



Proxy Voting Report

Q2 2023 Summary

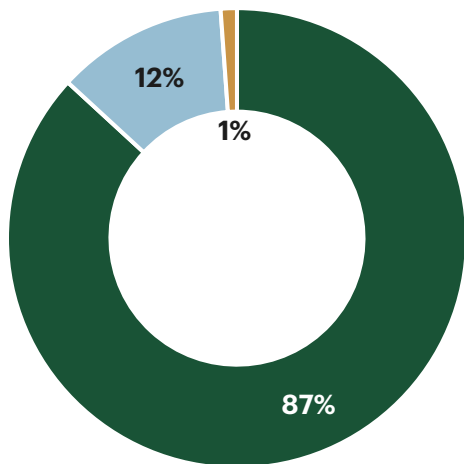


About the Report

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 the period from February 1, 2023, to April 30, 2023. Proxy voting is an important part of TDAM’s stewardship and active ownership efforts, particularly in the area of corporate governance and increasingly on financially material environmental and social issues. For information on TDAM’s proxy voting guidelines, please visit our [website >](#).

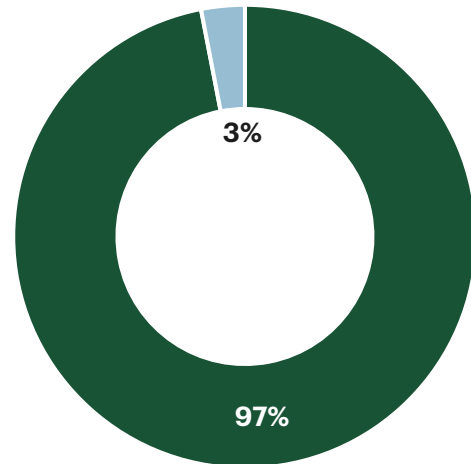
Figure 1: Basic Voting Activity

1.1 Vote Instructions¹



For Against Withhold

1.2 Voted by Proponent

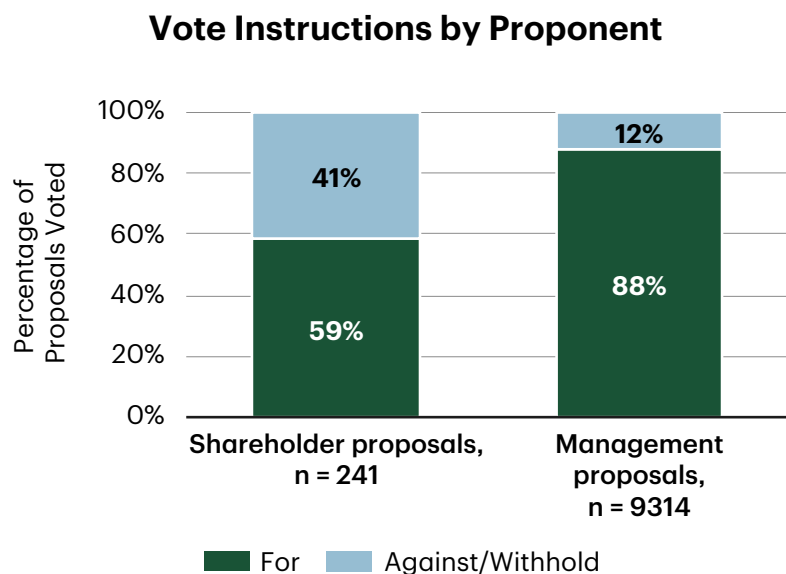


Management Shareholder

Source: Source: TDAM, ISS. As of April 30, 2023.

¹Vote instructions reflect votes across management and shareholder proposals.

Figure 2: Voting Activity



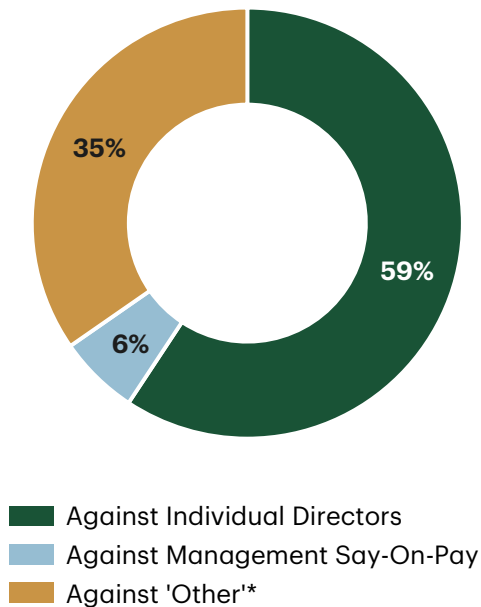
Source: TDAM, ISS. As of April 30, 2023.

