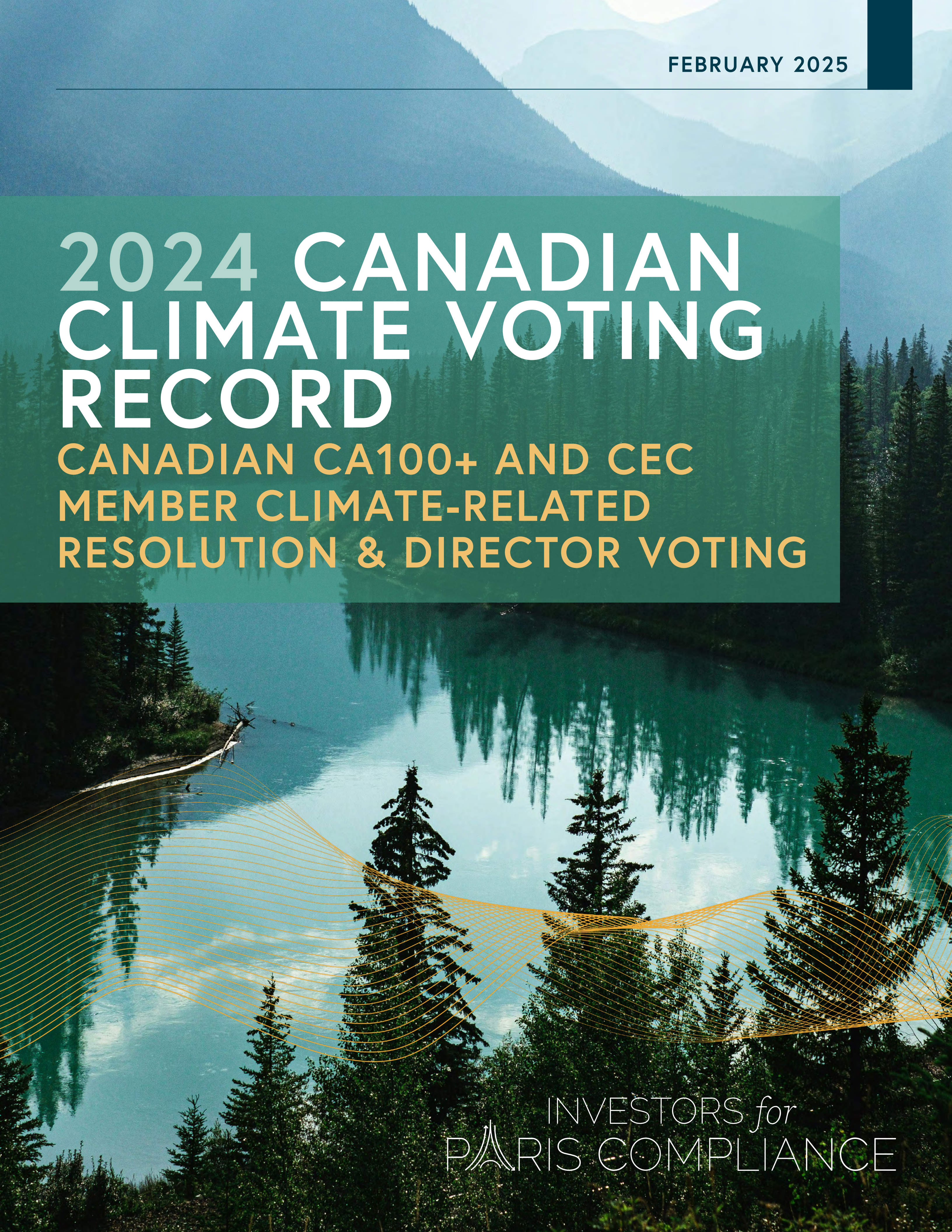

FEBRUARY 2025

2024 CANADIAN CLIMATE VOTING RECORD

CANADIAN CA100+ AND CEC MEMBER CLIMATE-RELATED RESOLUTION & DIRECTOR VOTING

INVESTORS *for* PARIS COMPLIANCE

CONTENTS

Thank you to OxProx for their voting data research assistance.

