



# Proxy Voting Report

Fiscal Year  
2023 Summary



# About the Report

This report provides a summary overview of the proxy voting activity of the public equity portfolios managed by TD Asset Management Inc. (TDAM) in the U.S., Canada and international markets for Fiscal Year 2023, which began on November 1, 2022 and ended on October 31, 2023. Proxy voting is an important part of our stewardship and active ownership efforts, particularly in the area of corporate governance and increasingly on financially material environmental and social issues. For information on our proxy voting guidelines, please visit our [website >](#).

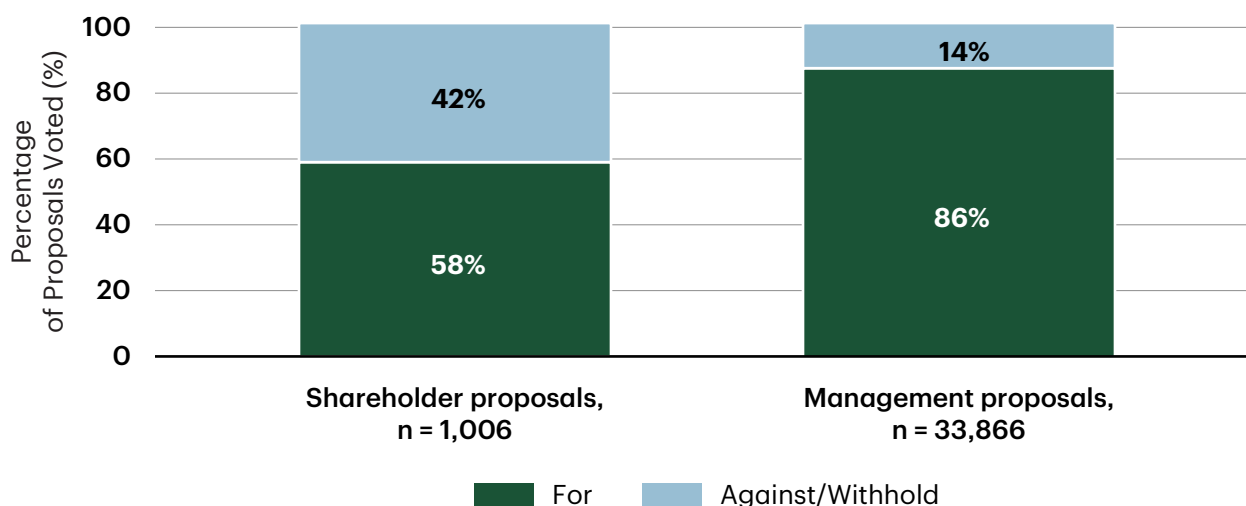
**Figure 1: Basic Voting Activity**



Source: TDAM and Institutional Shareholder Services (ISS). As of October 31, 2023.

Source: TDAM and ISS. As of October 31, 2023.

**Figure 2: Voting Activity**



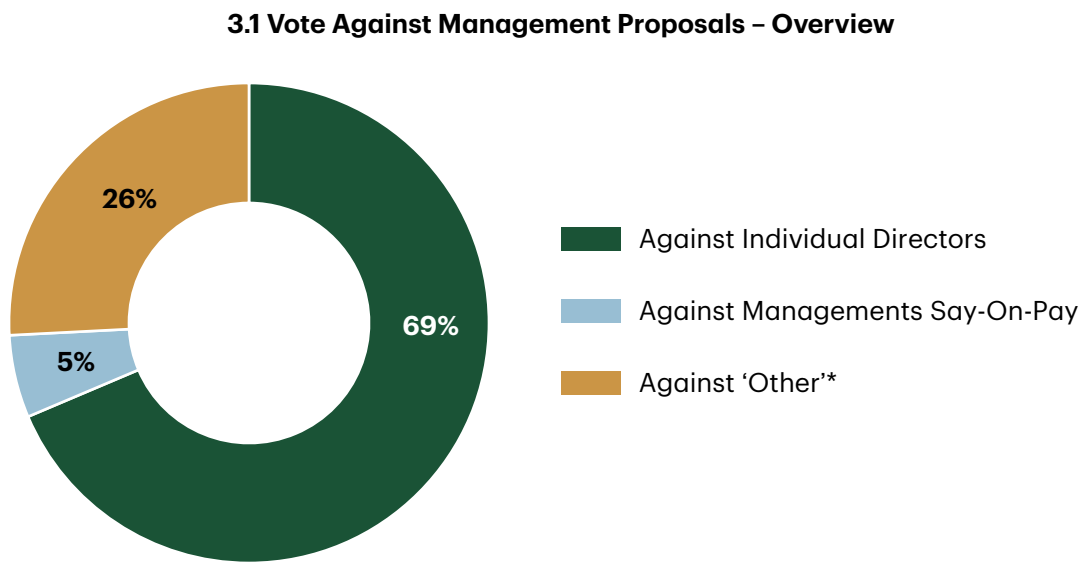
Source: TDAM and ISS. As of October 31, 2023.