Q2 Proxy Voting Activity

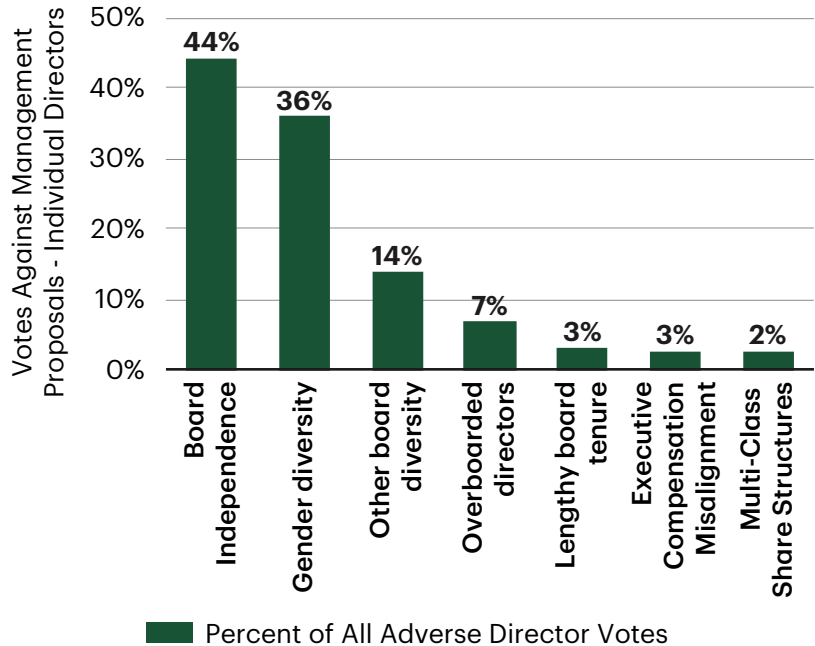
- During the quarter, TDAM voted on a total of 9,721 proposals, voting against 12% of management proposals and 41% of shareholder proposals.
- During the start of the quarter, a few new guidelines took effect regarding board independence and board tenure. This was the first quarter where we cast adverse votes if a company had a board with less than two-thirds independent directors, advancing our expectations from our previous position of having a board majority of independent directors. A lack of board independence drove 44% of our adverse director votes. We also began to vote against the chair of the nominating committee if more than one-third of the board had tenures greater than 15 years: 3% of our adverse votes were a result of lengthy board tenures.
- Similar to prior quarters, our guidelines on overboarding and executive compensation were other significant reasons for adverse director votes, with overboarded directors generating 7% of adverse director votes. Misalignment of executive compensation drove 3% of votes against directors and often accompanied a vote against Management Say-on-Pay (MSOP) proposals.
- We continued to use our votes on the election of directors to raise certain issues we see relevant to enhance corporate governance, with the majority of our votes against management (59%) being votes against individual directors. We continued to respond to a lack of board diversity by voting against directors, with that rationale impacting 50% of the adverse director votes cast.
- TDAM voted on a total of 241 shareholder proposals and supported 59% of them (141 shareholder proposals), including 47 proposals focused on social issues and 15 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

3.1 Vote Against Management Proposals – Overview²



3.2 Votes Against Management Proposals - Individual Director³



*Other corporate governance matters
Source: TDAM, ISS. As of April 30, 2023.