NOTE: All investors were provided an opportunity to review their voting data. Thank you to all investors as well as Le Groupe Investissement Responsable who reviewed or provided their own data.

EXECUTIVE SUMMARY

In our third annual climate voting report, we continue to assess whether Canadian members of Climate Engagement Canada (CEC) and Climate Action 100+ (CA100+) are aligning their proxy votes with their commitments to drive decarbonization within their portfolios. This year, we introduced two notable additions to our analysis. First, we included Canada's largest pension fund, Canada Pension Plan (CPP). While not a member of either CEC or CA100+, CPP was added to provide insights into how the long-term financial risks of millions of Canadian's retirement funds are being actively managed. Second, we examined whether these investors are escalating their engagement beyond proxy voting — through filing resolutions or withholding votes from accountable directors.

Of particular interest, this year we note **a promising trend in engagements escalating to director accountability,** with 14 out of the 33 investors assessed explicitly withholding votes from directors due to ongoing climate-related governance failures. On the other hand, **no climate-related shareholder resolutions filed by Canadian institutional investors at Canadian companies went to a vote**, **and only one was filed at a Canadian oil and gas company by a Canadian investor**: BCI at TC Energy. This is despite the fact oil and gas companies represent the greatest climate transition risks to the Canadian economy, and most CEC and CA100+ members have committed to escalate their climate-related engagements beyond proxy voting. Our analysis of 33 Canadian investors voting on a selection of 17 climate-related resolutions filed at North American companies in 2024 reveals the following:

- **An increase in support for climate-related shareholder proposals,** rising from just over 50% in 2023 to almost 65% in 2024. TD, CIBC, and Manulife saw the highest increases in their support levels from 2023, though they remain in the bottom half of investors.
- **More shareholders supported 100% of assessed resolutions** — this year over a third, up from 14% last year. Notably, all six Groupe Investissement Responsable proxy voting clients fall within this category.
- **Canada's largest pension, CPP, has the least supportive climate-related shareholder resolution voting record of the 10 pensions assessed.** Canada Post Pension Plan had the most supportive record.
- **BCI stood out as a leader in escalating engagement**. The public investment company was the only Canadian investor to file a proposal at a Canadian oil and gas company, and withheld votes from 94 directors for shareholder related reasons.
- **Inconsistent internal voting practices continue to be a problem** within large asset managers, despite their overarching climate-related proxy-voting policies. RBC GAM, Manulife, and Scotia GAM had the highest number of split votes. This is partly due to their use of sub-advisors and/or granting portfolio managers independence in their engagements.

- **A decline in climate-related shareholder resolutions that went to a vote at Canadian companies**. Last year, we assessed 13 Canadian resolutions; this year, using a similar selection methodology, we were only able to assess four. We did not observe a similar decline in climate-related resolutions that went to a vote at American companies.

Each shareholder resolution varies in quality, and each investor-to-portfolio company relationship is unique. As a result, this report is best used as a high-level analysis of key trends shaping the landscape of Canadian investor climate engagement in 2024.

→ See **Table 1** for an overview of 2024 climate-related proxy voting trends.

Looking ahead to the upcoming 2025 AGM season, we hope to see greater momentum among major Canadian institutional investors escalating their climate-related engagements to withholding responsible director votes and filing resolutions.

TABLE 1. SUMMARY OF 2024 CLIMATE-RELATED PROXY VOTING RESULTS.