<sup>1</sup>Vote instructions reflect votes across management and shareholder proposals.

# FY 2023 Proxy Voting Activity

- For Fiscal Year 2023, TDAM voted on a total of 35,615 proposals, down slightly (0.1%) from 2022. Across these proposals, TDAM voted against 14% of management proposals and 42% of shareholder proposals.
- In accordance with the firm’s proxy voting guidelines, TDAM withheld support for directors on specific issues, including, but not limited to, board diversity, board independence, executive compensation and multi-class shareholding structures. Directors held accountable for maintaining strong governance and oversight amounted to 69% of our “against” votes on management proposals over the year.
- We continued to respond to a lack of representation from key segments, such as women and racial/ethnic minorities, at boards, with 53% of the adverse director votes cast (at 638 companies) on board diversity. In the U.S. and Canada, a small subset of 35 companies were flagged for both a lack of gender and racial/ethnic diversity within their board of directors, including 19 Canadian companies.
- A lack of board independence drove 37% of adverse director votes. This represents adverse director votes at 415 companies.
- Executive compensation concerns were seen at 101 companies, leading us to cast adverse director votes and voting against Management Say-on-Pay (MSOP) proposals.
- Upholding the principle of “one share, one vote,” 5% of our adverse director votes (at 49 companies) accounted for multiple-class share structures.
- TDAM voted on a total of 1,006 shareholder proposals and supported 58% of them (587 shareholder proposals), including 189 proposals focused on social issues and 94 focused on environmental issues. In cases where we found a shareholder proposal overly prescriptive or misaligned with our proxy voting guidelines, we did not vote in support of the proposal.

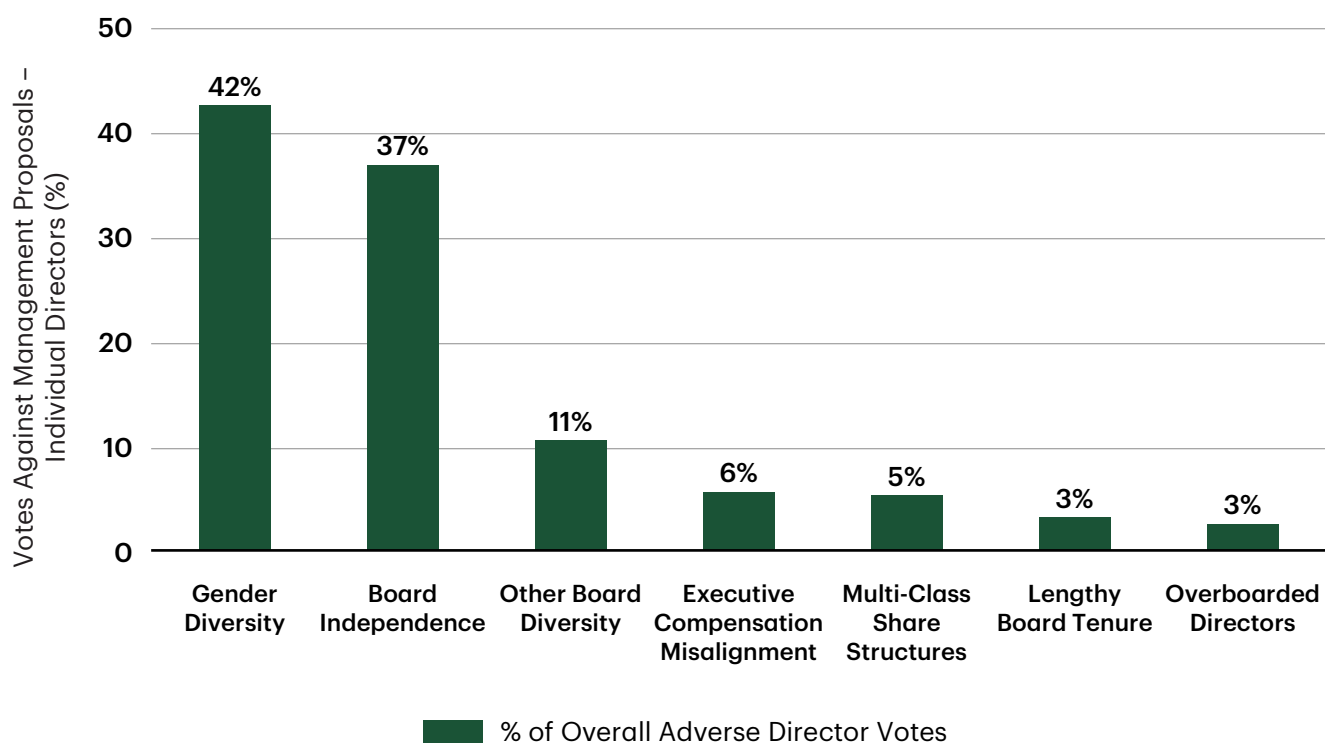
**Figure 3: Votes Against Management Proposals**



