



# NEI Corporate Engagement Focus List

## Q4 Update: December 2017



| Company                 | Overview   | ESG Issues  | Dialogue Results   | Holdings  |
|-------------------------|--|---|--|---|
| <b>FINANCIAL</b>        |  |   |  |   |
| <b>Bank of Montreal</b> | <p>BMO Financial Group is a financial services provider that serves more than 12 million personal, commercial, corporate and institutional customers in North America and internationally.</p> <p><a href="http://www.bmo.com">www.bmo.com</a></p> | <ul style="list-style-type: none"> <li>• Energy transition - climate finance</li> <li>• Responsibility to respect human rights</li> <li>• Governance matters</li> </ul> | <p>In November 2017, we wrote to BMO requesting dialogue to follow up on our earlier letter on strengthening the Equator Principles framework for responsible lending. We highlighted our wish to understand the bank's perspectives on possible changes to the Equator Principles framework and to learn more about its environmental and social due diligence processes. The bank responded to arrange a meeting.</p>  | <b>NEI Northwest Canadian Dividend Fund</b>   |
| <b>Bankinter</b>        | <p>Bankinter is a Spanish bank headquartered in Madrid.</p> <p><a href="http://www.bankinter.com">www.bankinter.com</a></p>  | <ul style="list-style-type: none"> <li>• Responsibility to respect human rights</li> </ul>  | <p>In November 2017, Bankinter responded to our earlier letter on strengthening the Equator Principles framework for responsible lending, explaining the risk management system it has in place to implement the Equator Principles.</p>   | <b>NEI Ethical Global Dividend Fund</b>   |
| <b>CIBC</b>             | <p>CIBC is a leading Canadian-based financial institution and provides a full suite of financial products and services in Canada and around the world.</p> <p><a href="http://www.cibc.com">www.cibc.com</a></p>                                   | <ul style="list-style-type: none"> <li>• Energy transition - climate finance</li> <li>• Responsibility to respect human rights</li> <li>• Governance matters</li> </ul> | <p>In October 2017, we met with CIBC to follow up on issues raised in our earlier letter on strengthening the Equator Principles framework for responsible lending, and to learn more about the company's environmental and social due diligence processes. We raised concerns about the absence of a publicly-disclosed social risk management policy, noting that the recent release of guidance for institutional investors on responsible business conduct with respect to the OECD Guidelines would increase expectations for due diligence disclosure.</p> | <p><b>NEI Ethical Balanced Fund</b></p> <p><b>NEI Ethical Canadian Equity Fund</b></p> <p><b>NEI Northwest Canadian Dividend Fund</b></p> |



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| <p><b>JPMorgan Chase</b></p>  | <p>JPMorgan Chase &amp; Co. is a leading global financial services firm and one of the largest banking institutions in the United States, with operations worldwide.</p> <p><a href="http://www.jpmorganchase.com">www.jpmorganchase.com</a></p> | <ul style="list-style-type: none"> <li>• Governance matters - business ethics</li> <li>• Responsibility to respect human rights</li> </ul> | <p>In October 2017, we joined an ICCR collaborative engagement meeting with JPMorgan Chase to follow up on earlier dialogue on ethical business conduct. We also sought to understand the bank’s perspective on strengthening the Equator Principles framework for responsible lending and on recent regulatory reforms affecting consumer protection in the United States.</p>  | <p><b>NEI Ethical US Equity Fund</b></p> <p><b>NEI Northwest Canadian Equity Fund</b></p> <p><b>NEI Northwest Global Equity Fund</b></p> <p><b>NEI Northwest Canadian Dividend Fund</b></p> |
| <p><b>Laurentian Bank</b></p> | <p>Laurentian Bank of Canada is a Quebec banking institution operating across Canada, providing a full suite of financial products.</p> <p><a href="http://www.laurentianbank.com">www.laurentianbank.com</a></p>                                | <ul style="list-style-type: none"> <li>• Governance matters</li> </ul>   | <p>In November 2017, we met with the board of Laurentian to follow up on our earlier feedback letter on proxy voting. We encouraged the bank to improve disclosure on its executive compensation framework, specifically regarding the weighting of short- and long-term performance metrics, the framework for incentives payout and the rationale for a relatively high proportion of time-based incentives, as opposed to performance-based incentives. The bank agreed to consider our request and explained in more detail the special incentive plan it had put in place to achieve its strategic goal of closing the return on equity gap with larger Canadian banks.</p> | <p><b>NEI Ethical Special Equity Fund</b></p> <p><b>NEI Northwest Specialty Equity Fund</b></p> <p><b>NEI Northwest Canadian Dividend Fund</b></p>  |