Shareholder Proposals Supported – Environmental and Social

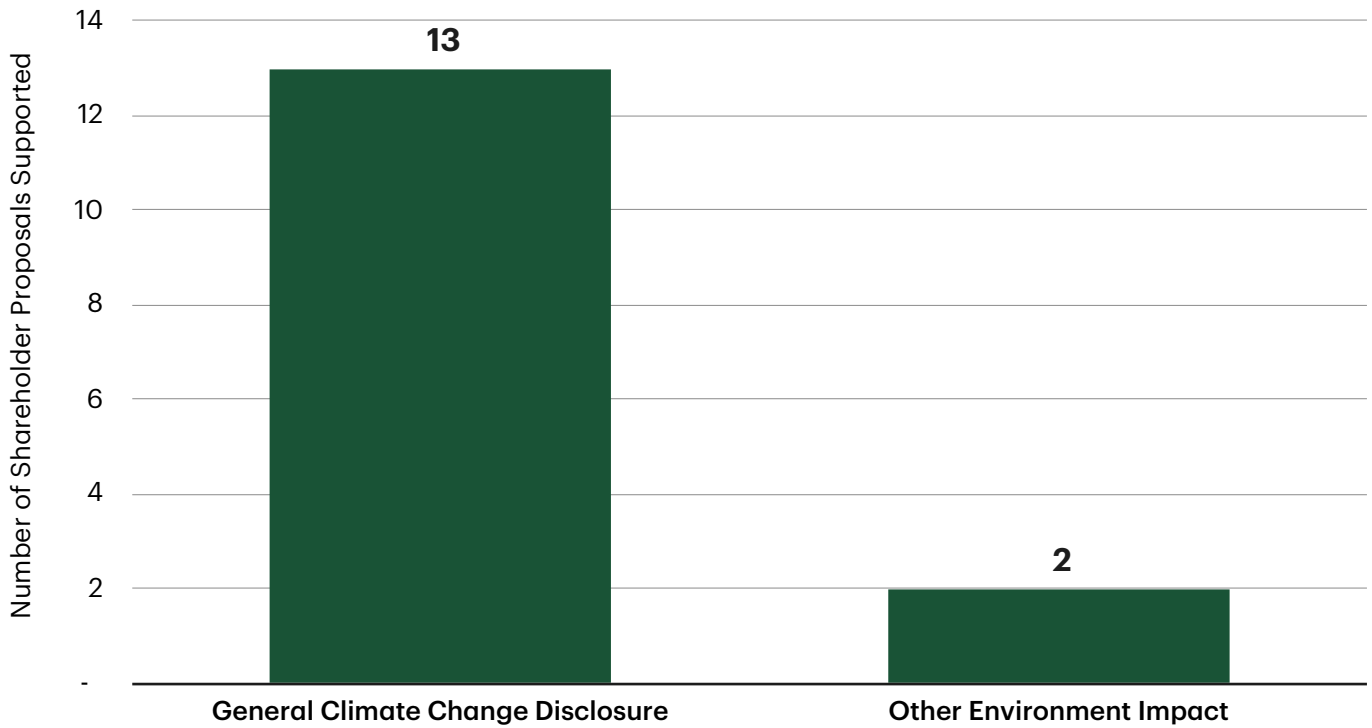
Key Takeaways from Shareholder Proposals

- TDAM supported 15 of the environmental shareholder proposals put forward (38% of all environmental shareholder proposals) at 13 companies. These proposals continued to look for enhanced disclosure of company climate risks and opportunities, including disclosure of any company-set carbon reduction targets and emissions metrics.
- Under the social pillar, we supported 56 shareholder proposals (84% of all social proposals) at 33 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 outlooks.

² Against Directors = votes against individual directors.

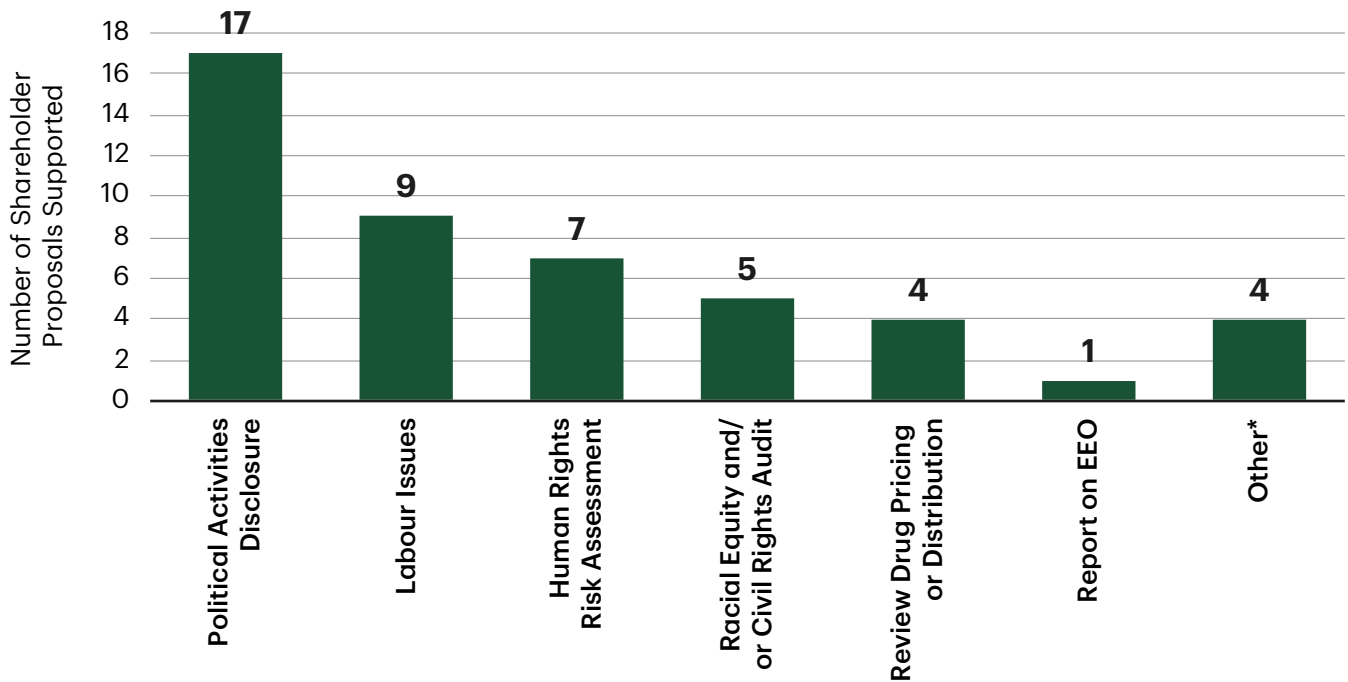
³ Some Directors may have received an "against/withhold" vote due to more than one rationale (i.e., lack of gender diversity and lack of board independence).

