

FOCUS LIST 2022



A guide to our ESG themes and the companies we're talking to this year

NEI

Our goal is to protect shareholder value while advocating for companies' accountability to all stakeholders. We believe the most effective way to achieve that goal is by exercising our rights as shareholders using three powerful tools: corporate dialogue, proxy voting, and shareholder proposals. These tools comprise our active ownership program, sometimes also referred to as corporate engagement.

For 2022, NEI's corporate dialogues will centre around four key themes:

1. Human rights

Respect for human rights is fundamental to the Human rights are the backbone of our society and underpin our perspectives on fairness and equity, so it should be no surprise the topic remains a central theme of our engagements. With Russia's invasion of Ukraine, we have reached a new level of urgency. The areas that will centre many of our dialogues this year are human rights in the supply chain and digital rights. Companies in focus include **Amazon**, **Meta**, and **Walmart**.

2. Inequality

We have long considered the implications of systemic inequality on communities, the workforce, and the business landscape. We will continue to prioritize the issue in our dialogues, with special attention this year on the following four areas: human capital; diversity, equity, and inclusion; equitable compensation; and equitable access. Companies in focus include **Johnson & Johnson**, **Microsoft**, and **Pfizer**.

3. Net-zero alignment

Last year was a momentous year for the fight against climate change. We anticipate that 2022 will be yet another year of significant change, therefore the energy transition and net-zero ambitions will be core to our engagement activities. Our two key areas of interest this year are net-zero commitments and transition plans, and circularity. Companies in focus include **Magna International**, **Canadian Natural Resources**, and Canada's banks.

4. Biodiversity

As we head into 2022, the imperative to address biodiversity loss and the move to reverse it has only quickened. We have elevated biodiversity to be a major theme of our engagement program this year, with the intention to home in on two key areas: impact and dependency assessment, and deforestation. Companies in focus include **Empire Company**, **Loblaw Companies**, and Canada's banks.

We have identified nine related UN Sustainable Development Goals:



Companies in focus

The companies identified below represent just the starting point for our 2022 engagements. Typically, as a result of this engagement work and through our ongoing ESG evaluations and holdings analysis, we will engage additional companies on these and other ESG issues as the year progresses. Companies are selected based on multiple criteria, including their connection to our identified themes, our exposure within our investment portfolio, the materiality of the ESG risk, and the company's ESG standing as determined by our evaluation process.

When a company appears on our list it does not necessarily mean they are behind their peers on ESG issues. In fact, the opposite may be true—some companies on our list we consider to be leaders in certain areas. We engage them to support and contribute to their ongoing improvement, and to encourage them to help facilitate positive change within their respective industries.

Communication Services

- Alphabet
- Meta

Consumer Discretionary

- Amazon
- Aritzia
- Magna International

Consumer Staples

- Empire Company
- Loblaw Companies
- Metro
- Walmart

Energy

- Canadian Natural Resources
- Enbridge
- Suncor Energy

Financials

- Bank of Montreal
- Canadian Imperial Bank of Commerce
- Royal Bank of Canada
- Scotiabank
- Toronto-Dominion Bank

Health Care

- Johnson & Johnson
- Pfizer

Industrials

- Canadian National Railway
- Canadian Pacific Railway
- GFL Environmental
- Waste Management

Information Technology

- Apple
- Microsoft
- Samsung
- Shopify

Materials

- Nutrien
- Teck Resources

Utilities

- AltaGas

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