INVESTOR	SUPPORT LEVEL	FOR	AGAINST	SPLIT*	ABSTAIN
AGF Investments	100%	16	0	0	0
NB Investments	100%	16	0	0	0
Canada Post Pension Plan	100%	15	0	0	0
Investment Management Corp. of Ontario (IMCO)	100%	15	0	0	0
University Pension Plan	100%	15	0	0	0
NEI Investments	100%	12	0	0	0
Gestion FÉRIQUE	100%	8	0	0	0
Genus Capital	100%	7	0	0	0
United Church of Canada	100%	4	0	0	0
Vancity Investment Management	100%	3	0	0	0
Bâtirente	100%	2	0	0	0
Triasima	100%	2	0	0	0
Caisse de dépôt et placement du Québec (CDPQ)	90%	10	1	0	0
British Columbia Investment Management (BCI)	88.2%	15	2	0	0
Desjardins GAM	82.4%	14	3	0	0
Addenda Capital	75%	3	1	0	0
Ontario Teachers' Pension Plan (OTPP)	75%	6	2	0	0
TD Asset Management	70.6%	12	2	2	1
Jarislowsky Fraser Ltd	66.7%	2	1	0	0
Ontario Municipal Employees' Retirement System (OMERS)	66.7%	4	2	0	0
CIBC AM	64.7%	11	0	6	0
BMO GAM	47.1%	8	5	4	0
Public Service Pension Plan (PSP)	47.1%	8	9	0	0
Alberta Investment Management Corp. (AIMCO)	41.2%	7	10	0	0
Manulife	41.2%	6	4	7	0
Fiera Capital	36.4%	4	6	1	0
Canada Pension Plan (CPP)	29.4%	5	12	0	0
Guardian Capital LP	28.6%	2	5	0	0
IG Wealth Management	26.7%	4	7	4	0
RBC GAM	11.8%	2	5	10	0
Dynamic Funds	9.1%	1	9	0	1
Beutel Goodman	0%	0	2	0	0
Scotia GAM	0%	0	6	9	0

* Includes split votes where the split was between for and abstain.

INTRODUCTION

This is our third annual assessment of the climate-related proxy voting practices of select Canadian institutional investors. Most of the selected investors are members of leading climate engagement initiatives, Climate Action 100+ (CA100+) and Climate Engagement Canada (CEC). This year, we have also expanded our analysis to include the Canada Pension Plan (CPP). As the largest Canadian pension, its addition provides key insights into how the pensions of millions of Canadians are being actively managed to mitigate their climate transition risk.

These asset managers claim to rely on engagement to drive decarbonization and mitigate climate transition risk within their portfolios. To assess whether these engagement commitments are being put into practice, we review their use of certain public engagement tactics to identify trends.

Most engagements begin behind closed doors. This provides an opportunity for dialogue and potential management shifts without public confrontation. CEC and CA100+ facilitate collective private engagement, helping investors communicate expectations for climate transition while allowing companies to clarify the concrete steps that they are taking. However, private engagement is not always effective and poses challenges for broader shareholder accountability.

Escalating to public engagement tactics can help encourage companies adopt credible net-zero transition strategies. Conversely, persistent failures to transition — despite escalating engagement tactics — can help identify portfolio companies that are unable or unwilling to mitigate their climate risks, which may pose untenable transition risk to investors.

This report provides an examination of how investors are escalating their engagement beyond private discussions. First we assess trends in proxy voting in support of climate-related shareholder resolutions, a lower-level engagement escalation which makes investor expectations public. Then we examine whether investors are advancing their escalation tactics by filing resolutions or withholding votes from responsible directors with rationales.

This year we did not assess whether investors withheld votes on financial statements for climate-related reasons. We may assess this in future reports.

VOTING ON CLIMATE-RELATED SHAREHOLDER RESOLUTIONS

Voting in support of shareholder resolutions is a core mechanism for investors to publicly express their interests. While resolutions are non-binding, proxy advisor Glass Lewis, the UK Investment Association, and the International Corporate Governance Network have indicated that boards are expected to engage with shareholders and respond when 20% or more of votes oppose board recommendations.[1] For resolutions receiving over 50% support, boards are generally expected to implement the request and provide disclosures addressing shareholder concerns.

Institutional investors hold the majority of shares in publicly-listed companies. As a result, a relatively small group of investors holds significant influence. Institutional investors supporting climate-related shareholder resolutions sends a strong signal to boards and management that their shareholders prioritize climate risk management.

