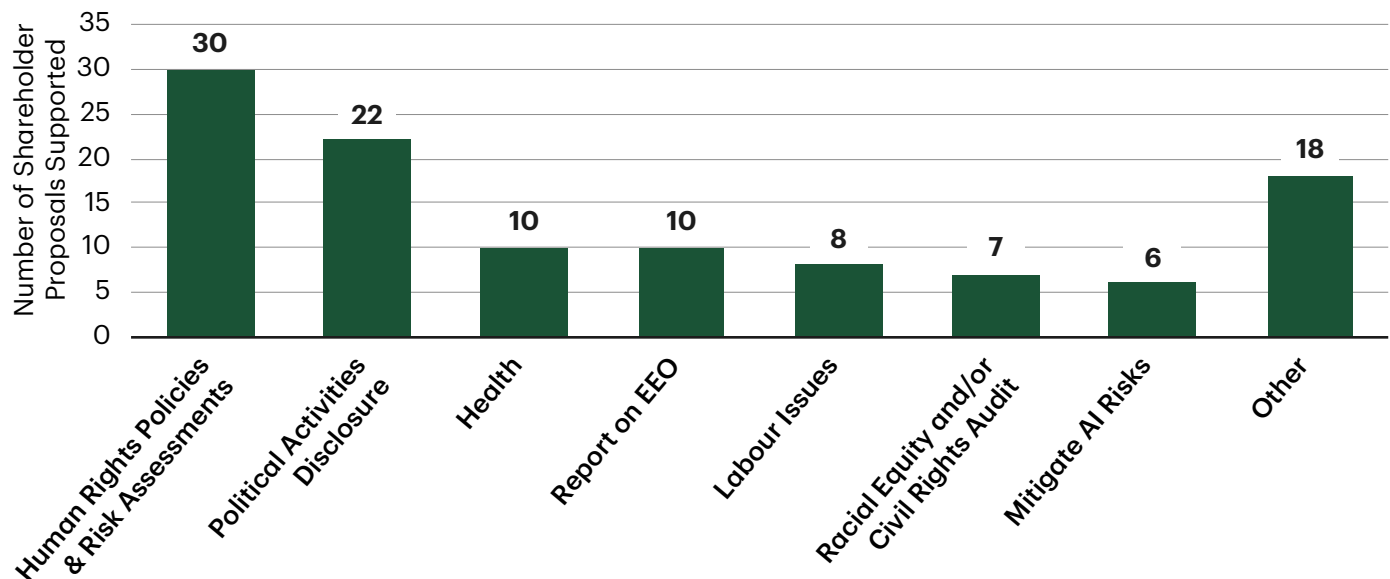
However, while the company had a general goal to increase its waste diversion rate year-over-year, its diversion rate had been rather stagnant. Given the retailer's lack of progress on its year-over-year goal to increase the waste diversion rate, we thought support for the proposal would allow greater transparency around its efforts and progress towards furthering its waste reduction efforts. The proposal saw overall shareholder support of 21%, signaling investor interest in further action and transparency.

# Strategies

# Social-Themed Proposals

TDAM supported 111 social shareholder proposals (76% of all social proposals) at 83 companies. These proposals included requests for enhanced disclosure around political and lobbying activities, strengthening of human rights policies and due diligence processes, independent human rights impact assessments, reports on workplace safety conditions, racial equity audits, and transparency on diversity and inclusion efforts.

Figure 11: Supported social shareholder proposals<sup>9</sup>

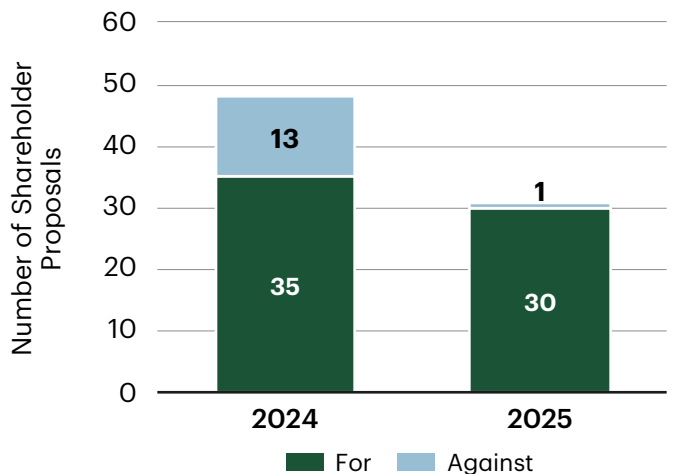


Source: TDAM, ISS. As of June 30, 2025.