\*Other corporate governance matters

Source: TDAM and ISS. As of October 31, 2023.

### 3.2 Votes Against Management Proposals – Individual Directors<sup>2</sup>



Source: TDAM and ISS. As of October 31, 2023.

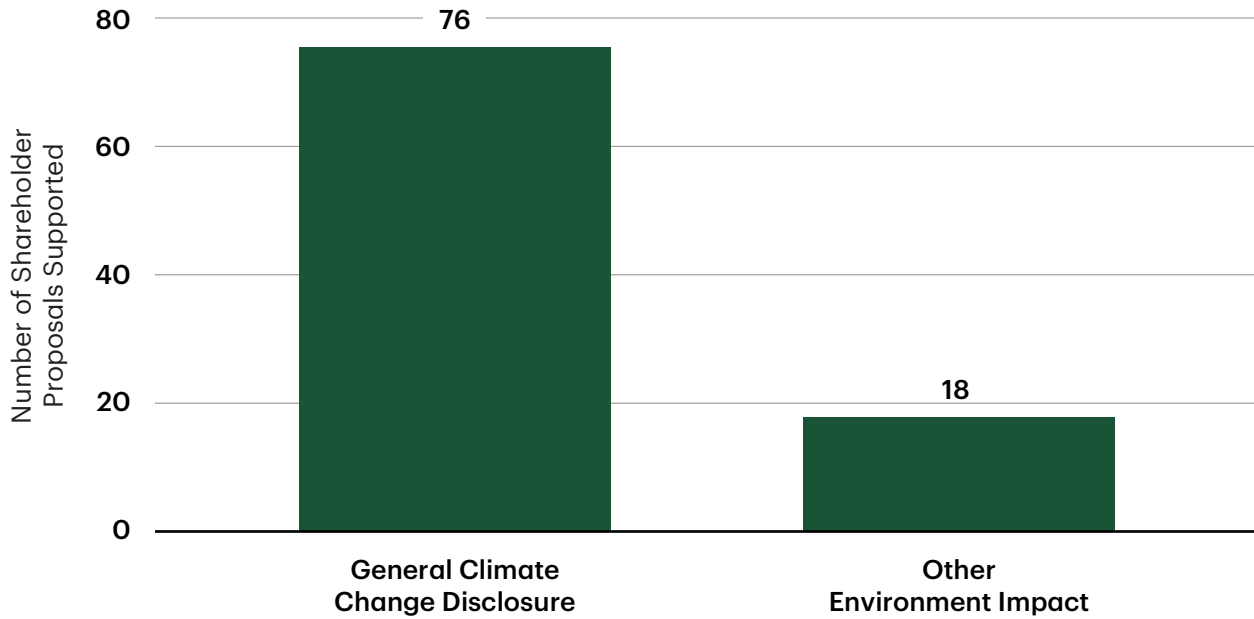
## Shareholder Proposals Supported – Environmental and Social

### Key Takeaways from Shareholder Proposals

- TDAM supported 94 of the **environmental shareholder proposals** put forward (51% of all environmental shareholder proposals) at 71 companies. These proposals looked for enhanced disclosure of company climate risks and opportunities, including disclosure of any company-set carbon reduction targets, emissions metrics, and the strategies and capex aimed at moving targets forward.
- On **social proposals**, we supported 189 shareholder proposals (80% of all social proposals) at 120 companies. These proposals included requests for enhanced disclosure around political and lobbying activities, appropriate disclosures on company diversity, equity and inclusion efforts, as well as efforts to mitigate human rights risks that may negatively impact the company’s current and future outlook.