VOTING PATTERNS

In 2024, investor support for climate-related proposals saw an incremental rise. Of the 33 investors assessed, 21 supported more than half of the climate-related proposals assessed — an improvement from 18 out of 35 in 2023 (see Figure 1). Notably, the number of investors who backed every proposal (at companies in which they held shares) in our selection more than doubled, increasing from five last year to twelve. Half of these are clients of Quebec-based proxy service provider, Le Groupe Investissement Responsable.[2] Eight more investors supported at least two-thirds of the proposals.[3] This rise may be due to several factors, including:

- improvements in proxy voting behaviour,
- a shift in quality of resolutions selected, and/or
- a reduction in the number of Canadian resolutions, which our reports indicate receive lower Canadian investor support compared to Canadian investor support for American resolutions.

A shift was observed among private asset managers, whose support of selected resolutions jumped from 46% in 2023 to 57.8% this year. Meanwhile, pensions and public investment companies maintained their high-level of support, voting in favour of 73% of proposals in 2024 compared to 69% in 2023. Canada's largest pension, CPP, has the least supportive climate-related shareholder resolution voting record of the 10 pensions assessed. Canada Post Pension Plan was the most supportive.

1 Principles for Responsible Investment, "Are corporate boards responding to successful shareholder ESG proposals?" (Mar. 2023).

2 Bâtirente, Genus, Gestion FÉRIQUE, United Church of Canada, Triasima, and Vancity. These are in addition to the following non-GIR clients: AGF, NEI, UPP, CPPP, and NBI.

3 The eight investors who supported at least two thirds are CDPQ, BCI, Desjardins, Addenda, TD, JFL, OMERS, and OTPP.

The rise in overall support highlights that while progress is being made, the pace of change remains gradual.