## Human Rights

Companies found to be complicit in human rights abuses face regulatory, legal and reputational risks, as well as potential operational challenges. We continue to see proposals requesting companies to develop or enhance their human rights policies; to commission independent human rights impact assessments of their operations; and to disclose, assess and improve their human rights due diligence processes. Proposals often reference a backdrop of the evolving regulations that require companies to conduct human rights due diligence practices and others that introduce modern slavery reporting obligations. Moreover, recent geopolitical tensions and armed conflicts contributed to greater discussion around corporate human rights due diligence in conflict-affected and high-risk areas.

Figure 12: TDAM votes for and against proposals on human rights policies and risk assessments



Source: TDAM, ISS. As of June 30, 2025.

<sup>9</sup> “Other” includes proposals on various other topics, including data security, public health, etc.

Though the number of human rights proposals seen in the 2025 proxy year was lower, just like other social proposals, these risks and related regulations keep human rights a regular topic of concern year-over-year. Overall, TDAM supported 30 proposals aimed at mitigating human rights risks and building transparency around related corporate efforts.

## Case Study



### **Case Study: Mitigating Risks of Modern Slavery in Lending Portfolios**

Mitigating modern slavery risk in lending portfolios was a topic of concern for a new proposal seen at several of the large Canadian banks in the 2025 proxy year. The proposal asked the banks to disclose measures that have been taken to prevent and reduce the risk that any borrower financed by them uses forced or child labour in its operations and supply chains.

This proposal came amid heightened attention on modern slavery risks globally, including recent Canadian modern slavery legislation and federal intention to make additional advancements to combat forced and child labour. In Canada, the Fighting Against Forced Labour and Child Labour in Supply Chains Act came into force in January 2024.

Under the current law, certain entities (including all companies listed on a Canadian stock exchange) must report annually to the Minister of Public Safety, describing the steps they have taken during their previous financial year to prevent and reduce the risk that forced labour or child labour is used in their operations or supply chains. However, due diligence processes about the modern slavery risks affecting corporate lending clients are not always prominent in these documents or in other bank disclosures.

We did have productive conversations with the banks on this proposal. We were encouraged by the consideration taken to develop their current client due diligence processes and the efforts made to build modern slavery disclosures. Given the heightened attention on modern slavery risks and the evolving regulation, we find it appropriate for banks to provide transparency about their due diligence process in this regard. There was significant shareholder support for these bank proposals, ranging from 21% to 27%.

