



NEI Corporate Engagement Focus List

Q1 Update: April 2018



| Company | Overview | ESG Issues | Dialogue Results | Holdings |
|-------------------------|--|--|---|---|
| FINANCE | | | | |
| Bank of Montreal | <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>www.bmo.com</p> | <ul style="list-style-type: none"> • Responsibility to Respect - Responsible Lending | <p>In February 2018 we met with BMO to follow up on our earlier letter regarding strengthening the Equator Principles framework for responsible lending, and to learn more about the company’s environmental and social due diligence processes. We emphasized that relying on regulatory compliance may not be sufficient to address social risks, noting the Indigenous opposition to the Dakota Access Pipeline and the related risks to the financial institutions financing this controversial project. We also highlighted the increased expectations that banks should demonstrate a constructive role in engagement with clients regarding controversial loans.</p> | <p>NEI Northwest Canadian Dividend Fund</p> <p>NEI Generational Leaders Fund</p> |
| CIBC | <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>www.cibc.com</p> | <ul style="list-style-type: none"> • Responsibility to Respect - Responsible Lending • Getting Real About the Energy Transition - Advancing the Canadian Energy Transition & Implementing TCFD Recommendations on Climate Disclosure | <p>In February 2018 we met with CIBC to follow up on earlier dialogue where we had expressed concern about the absence of a publicly-disclosed social risk management policy. We emphasized that social due diligence should apply to all corporate lending transactions - not just to project finance covered by the Equator Principles framework. We also emphasized that relying on regulatory compliance may not be sufficient to address social risks, noting the Indigenous opposition to the Dakota Access Pipeline and the related risks to the financial institutions financing this controversial project.</p> <p>In collaboration with SHARE, we met with CIBC in March 2018 to discuss its role in the transition to a low-carbon economy and to better understand its perspectives on the recommendations of the Task Force on Climate-related Financial Disclosures. We encouraged the bank to play a more active role by engaging its clients on climate change, and to set a low-carbon financing target.</p> | <p>NEI Ethical Balanced Fund</p> <p>NEI Ethical Canadian Equity Fund</p> <p>NEI Northwest Canadian Dividend Fund</p> |



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| <p>Laurentian Bank</p> | <p>Laurentian Bank of Canada is a Quebec banking institution operating across Canada, providing a full suite of financial products.</p> <p>www.laurentianbank.com</p> | <ul style="list-style-type: none"> • Governance Matters - Advancing Governance of Canadian Holdings | <p>In March 2018, we wrote to Laurentian Bank to share how we might vote at the company's 2018 Annual Meeting. We were pleased that we were able to support all directors on the ballot and that, following our request, the bank had improved disclosures on its executive compensation framework. We also explained our view regarding the shareholder proposals on the ballot, which touched on director nomination, climate change and pay equity. The bank appreciated our outreach and responded by providing further background on the filed shareholder proposals.</p> | <p>NEI Ethical Special Equity Fund</p> <p>NEI Northwest Specialty Equity Fund</p> <p>NEI Northwest Canadian Dividend Fund</p> |
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| <p>TD Bank</p> | <p>TD Bank Group, headquartered in Toronto with offices around the world, offers a full range of financial products and services.</p> <p>www.td.com</p> | <ul style="list-style-type: none"> • Responsibility to Respect - Responsible Lending | <p>In January 2018, we wrote to TD to follow up on our earlier request that the company should provide an update on its engagement activities in relation to financing of the Dakota Access Pipeline and the Kinder Morgan pipeline. We highlighted the importance of demonstrating that the bank was playing a constructive role with respect to controversial projects, noting that other leading banks had disclosed more information on their engagement with clients and other stakeholders in relation to the Dakota Access Pipeline project.</p> | <p>NEI Ethical Balanced Fund</p> <p>NEI Ethical Canadian Equity</p> <p>NEI Northwest Growth & Income Fund</p> <p>NEI Northwest Canadian Equity Fund</p> <p>NEI Northwest Global Equity Fund</p> <p>NEI Northwest Canadian Dividend Fund</p> |
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| <p>Wells Fargo</p> | <p>Wells Fargo is an American multinational financial services company.</p> <p>www.wellsfargo.com</p> | <ul style="list-style-type: none"> • Governance Matters - Business Ethics | <p>We continued to participate in the steering group for the ICCR dialogue with Wells Fargo on business ethics, through which we had co-filed a shareholder proposal calling for a comprehensive business standards review and report. When the company indicated that it was willing to undertake the review, the collaboration wrote to Wells Fargo to establish terms of reference and a timeline. The company committed in February 2018 to conduct a comprehensive business standards review with stakeholder input, and to issue a report by the end of 2018 as requested by the investor collaboration: as such the co-filers were able to withdraw the shareholder proposal.</p> | <p>NEI Ethical U.S. Equity Fund</p> <p>NEI Northwest Canadian Dividend Fund</p> <p>NEI Northwest U.S. Dividend Fund</p> <p>NEI Northwest Tactical Yield Fund</p> |
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Collaborative Engagement