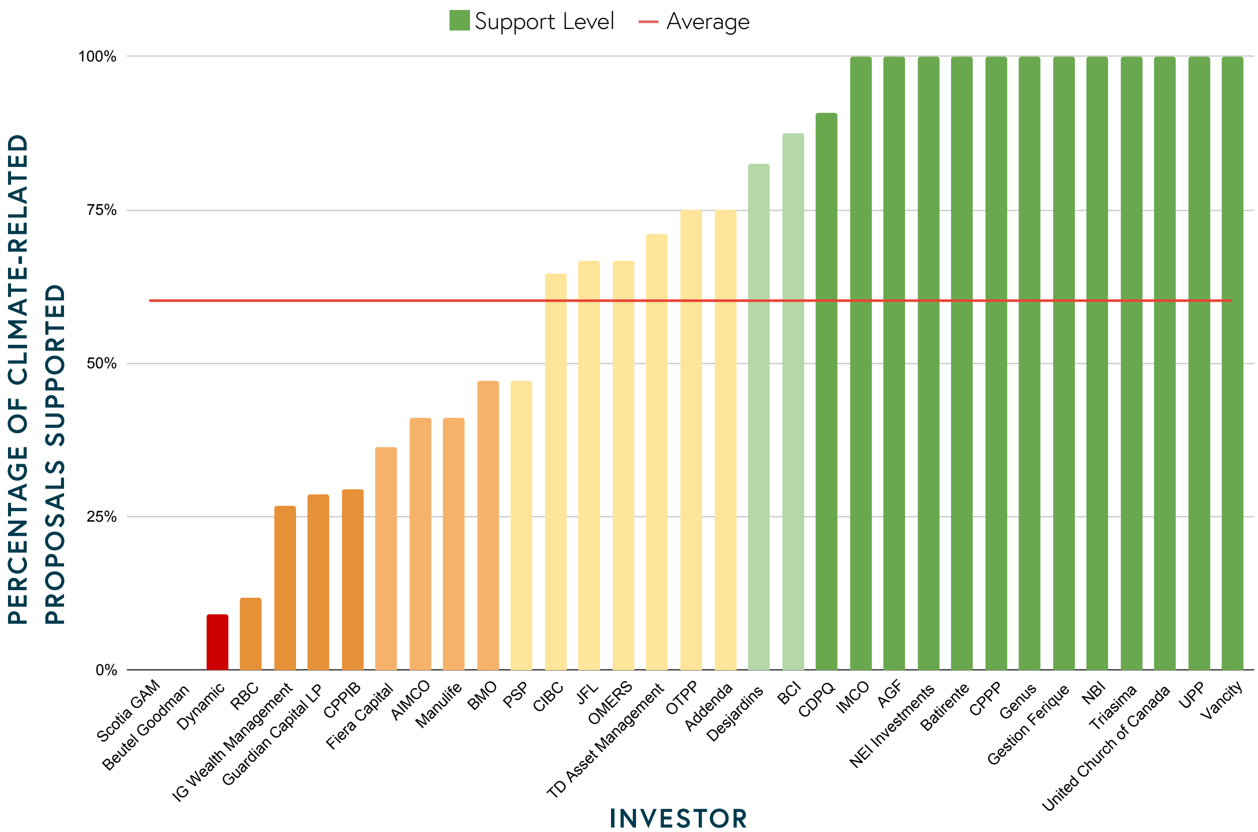

FIGURE 1. *Rate of investor support for assessed climate-related proposals in 2024.*

The members of CEC and CA100+ selected for assessment in this report continued to show stronger support for climate-related proposals compared to overall investor support for the same resolutions. On average, they voted in favour of 64.8% of the selected resolutions. This is 41% higher than the overall investor average of 23.7%. This gap widened since 2023, when selected Canadian CEC and CA100+ members supported climate proposals at a 33% higher rate than the overall average.[4] This growing disparity suggests a meaningful correlation between investors involved in these initiatives and climate-aligned proxy voting behaviour.[5]

4 Investors for Paris Compliance, 2023 Canadian Climate Voting Record (Feb, 2024) at 4.

5 It's important to note that these figures do not account for the weighting of shares, meaning vote-specific percentages and contributions to total outcomes may vary.

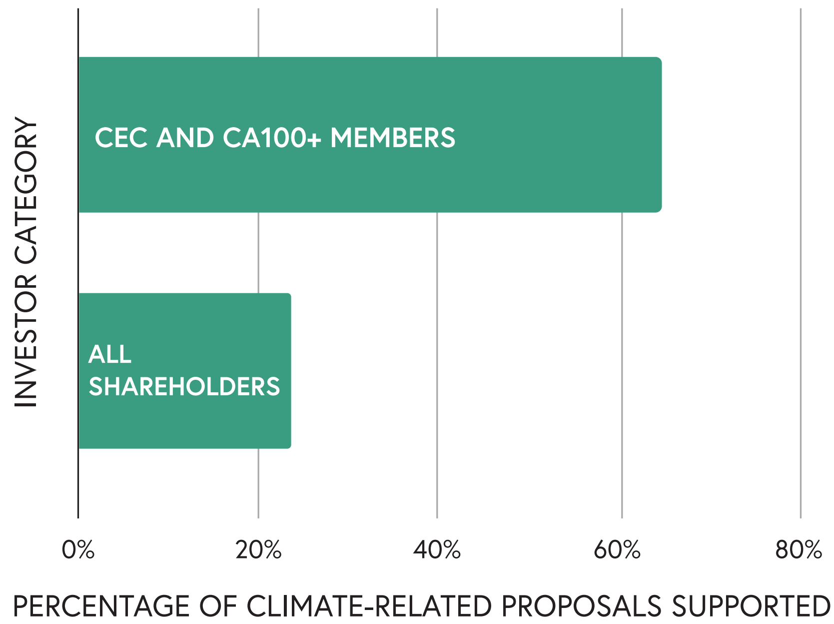

FIGURE 2. *Comparison of selected climate-related proposal support: selected Canadian CEC/CA100+ members vs. all shareholders (2024).*

SUPPORT LEVELS BY RESOLUTION TYPE

Proposals focused on disclosure and reporting received the highest level of the selected investors' support in 2024, with 67.5% of votes in favour, signalling a strong willingness to demand greater transparency. Target-setting proposals followed, garnering 57.5% support, while climate transition plans saw the lowest backing at 51.4%. This trend highlights the preference of selected investors for proposals that enhance visibility into a company's climate strategy, while showing caution when it comes to supporting proposals that require operational changes, as seen in the figure below.