## Human Capital

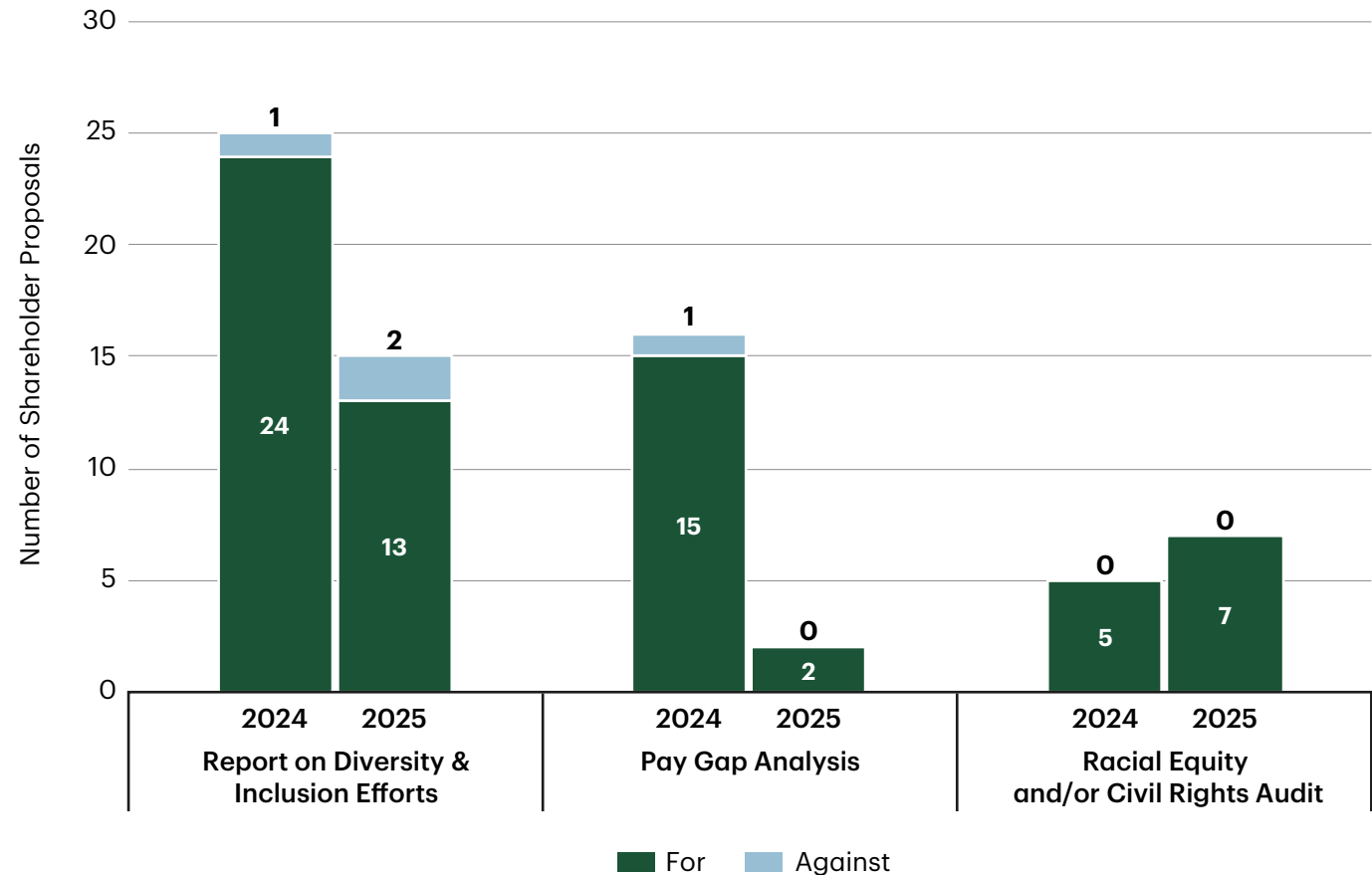
We recognize the changing dynamics around diversity initiatives in the United States. Those include the 2023 U.S. Supreme Court ruling which found affirmative action programs unconstitutional, a 2024 rise in conservative social media activism targeting certain company diversity and inclusion practices, and a new 2025 administration that has issued executive orders challenging diversity, equity and inclusion (DEI) practices. These events have caused corporations to review their efforts, with some opting to pull back their diversity and inclusion commitments and initiatives. Some of these reversals aim to mitigate legal risk. Others are a result of political pressure from those that are skeptical about the fairness and utility of DEI initiatives, questioning whether these initiatives appropriately factor in merit.

As companies make adjustments to their diversity initiatives, TDAM remains attentive, looking to ensure that corporate direction continues to recognize the value of diversity at the board level and across ranks. TDAM continues to believe that a workforce

which reflects a company’s customer base and the societies in which it functions can better understand the company’s operating environment and lead to long-term corporate performance. Risks and opportunities can arise from the way a company develops its corporate culture, interacts with its employees and works to find, attract and retain the most qualified talent.