Getting Real About the Energy Transition

- We continued as a lead investor in the PRI collaborative engagement on methane, where we are co-leading engagements with Canadian Natural Resources and Vermilion Energy.
- We continued to be a part of the advisory committee for the PRI Oil & Gas Engagement collaboration. As a member of the advisory committee, we have been providing feedback and guidance to help shape the collaborative engagement. We will also be leading several engagements for the initiative when it begins later in 2018.
- In January 2018, the investor collaboration RE100, which was focused on asking companies to commit to 100% renewable energy for their electricity needs, was rolled into the Investor Decarbonisation Initiative (IDI), to which we are now a signatory. The Investor Decarbonisation Initiative is still urging companies to commit to 100% renewable energy sourcing, but is also asking them to consider setting science-based greenhouse gas (GHG) emissions reduction targets that align with the Paris Agreement climate goals. The IDI sent letters to multiple companies in February 2018, and is now arranging follow-up with companies that expressed interest in engaging further.

Governance Matters - Cyber Security

- As part of a PRI collaboration on cyber security governance, we led meetings with Johnson & Johnson and Verizon. We also wrote to Target and Amazon to request dialogue on the topic.

Making Pharma Better - Advancing US Health Care & Access to Medicine

- We continue to participate in collaborative ICCR engagements with the pharmaceutical industry on access to medicine, sustainability disclosure, drug pricing and the Sustainable Development Goals. In that context we met with Merck, Bristol-Myers Squibb, Pfizer and Johnson & Johnson.

Making Pharma Better - Opioid Crisis

- 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 Pfizer on overdose treatment pricing.

Responsibility to Respect - Supply Chain

- In January 2018, we participated in calls with Loblaw, Metro, and General Mills in the context of the PRI collaboration on labour standards in an agricultural supply chain.



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Policy Actions

Governance Matters

- In January 2018 we submitted comments to the Canadian Securities Administrators' consultation on the approach to director independence. We explained why a less consistent approach by issuers to director independence assessment would be problematic in the proxy voting context.

Making Pharma Better

- We provided investor feedback to, and signed, a letter by the Access to Medicine Foundation to the Sustainability Accounting Standards Board (SASB), on how SASB can improve implementation of relevant access to medicine performance indicators that are in line with the Access to Medicine benchmark.

Responsibility to Respect

- In March 2018 we were part of a small group of investors that wrote to the Equator Principles Association (EPA) to show support for the EPA's commitment to review its framework for responsible project finance and to urge the association to ensure that the updated framework contained adequate measures for the protection of the rights of Indigenous peoples. We also encouraged the EPA to reach out to Indigenous communities to obtain their input on changes to the framework.
- In March 2018, we signed an investor letter to the Roundtable on Sustainable Palm Oil (RSPO) citing the need for a transparent and responsive complaints mechanism given persistent allegations that RSPO failed to uphold labour rights-related standards.
- In January 2018 we were signatory to an investor statement led by ICCR, calling on global apparel brands and retailers to join the extension of the Accord on Fire and Building Safety in Bangladesh, which was adopted following the Rana Plaza factory disaster in 2013. The initiative was extended to allow additional time for factory remediation and building effective worker safety committees. We coordinated collaborative follow-up on the statement for relevant companies in Canada. In February 2018, we also participated in meeting led by ICCR with the parallel Alliance for Bangladesh Worker Safety, to discuss whether this initiative would also be extended.
- In February 2018 we followed up on earlier discussions with Retail Council of Canada, providing an update on emerging investor expectations for ESG disclosures by retailers.
- Following up on our earlier collaborative letter, in March 2018 we participated in a meeting organized by the OECD to explore considerations for developing responsible business conduct guidance for banks.