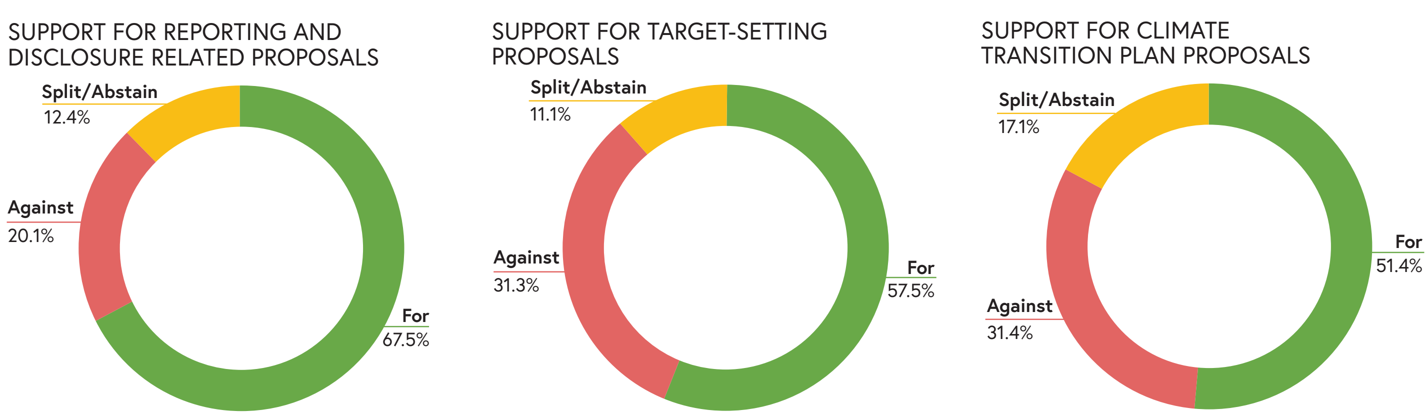

FIGURE 3. *Selected investors' support for selected climate-related proposals, by category: disclosure, target-setting, and transition plans (2024).*

SPLIT VOTES

Inconsistent internal voting practices continue to be a problem for large asset managers, despite their overarching climate-related proxy voting policies. RBC GAM, Manulife, and Scotia GAM had the highest number of split votes. Some investors with split votes justify this practice as a result of providing sub-advisors and/or portfolio managers independence in their engagements. However, other investors, such as NEI Investments, take full control of their sub-advisors' proxy voting, to ensure alignment with their stated policies. Meanwhile, some pensions have advised us that they are working to improve arrangements with sub-advisors to ensure greater consistency in climate-related engagements.

While split votes may be a common practice for large asset managers, it is one that must evolve to ensure that investor interest in carbon-intensive companies transitioning is clearly communicated.

CAUTIOUS CANADIAN INVESTORS

Investors demonstrated a more cautious approach to climate-related proposals filed at Canadian companies compared to those filed in the United States. In 2024, our selected proposals at Canadian companies received 55.5% support, while those selected at U.S. companies saw a higher support rate of 65.8%. This pattern is consistent with 2023, when selected Canadian investors were more inclined to support U.S. proposals (61.4%) than those at domestic companies (48.3%).

This persistent gap raises important questions about the underlying cultural or structural factors influencing Canadian investors' voting behavior. Whether these differences stem from distinct market dynamics, regulatory frameworks, or varying investor priorities, further research is needed to better understand the factors shaping this cautious stance and its implications for climate risk in the Canadian market.

FILING SHAREHOLDER RESOLUTIONS

Filing shareholder resolutions is a critical avenue for shareholders to communicate directly with a company's board of directors. They offer a formal mechanism for accountability, allowing shareholders to publicly highlight areas of concern and provide the company and all shareholders an opportunity to publicly weigh in.

In 2024, there was a notable reduction in climate-related proposals being brought to a vote at Canadian companies. To some extent this was due to withdrawal agreements. We identified five official withdrawal agreements brought by four Canadian institutional investors:

- Bâtirente at BMO;
- BCI at TC Energy;
- Vancity Investments at Scotiabank and RBC; and,
- BCGEU at RBC.

Notably, all four are either CEC or CA100+ members.