The dampening effect of developments in the U.S. led to a drop in proposals seeking enhanced diversity and inclusion efforts or disclosures. For example, we saw a decline in proposals requesting additional disclosures on corporate diversity efforts as well as a fall in requests for racial or gender pay gap analyses. Despite this, diversity proposals were not absent entirely. The proposals we saw often looked to better understand companies’ progress on diversity amid the removal of certain diversity commitments or initiatives. Overall, TDAM supported 22 proposals requesting additional diversity reporting and assessments.

**Figure 13: TDAM votes for and against proposals on diversity-related topics, 2024 vs. 2025**



Source: TDAM, ISS. As of June 30, 2025.

## Case Study



### Case Study: Quantitative Diversity Disclosures Remain Key

A leading U.S. technology company received a proposal requesting that it restart reporting workforce data aligned with the Equal Employment Opportunity Commission's Employer Information Report (EEO-1 reporting), a practice that continues to be frequently seen in the U.S. The company had been publishing its EEO-1 reports but stopped after 2021. The company mentioned in its 2024 sustainability report that it believes "diverse teams fuel innovation" and indicated a commitment to creating an inclusive culture. It also had some helpful reporting when it comes to hiring, pay ratios and employee turnover rates – with breakdowns by gender and ethnicity.

Despite these disclosures, however, certain elements were missing, which failed to give the full picture. For example, the company's disclosures did not provide a workforce breakdown of different races and ethnicities or gender by rank. The reporting requested by the proponent asked for more standardized, comparable information, and it would better demonstrate diversity and inclusion across ranks. We thought support for this type of information is warranted and would provide an avenue for investors to monitor company progress as businesses might have to adjust to a shifting political climate in the U.S.

## Artificial Intelligence (AI)

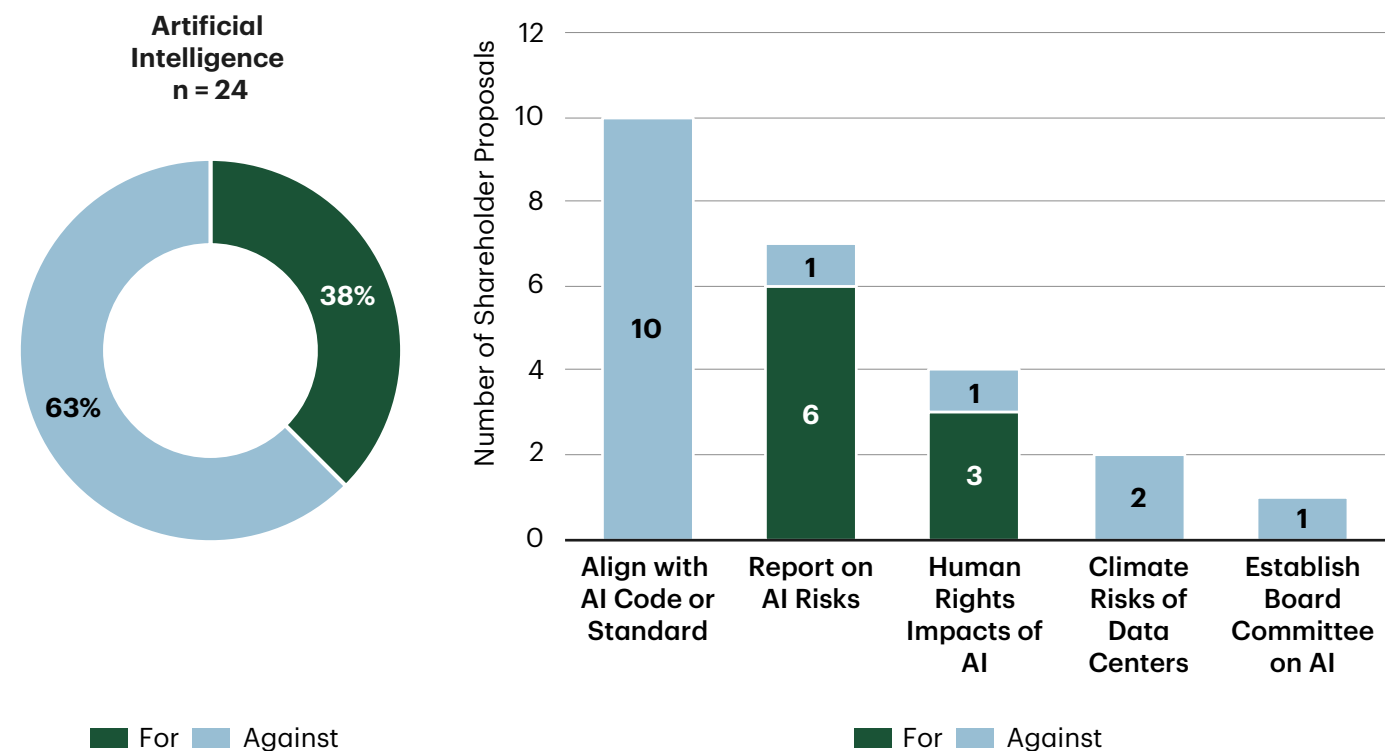
There is broad awareness that responsible management of AI will be a significant imperative globally. AI has rapidly grown in utility and provides companies with opportunities to operate more efficiently, allowing for further innovation. However, various concerns arise around the complex nature of AI, including privacy violations, copyright infringement, as well as the potential for AI to magnify negative biases and to perpetuate misinformation.