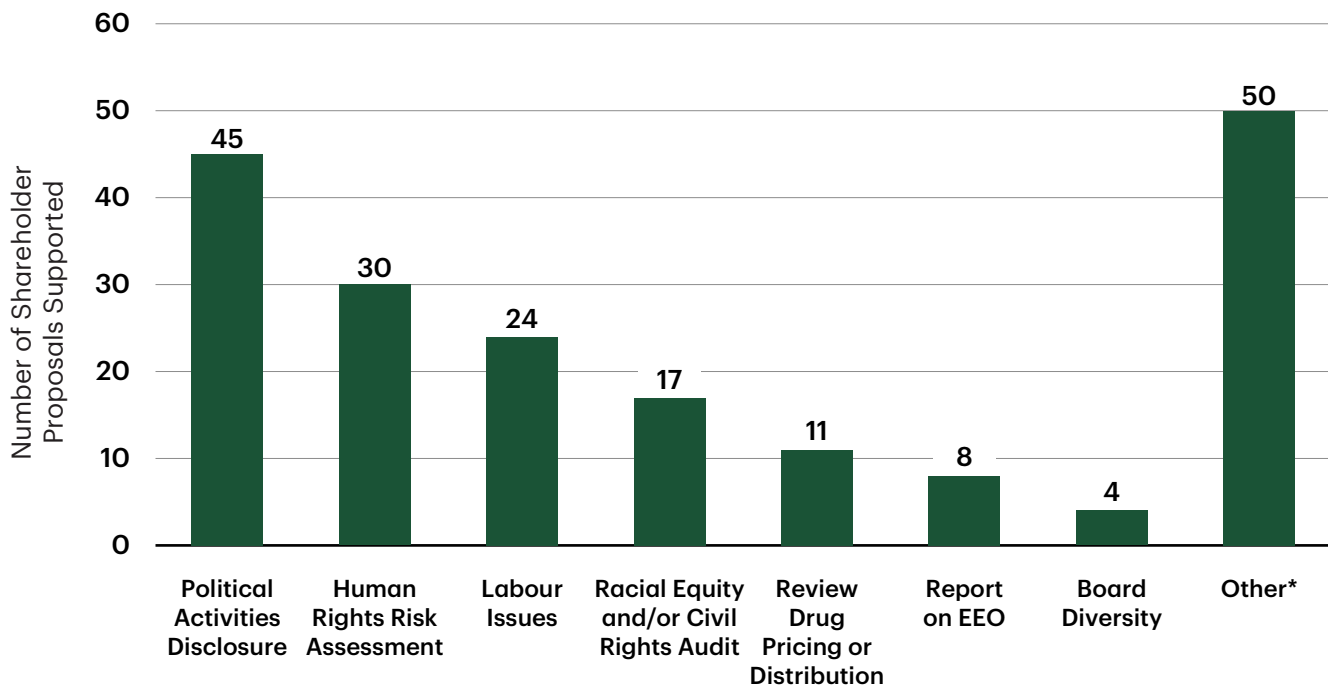
<sup>2</sup> Some directors may have received an “against/withhold” vote due to more than one rationale (i.e., lack of gender diversity and lack of board independence).

**Figure 4: Shareholder Proposals Supported – Environmental**



Source: TDAM and ISS. As of October 31, 2023.

**Figure 5: Shareholder Proposals Supported – Social**



Source: TDAM and ISS. As of October 31, 2023.

\*The Other category includes proposals on various other topics, including data security, product obsolescence, product access, employee health, etc.

# Engagement and Proxy Voting in Action

Below are a few examples of proxy votes that were cast during the fiscal year in question. We look at proxy voting, as well as engagement, as a means to drive forward the principles we see relevant in managing various risks and opportunities.