Resolutions brought to a vote at Canadian companies were filed by three organizations: Investors for Paris Compliance, Mouvement d'Éducation et de Défense des Actionnaires (MÉDAC), and Athabasca Chipewyan First Nation.[6]

To drive climate accountability, institutional investors need to take an active role in filing resolutions at companies that pose the greatest transition risks in their portfolios. In 2024, the only climate-related proposals at Canadian oil and gas firms were filed by our organization at Enbridge and Suncor, one by the Athabasca Chipewyan First Nation at Imperial Oil, and one by BCI at TC Energy.

Following the 2024 AGM season, our analysis and engagements proved Canada's oil and gas sector to be unwilling or unable to develop legitimate net-zero transition plans. As a result, Investors for Paris Compliance will no longer file shareholder proposals at oil and gas companies, instead challenging institutional investors to take a more proactive role.

VOTING AGAINST DIRECTORS

At a publicly-listed company's annual general meeting, shareholders have the important right to vote for the election of board directors or withhold support, with the option to provide public rationale. This is one of a limited number of formal mechanisms available to shareholders to influence company management in the face of ongoing failure to address climate risks.

Withholding votes from a director's election, when accompanied by an explicit rationale citing failure to address climate risks, signals that shareholders prioritize transition progress. Directors are responsible for overseeing corporate strategy and ensuring long-term shareholder value. This practice stands out in a culture where directors routinely receive election rates exceeding 90%.[7]

Unlike shareholder resolutions, director votes at federally incorporated companies are binding, making them a uniquely impactful engagement tool. Under the Canadian Business Corporations Act, federally-incorporated company directors must resign if they receive less than 50% of the vote in favour of their election, except if necessary to ensure the board has the requisite number of resident Canadians or independent directors. Provincial laws may vary.

6 Based on a search of the Ceres Climate and Sustainability Shareholder Proposal Database.

7 Harvard Law School Forum on Corporate Governance, "Six Early Takeaways from the 2024 Proxy Season" (Jun. 2024).

In 2023, more than two-thirds of the 33 asset managers assessed stated they *would* or *may* vote against directors for ongoing failure to mitigate climate risks.[8] A growing number of investors are adding this to their proxy voting policies, including Addenda Capital in 2024. This year, we evaluated whether these pledges translated into action.

As seen in the figure below, in 2024, 14 of the 33 asset managers assessed publicly withheld votes from directors for reasons explicitly linked to climate performance: BCI, UPP, NEI Investments, AIMCO, BMO GAM, IMCO, RBC GAM, OTPP, Gestion FÉRIQUE, Genus Capital, Vancity Investment Management, United Church of Canada, Bâtirente, and Triasima — notably the final six are all clients of Quebec-based proxy service provider Groupe Investissement Responsable. BCI used this tactic the most in 2024, withholding votes for directors on climate-related grounds at 94 companies.

It is important to note that other investors, such as CPP,[9] withhold votes for directors without publicly disclosing their rationale. When paired with direct engagement, this can be another way to engage with a company, though it offers less public accountability.