Moreover, with the rise of AI, the infrastructure needed to meet the increasing demand, such as data centres, has environmental implications. Data centres consume a substantial amount of energy and require significant amounts of water for cooling. There are risks due to the locations of data centers, the stress they put on their surrounding environment, and the methods used to acquire these necessary resources. The rapid pace and scale of AI adoption has raised expectations for corporations to develop robust mechanisms that would ensure responsible AI use and development.

Efforts are underway globally to develop ethical practices and risk oversight, including a rise in standards for corporate AI principles and regional laws and regulations. The OECD AI Principles, for example, are an internationally recognized standard of values-based principles that promote innovative, trustworthy AI use, development and governance.

In terms of regulation, one of the more far-reaching laws is the European Union's Artificial Intelligence Act (EU AI Act) which came into force in August 2024. The law aims to regulate AI to ensure its ethical development and use. The EU AI Act has consequences for a large number of global players, as it covers AI systems that are placed on the market, put into service or used in the EU. The Act creates obligations for companies to assess their AI systems and ensure proper security, transparency and oversight of those systems depending on the level of risk they pose to health, safety or fundamental individual rights. This is the first comprehensive AI regulation, a precedent that is seen as a key example for ensuring management of AI risks.

**Figure 14: Percentage of TDAM votes for and against proposals requesting reports on AI risks<sup>10</sup>**



Source: TDAM, ISS. As of June 30, 2025.

AI will continue to be a topic of interest as countries update regulations for this expanding technology and consider additional ones. Given both the known and unknown potential of AI as well as its evolving set of risks, we consider growth in standards and regulation a certainty.

As investors, we expect companies to implement governance structures that ensure responsible oversight of their AI development and use. Since this expectation is reflected in regulation across jurisdictions, companies will need to have the infrastructure in place to ensure risks are mitigated. Otherwise, they could face lapses in data security, litigation and/or penalties, erosion of client trust and loyalty, and loss of talent.

In the 2025 proxy season, we saw more shareholder proposals about AI (a total of 24). They included requests for adoption of AI codes of conduct, additional board oversight of AI, and risk assessments of AI-driven bias, discrimination or unethical data acquisition. TDAM supported nine proposals about AI risk assessments.

Ultimately, we did not support some proposals requesting companies to adhere to new AI codes or develop new AI board committees. However, we recognize the need for companies to be aware of how AI standards and governance structures are evolving to ensure timely corporate alignment with the standards that are most well-regarded and suited to their industry.