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| <p><b>Royal Bank of Canada</b></p> | <p>Royal Bank is Canada's largest company by market capitalization, providing personal and commercial banking, wealth management services, insurance, investor services and capital markets products and services on a global basis.</p> <p><a href="http://www.rbc.com">www.rbc.com</a></p> | <ul style="list-style-type: none"> <li>• Energy transition - climate finance</li> <li>• Responsibility to respect human rights</li> <li>• Governance matters</li> </ul> | <p>In November 2017, we met with RBC to follow up on issues raised in our earlier letter on strengthening the Equator Principles framework for responsible lending and to learn more about the bank's environmental and social due diligence processes. We also discussed the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures and commended the bank for participating in the related pilot project led by the United Nations Environment Programme - Finance Initiative.</p>  | <p><b>NEI Northwest Canadian Dividend Fund</b></p>  |
| <p><b>Scotiabank</b></p>           | <p>Scotiabank is a leading financial services provider in over 55 countries and is Canada's most international bank.</p> <p><a href="http://www.scotiabank.com">www.scotiabank.com</a></p>   | <ul style="list-style-type: none"> <li>• Energy transition - climate finance</li> <li>• Responsibility to respect human rights</li> <li>• Governance matters</li> </ul> | <p>In October 2017, we met with Scotiabank to follow up on issues raised in our earlier letter on strengthening the Equator Principles framework for responsible lending and to learn more about the bank's environmental and social due diligence processes. We felt that the bank, which out of the big Canadian banks has the most international presence, could particularly benefit from consistent application of responsible lending standards for projects in both developed and developing countries.</p> <p>In November 2017, we met with Scotiabank to understand the bank's perspectives on the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures and to learn more about the bank's processes for climate risk assessment and management.</p> | <p><b>NEI Ethical Balanced Fund</b></p> <p><b>NEI Ethical Canadian Equity Fund</b></p> <p><b>NEI Northwest Growth &amp; Income Fund</b></p> <p><b>NEI Northwest Canadian Equity Fund</b></p> <p><b>NEI Northwest Canadian Dividend Fund</b></p> |



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| <p><b>TD Bank</b></p> | <p>TD Bank Group, headquartered in Toronto with offices around the world, offers a full range of financial products and services.</p> <p><a href="http://www.td.com">www.td.com</a></p> | <ul style="list-style-type: none"> <li>• Energy transition - climate finance</li> <li>• Responsibility to respect human rights</li> <li>• Governance matters</li> </ul> | <p>In October and November 2017, we wrote to TD on various responsible lending issues. We followed up on issues we raised in our earlier letter on strengthening the Equator Principles framework for responsible lending, and asked for an update on pipeline financing, and also expressed interest in discussing the recommendations of the Financial Stability Board’s Taskforce on Climate-related Financial Disclosures, acknowledging the bank’s leadership role through its participation in the related pilot project organized by the United Nations Environment Programme- Finance Initiative.</p> | <p><b>NEI Ethical Balanced Fund</b></p> <p><b>NEI Ethical Canadian Equity Fund</b></p> <p><b>NEI Northwest Growth &amp; Income Fund</b></p> <p><b>NEI Northwest Canadian Equity Fund</b></p> <p><b>NEI Northwest Canadian Dividend Fund</b></p> |
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| <p><b>Wells Fargo</b></p> | <p>Wells Fargo is an American multinational financial services company.</p> <p><a href="http://www.wellsfargo.com">www.wellsfargo.com</a></p> | <ul style="list-style-type: none"> <li>• Governance matters - business ethics</li> </ul> | <p>Following up on earlier dialogue on consumer protection scandals facing the bank, we participated in an ICCR collaborative engagement meeting with representatives of Wells Fargo's board and management in October 2017, urging the company to conduct a comprehensive business standards review. We were encouraged that Wells Fargo agreed to consider our request, but in the absence of a public commitment, in November 2017 we once again co-filed a shareholder proposal, led by the Sisters of St. Francis of Philadelphia, calling for a comprehensive business standards review to uncover and address the root causes of the bank's ethical failures.</p> <p>In December 2017, we joined a further dialogue meeting with Wells Fargo to clarify our expectations for a business standards review. Later in December Wells Fargo announced the launch of a Stakeholder Advisory Council, which included the lead of our investor collaboration, Sister Nora Nash. The Council would provide insight and feedback to the company's Board of Directors and senior management on social and environmental issues.</p> | <p><b>NEI Ethical US Equity Fund</b></p> <p><b>NEI Northwest Canadian Dividend Fund</b></p> <p><b>NEI Northwest U.S. Dividend Fund</b></p> <p><b>NEI Northwest Tactical Yield Fund</b></p> |
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### Collaborative Engagement

#### Food From Farm to Fork

- In December 2017, we participated in a collaborative engagement with GES International to write to Nestlé regarding communities affected by its bottling operations and the social risk relating to water.