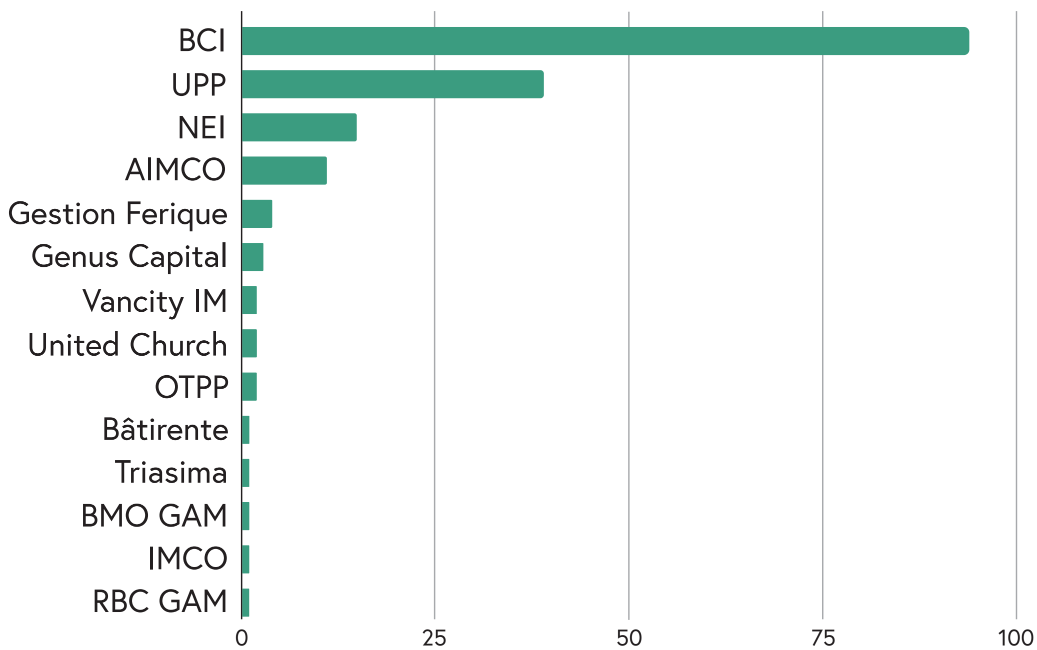

FIGURE 4. *Assessed investors that withheld director votes for climate-related reasons in 2024, and number of companies where votes withheld.*

This data suggests many investors are still hesitant to escalate their climate engagement, even when companies display ongoing failures to disclose climate risks, set targets, or demonstrate progress towards meeting them. For investors to effectively address climate risks via engagement, voting against directors at non-compliant companies with clear, public rationales could serve as a meaningful escalation tool.

8 Based on our proxy voting policy analysis undertaken for last year's Climate Votes report.

9 CPP, 2024 Proxy Voting Report, at 4 lists 322 votes against directors related to climate.

DIVESTMENT

The threat of divestment adds heft to an investor's climate-related engagement, it is also a logical outcome of an assessment of unmitigated risk. This threat adds teeth to engagements if it is publicly declared and examples of its enforcement are reported. UK-based Legal and General Investment Management provides a great example of a divestment list which companies can be removed from, as well as the Church Commissioners for England (see Textbox.)

CHURCH COMMISSIONERS FOR ENGLAND DIVESTMENT

A notable example of divestment as an escalation mechanism is the Church Commissioners for England, which manages the Church of England's £10.3 billion endowment fund.[10] After years of engagement — including urging companies to align with the Paris Climate Agreement and adopt credible net-zero pathways — the Commissioners determined that none of the targeted companies met the necessary criteria, based on assessments from the Transition Pathway Initiative. This decision followed a structured escalation process, beginning with dialogue, setting expectations, and applying increasing pressure, before ultimately moving to divestment.

As UNPRI notes, "many investors favour a stewardship-first approach that includes divestment as the final step in an escalation strategy," and "if divesting, investors can strengthen the signalling effect of such a move, and thus engage in responsible divestment, by publicly communicating (i) the reasons for doing so and (ii) the sustainability performance criteria which, if met by the company, may lead to re-investment."[11]

10 The Church of England, "Church Commissioners to exclude oil and gas companies over failure to align with climate goals" (Jun. 22, 2023).

11 PRI, Discussing Divestment (2021).

CONCLUSION

Effective use of engagement escalation can form part of a credible investor net zero transition strategy. While progress was made in climate-related proxy voting in 2024, significant gaps remain, particularly in the willingness of Canadian institutional investors to file climate-related resolutions. However, some investors are stepping up their engagements and explicitly withholding votes from directors who have failed to manage climate risk.

Public escalation in Canada's oil and gas sector remains limited. Only one Canadian institutional investor, BCI, publicly filed a shareholder proposal at a Canadian oil and gas company (and withdrew), although seven — AIMCO, BCI, Bâtirente, Gestion FÉRIQUE, Triasima, United Church of Canada, Vancity Investment Management, and IMCO — voted against Canadian oil and gas directors for publicly stated climate-related reasons. With no major Canadian oil and gas company having a credible transition plan, we encourage Canadian investors to follow through on their net-zero commitments and escalate their engagement with the country's highest emitters.