## Climate Targets – American Convenience Store

Background	Outcome/Next Steps
<p>An American convenience store chain faced a shareholder proposal asking it to establish greenhouse gas (GHG) emissions targets in alignment with the goals of the Paris Agreement.</p> <p>TDAM's proxy voting guidelines outline our basic expectations for our portfolio companies, including Scope 1 and 2, and material Scope 3 disclosures; sector-appropriate GHG emission reduction targets covering Scope 1 and 2 emissions at a minimum; and some level of detail on how the company plans to achieve those targets.</p> <p>On review of the company's disclosures, we found that it had begun disclosing Scope 1 and 2 emissions and it had a plan in place to begin disclosing select categories of Scope 3 emissions the following year. The company did not have any GHG emissions reduction targets in place, nor any notional plan or timeline to establish any targets.</p> <p>To better understand the company's position within its sector, we conducted a review of its closest peers' transition plans and benchmarked its performance against its peers. We found that out of the four peer companies assessed, only one other company did not have any GHG emissions reduction targets. Three of the four companies had medium-term targets, and two of them had established long-term net-zero targets. We also found that three out of the four companies were already disclosing Scope 3 emissions. Based on the peer benchmarking exercise, it became clear that the company was lagging its closest peers within its sector.</p>	<p>TDAM ultimately supported the proposal. In our perspective, given the quality of the company's disclosures and transition plan relative to peers, we found that the proposal was a reasonable ask to improve the transparency of the company's disclosures and increase the ambitiousness of their climate transition plan to at least be in line with peers. We recognize that the company had made some improvements in disclosures over time, including beginning reporting on its scope 1 and 2 emissions, and providing some qualitative details on a transition strategy, such as outfitting new distribution centres with solar panels and optimizing its refrigeration systems. However, the plan lacked a cohesiveness that was a direct result of not having goals they were working towards – such as medium and long-term GHG emission reduction targets. Given this, TDAM saw support for the proposal warranted.</p>

## Diversity, Equity and Inclusion (DEI) Metrics – American Commercial Services Company

### Background

A commercial services company that provides corporate apparel, facility services and safety equipment received a shareholder proposal asking it to report on the effectiveness of its diversity, equity and inclusion efforts. This request specifically sought quantifiable metrics on hiring, retention and promotion of employees across gender, race and ethnic categories. The proponent referenced increasing public disclosure of EEO-1 diversity data by various companies. An EEO-1 form is a standard federally mandated data reporting requirement of the U.S. Equal Employment Opportunity Commission, which is meant for the annual collection of company employment and diversity data. While the company does provide a total U.S. workforce breakdown across diversity dimensions (gender, race and ethnicity), it does not report diversity by job category as seen in the EEO-1 reporting requirement.

In TDAM's view, greater disclosure by job category would allow an understanding of inclusion across ranks and at higher levels. Moreover, the company only provides hiring and turnover data by gender and age, not race or ethnicity. Though the company did have some diversity disclosures, TDAM saw the additional requested disclosures as reasonable and aligned with the company's stated DEI strategy, which mentions inclusive and equitable recruitment, retention and advancement.

### Outcome/Next Steps

To better understand the company's progress on its diversity efforts, TDAM supported the proposal to enhance disclosure on hiring, promotion and retention of diverse talent to help build transparency around the effectiveness of the company's DEI programs. The proposal ultimately received 27% of shareholder support, a relatively healthy level of support that signals investor interest in understanding the company's progress towards diversity.

# Market

## Executive Compensation – Real Estate

### Background

In the fourth quarter of 2023, TDAM accepted an inbound engagement with the independent trustees and the compensation committee chair of a large Canadian Real Estate Investment Trust (REIT) to discuss the structure of the REIT's executive compensation programs. The purpose of the meeting was for the REIT to gauge TDAM's perspectives on certain elements of the REIT's short- and long-term incentive plan design, the way the REIT integrates environmental, social and governance (ESG) metrics into its short-term incentive plan, and its peer benchmarking practices. As typically sought with the inclusion of more traditional financial and operational metrics, TDAM expressed its desire for the inclusion of clear and transparent disclosure of targets and metrics in the proxy circular when ESG metrics are utilized, with actual results measured against such disclosures to demonstrate pay for performance. The discussions also provided TDAM with enhanced context about the true performance of peers in the context of pay-for-performance benchmarking.

### Outcome/Next Steps

The REIT undertook to review TDAM's suggestions for enhanced plan disclosures and consider them for inclusion in the next proxy circular. The previous year's proxy circular contained a good level of detail surrounding the company's short-term incentive plan metrics. Going forward, we expect more complete disclosure about specific metric weighting as well as target, threshold, and/or maximum performance goals across all metrics used. We will continue to monitor the quality of the REIT's compensation disclosures, as additional ESG metrics are added and/or existing metrics change. ■

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