<sup>10</sup> Note: AI proposals often intersect with other ESG issues, including issues of algorithmic bias, data centre energy and water use, and the need to develop appropriate AI corporate governance. The proposals reflected here include all such proposals.

## Case Study



### Case Study: Wage Determination Driven by AI

A ridesharing company faced a proposal requesting it to commission an independent human rights assessment of its use of AI and any associated impacts on drivers and customers. The proponent had concerns about how AI use in rideshare pricing could result in unequal pay for equal work and discrimination. Various media outlets have covered the issue of wage discrimination as a result of these new algo-driven pay practices.

Concern revolves around how drivers doing similar work can be paid differently based on factors that are not fully known to them. Previously, distance, time spent and surge pricing for busier hours were commonly used factors to determine amounts paid. With the new AI-driven approach, wage determination is more obscure. The question is whether the use of AI to develop personalized wages could violate labor law protections for workers in the various jurisdictions where the company operates.

We supported the proposal because the added assessment could help investors understand how well the company is mitigating risks related to its AI use and how this reflects evolving regulation.

## Case Study



### Case Study: Intersection of AI, Environment and Human Rights

A company which owns, operates and invests in data centres globally saw a shareholder proposal requesting it to develop a right to water policy. The policy would have to provide transparency about the company's approach to water use, given the dependencies of local communities on those water resources, particularly in water-stressed areas.

Data centres require a significant amount of water for cooling. They can often be built and operated in areas that already lack fresh water resources and face environmental pressures. With the growth in data centre demand driven by increasing AI use worldwide, these pressures on water resources will only rise. We expect companies to consider and mitigate risks that could create community hardship and/or jeopardize the community's willingness to support continued company operations.

Companies that develop and operate data centres are working to manage these water risks, taking on various initiatives to reduce their water intensity. This company, in particular, has been using water-free cooling as the standard for its data centres since 2013, removing the need for water cooling in 75% of its data centres. However, given the number of data centres the company has and may add in the future, water use remains a significant consideration. Moreover, it appears that future demand may not be fully supported by dry cooling systems. The company does have a global water strategy, though disclosure of strategy details is limited. The company did indicate that it recognizes the critical role of water in its operations and aims to improve its water conservation and use practices.

Given the considerations listed above, TDAM supported this proposal. We think the requested policy would allow investors to better understand how the company will continue its development of data centres in a way that maintains its social license to operate, aligns with global human rights standards, and mitigates risks related to water use and water stress on surrounding communities.

# Concluding Thoughts

With regards to corporate governance, our perspectives on well-structured and high-performing boards, management incentives aligned with long-term sustained value creation, and maintenance of equitable shareholder rights remain unchanged. These principles will continue to inform and shape how we vote our proxies. We will continue to review our policy positions, as we have done so annually, to ensure that these positions remain aligned with our goal of providing strong risk-adjusted returns and maximizing the overall long-term value of our investments.

We will continue to monitor the evolving regulatory landscape of mandatory climate disclosures and impacts. Our views on the effective management of climate risks and opportunities will shape how we vote on climate proposals presented by management or shareholders. As always, when evaluating climate shareholder proposals, we will consider the relevancy and materiality of the request in the proposal, the cost associated with fulfilling the ask, as well as the quality of the company's existing transition plan and climate reporting.

There is some indication that companies are moving forward on building their awareness of biodiversity risks. We will continue to watch and engage with companies on the ways in which they evolve their nature-related analyses, initiatives and disclosures to help mitigate related risks and build transparency.

Human capital and human rights issues remain present on corporate ballots as employees, communities and customers remain an important element of companies' success or failure. Regulatory frameworks around human rights and workforce discrimination are evolving. Increasing the complexity on the social side is the fast evolution of AI. This requires companies to pay attention to proper governance and controls so they could balance the benefits of AI with risks related to human capital, privacy, data security, customer loyalty and corporate strategy.

We will continue to use stewardship to understand corporate context and progress, particularly in response to an uncertain economic and policy environment. ■

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