#### Getting Real about the Energy Transition

- In October 2017 we co-organized an event in Calgary for energy companies to engage in a dialogue on effective corporate reporting on climate risks and opportunities. We led the afternoon session on 2°C scenario analysis and what investors were looking for from companies regarding this exercise. Companies at the event included Enbridge, Suncor, Vermilion Energy, Crescent Point Energy, Pembina Pipeline and several others.
- In December 2017, the Climate Action 100+ initiative was formally launched. We are signatories to the effort and will be leading collaborative engagements with Canadian companies on adopting the four pillars of disclosure as recommended by the Task Force on Climate-Related Financial Disclosure. Climate Action 100+ will be targeting roughly 150 of the largest GHG-emitting companies in the world, and currently has the backing of over 225 investors representing over \$26.3 trillion in assets under management.
- In November 2017, we joined the advisory committee of the PRI working group on climate change transition for oil & gas companies. We have been participating in setting the parameters for the collaborative engagement and will be leading engagement with key companies when the initiative is launched in 2018.

#### Governance matters - business ethics

- In October 2017, we joined an ICCR collaborative engagement meeting with JPMorgan Chase to follow up on earlier dialogues on ethical business conduct and to understand the bank's perspectives on possible changes to strengthen the Equator Principles framework on responsible lending and on regulatory reforms affecting consumer protection in the United States.
- In light of further problematic practices that emerged at Wells Fargo since its 2017 AGM, including auto-insurance, mortgage fees and online bill payments scandals, we continued our participation in an ICCR collaborative engagement meeting with representatives of Wells Fargo's board and management in October 2017 to urge the bank once again to conduct a comprehensive business standards review.

#### Governance matters - cybersecurity

- We wrote to Amazon in the context of our participation in a PRI investor collaboration engaging companies on cybersecurity to request a meeting to discuss the company's cybersecurity governance and strategy.

#### Making Pharma Better

- As part of the Investors for Opioid Accountability (IOA), a coalition of institutional investors addressing the North American opioid crisis through engagement with opioid manufacturers, opioid overdose treatment manufacturers and opioid distributors in our holdings, we engaged with Johnson & Johnson, Cardinal Health and Pfizer on opioid business risk, overdose treatment pricing and governance reforms to ensure accountability for the companies' role in the crisis.



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### **Responsibility to Respect**

- We continued to convene investors to engage with Canadian Tire on supply chain responsibility issues, holding a collaborative dialogue meeting in October 2017.



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### Public Policy

#### Energy transition

- In October 2017 we were an investor signatory to the Declaration of Institutional Investors on Climate-Related Financial Risks, organized by Finance Montreal. The Declaration called on public companies in Canada to disclose more information on climate-related risks and efforts they are taking to mitigate those risks. The statement was signed by 30 institutions representing \$1.2 trillion in assets under management.

#### Food from Farm to Fork

- In November 2017 we signed the Global Investor Statement on Antibiotic Stewardship, which highlighted how the routine non-therapeutic use of antibiotics in livestock production contributes to antibiotic resistance while undermining animal welfare by enabling farm animals to be raised in over-crowded, insanitary conditions.
- In December 2017, we submitted comments to the Roundtable on Sustainable Palm Oil (RSPO), the central sustainability certification body for palm oil, on the proposed revision of certification standards, with respect to preventing deforestation and protecting human rights.

#### Making Pharma Better

- In the context of our participation in the ICCR Health Leadership team we provided feedback to the Access To Medicine Foundation (ATMF) on their 2018 Access To Medicine Index methodology, aimed at benchmarking global pharmaceutical companies on how they are providing access to medicine in low- and middle-income countries. We noted positively the tightening of the indicators and the addition of oncology, and requested more information about how the methodology was aligned to the SDGs. We subsequently met with the ATMF.

#### Responsibility to Respect

- In November 2017 we joined an investor sign-on letter to the Equator Principles Association, urging the association to reconsider its Designated Countries framework in order to implement the IFC Performance Standards expectations across all jurisdictions, and to require greater disclosure of Equator Principles banks in regard to their human rights impacts.
- In December 2017, in collaboration with Boston Common Asset Management, we wrote to the OECD to provide our perspective on the key issues it should consider in its upcoming work defining Responsible Business Conduct for financial service providers and corporate lending institutions. We noted that investors rely on banks and other corporate lending institutions in their portfolios to perform adequate due diligence in regard to their human rights impacts in order for investors to perform their own due diligence. We further noted that in our view the quality of due diligence performed by a corporate lender could potentially impact the level of that lender's responsibility for human rights impacts.
- In December 2017, we signed on to a letter to the U.S. Congress asking for the conflict minerals supply chain disclosure provisions of the Dodd-Frank Act to be maintained.