Figure 4: Supported Environmental Shareholder Proposals



Source: TDAM, ISS. As of April 30, 2023.

Figure 5: Supported Social Shareholder Proposals



*The Other category includes proposals on various other topics, including issues related to employee health and safety.

Source: TDAM, ISS. As of April 30, 2023.

Engagement and Proxy Voting in Action

In our view, proxy voting and engagement work together to drive forward the principles we see relevant in managing various environmental, social and governance risks and opportunities. Below we highlight a couple of proxy votes and engagement efforts that were aimed at gaining a better understanding of a company's efforts as well as providing us with an opportunity to share our views on a particular topic.

Absolute Emissions – Canadian Bank

Background

A Canadian bank faced a shareholder proposal requesting that it set absolute Greenhouse Gas (GHG) Reduction targets for 2030 which would cover its lending and underwriting activities for two high-emitting sectors (Oil and Gas and Power Generation). Over the last two years, the bank had committed to be net zero in its lending and underwriting activities by 2050. It had also committed to setting 2030 GHG reduction targets for its lending and underwriting activities across the two high-emitting sectors referenced in the shareholder proposal and for the automotive sector. A peer analysis of similar-sized banks in Canada showed that this bank was at least in line or further ahead than its direct peers. No other Canadian bank had set absolute reduction targets across the entire scope of emissions for these two high-emitting sectors. However, certain similar-sized banks in the U.S. and Europe had begun setting absolute-based reduction targets for their lending and underwriting activities across high-emitting sectors.

TDAM engaged with the bank in advance of its annual general meeting (AGM) to understand its perspective and to communicate our expectations about its financed emissions targets. Crucial to our vote decision was understanding the critical role that the bank plays as its clients in high-emitting sectors set their own GHG reduction targets and work towards lowering their carbon footprint, with an eye towards becoming net-zero by 2050.

Outcome/ Next Steps

TDAM voted against the shareholder proposal as we recognized the importance of reducing global emissions on an absolute basis, however from our perspective, there is a continued short-to-medium-term need and increased demand for essential goods from high-emitting sectors. Therefore, we considered this bank's targets as sufficient, because these targets allow it to continue work with high-emitting clients as they transition their businesses, while still meeting the needs of the companies themselves, the communities they operate in, society at large, and their shareholders.

The proposal received 17% support. We will remain engaged with the bank in advance of its next AGM.

Engagement

Governance and Board Gender Diversity – Energy Company

Background

An energy company faced an adverse director vote about its Chair of the Nominating Committee due to inadequate gender diversity on the board, which had only 27% of women. From TDAM's perspective, we do expect companies of a comparable size and scale of this energy company to have at least 30% gender diversity at the board level. This is a baseline expectation. When this threshold is not met, TDAM "withholds" its vote as it did in this case. The energy company engaged TDAM prior to the vote to explain its specific circumstances.

Outcome/ Next Steps

TDAM's engagement with the company prior to the vote resulted in the following outcome:

- The company explained that one female director had stepped down unexpectedly in the second half of 2022 and because of her unforeseen departure, board gender diversity dipped below 30%.
- Based on the company's disclosures, it aspires to have 40% gender diversity and previously had met the 30% threshold in 2022 before this unforeseen departure.

Given the company's unique circumstances and its commitment to regain a baseline level of gender diversity before year-end, its stated aspirations to achieve at least 30% board gender diversity, and the general increase in board gender diversity from below 20% in 2019 to above 30% before the unexpected departure of one female director, TDAM supported incumbent Nominating Committee members while maintaining its "withhold" on the Nominating Committee Chair.

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