



NEI Corporate Engagement Focus List

Q2 Update: June 2018



Company	Overview	ESG Issues	Dialogue Results	Holdings
FINANCE				
<p>Aozora Bank</p>	<p>Aozora Bank is a Japanese commercial bank headquartered in Tokyo.</p> <p>www.aozorabank.co.jp</p>	<ul style="list-style-type: none"> Governance Matters - Board Diversity 	<p>Given our large exposure across our funds to the Japanese market, we implemented specialized proxy voting guidelines for the Japanese market in 2017 aiming to incentivize Japanese board independence and board diversity in line with local market best practice. In this context we wrote to Aozora Bank in May 2018 to inform the company how we intended to vote at its upcoming Annual General Meeting. Specifically, we expressed concern about the lack of gender diversity on the Aozora Bank board and encouraged the company to disclose to investors how it planned to address this matter. We outlined our view on leading practices, including publishing an official board diversity policy.</p> <p>This dialogue was paused due to portfolio changes.</p>	<p>NEI Global Dividend RS Fund*</p> <p>(SOLD)</p>



NEI Corporate Engagement Focus List

Q2 Update: June 2018



<p>Bank of Montreal</p>	<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"> • Governance Matters - ESG-Ready Boards • Governance Matters - Business Ethics • Getting Real About the Energy Transition - Implementing TCFD Recommendations on Climate Disclosures • Responsibility to Respect - Responsible Lending 	<p>In collaboration with Boston Common and SHARE, we met with BMO in May 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 (TCFD). We appreciated the bank's efforts to overcome challenges in implementing the TCFD recommendations and emphasized the important role that it could play in engaging its clients on climate change. We also encouraged BMO to set and publish a low-carbon financing target.</p> <p>Also in May 2018, we wrote to BMO to provide feedback on our proxy voting at the 2018 Annual Meeting, and draw attention to environmental, social and governance (ESG) issues that we felt should be included in board priorities. In our letter, we discussed the company's disclosures on governance of ESG matters and called the board's attention to three key issues: climate change, responsible lending and consumer protection. Bank consumer protection emerged as a key concern following the 2016 cross-selling scandal at Wells Fargo, which sparked media exposés and regulatory investigations at Canada's largest banks. Drawing on our extensive engagement with Wells Fargo, and the report released by the Financial Consumer Agency of Canada on its review of the domestic bank retail sales practices at Canada's largest banks, we decided to approach all five of the largest Canadian banks to urge them to strengthen their oversight of sales practices risk and reinforce their risk mitigation controls. In June 2018, we followed up with BMO to arrange a meeting to discuss our letter in detail.</p>	<p>NEI Canadian Dividend Fund*</p> <p>NEI Generational Leaders Fund</p>
--------------------------------	--	---	---	---



NEI Corporate Engagement Focus List

Q2 Update: June 2018



<p>CIBC</p>	<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"> • Governance Matters - ESG-Ready Boards • Governance Matters - Business Ethics • Getting Real About the Energy Transition - Implementing TCFD Recommendations on Climate Disclosure • Responsibility to Respect - Responsible Lending 	<p>Following our earlier concerns about the lack of disclosure on the consideration of social risk in commercial lending at CIBC, we wrote to the bank in April 2018 to escalate our concerns. We emphasized our increased expectations of quality disclosure on the bank's lending due diligence processes considering the growing reputational risks facing lenders to controversial companies and high-impact projects such as the Dakota Access Pipeline and the Kinder Morgan TransMountain Expansion.</p> <p>In May 2018, we wrote to CIBC to provide feedback on our proxy voting at the 2018 Annual Meeting, and draw attention to environmental, social and governance (ESG) issues that we felt should be included in board priorities. In our letter, we discussed the company's disclosures on governance of ESG matters and called the board's attention to three key issues: climate change, responsible lending and consumer protection. Bank consumer protection emerged as a key concern following the 2016 cross-selling scandal at Wells Fargo, which sparked media exposés and regulatory investigations at Canada's largest banks. Drawing on our extensive engagement with Wells Fargo, and the report released by the Financial Consumer Agency of Canada on its review of the domestic bank retail sales practices at Canada's largest banks, we decided to approach all five of the largest Canadian banks to urge them to strengthen their oversight of sales practices risk and reinforce their risk mitigation controls. In June 2018, we met with CIBC to follow up on our letter. The bank responded positively to suggestions regarding disclosure on social credit assessment. We encouraged the bank to disclose on its actions to enhance management of sales practices risk.</p>	<p>NEI Balanced RS Fund*</p> <p>NEI Canadian Equity RS Fund*</p> <p>NEI Canadian Dividend Fund*</p>
--------------------	--	--	---	--



NEI Corporate Engagement Focus List

Q2 Update: June 2018



<p>E-L Financial</p>	<p>E-L Financial Corporation Limited is an investment and insurance holding company in Canada.</p> <p>www.e-lfinancial.ca/</p>	<ul style="list-style-type: none"> • Governance Matters - Advancing Governance of Canadian Holdings 	<p>As part of our aim to advance good corporate governance practices at smaller companies where we have significant share ownership, we wrote to E-L Financial in May 2018 in advance of its Annual Meeting to inform the company of corporate governance concerns that could adversely impact our voting decisions. We raised concerns about the non-independence of the Chair, the lack of gender board diversity and the fact that several director nominees were overboarded. We also queried the time availability for a combined CEO-Chair to fulfill supervision and oversight role at E-L Financial whilst occupying multiple other CEO roles.</p>	<p>NEI Balanced RS Fund*</p> <p>NEI Canadian Small Cap RS Fund*</p> <p>NEI Canadian Equity RS Fund*</p>
<p>Prudential</p>	<p>Prudential plc is a British multinational life insurance and financial services company.</p> <p>www.prudential.co.uk</p>	<ul style="list-style-type: none"> • Getting Real About the Energy Transition - Investor Decarbonisation Initiative 	<p>We were part of the Investor Decarbonisation Initiative that wrote to Prudential in 2017, asking the company to commit to sourcing 100% of its electricity needs from renewable energy and to set science-based targets for GHG reductions that would align the company with the Paris Agreement climate goals. In May 2018 the company announced that it would be joining the RE100 initiative and committed to meeting a 100% renewable energy goal by 2025.</p>	<p>NEI Global Equity RS Fund*</p> <p>NEI Global Equity Fund*</p> <p>NEI Global Equity Fund*</p> <p>NEI Generational Leaders Fund</p>



NEI Corporate Engagement Focus List

Q2 Update: June 2018



<p>Royal Bank of Canada</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>www.rbc.com</p>	<ul style="list-style-type: none"> • Governance Matters - ESG-Ready Boards • Governance Matters - Business Ethics • Getting Real About the Energy Transition - Implementing TCFD Recommendations on Climate Disclosures • Responsibility to Respect - Responsible Lending 	<p>In collaboration with Boston Common and SHARE, we met with RBC in April 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 (TCFD). We commended the bank for publishing a climate position statement that was modelled on the four pillars of the TCFD recommendations. We also appreciated its efforts to overcome challenges in implementing the TCFD recommendations and emphasized the important role that it could play in engaging its clients on climate change. We further encouraged RBC to set and publish a low-carbon financing target.</p> <p>In May 2018, we wrote a letter to RBC to provide feedback on our proxy voting at the 2018 Annual Meeting. We were able to support all director nominees, but voted against the executive compensation plan as CEO pay exceeded our equitable compensation guidelines. In our letter, we discussed the company's disclosures on governance of ESG matters and called the board's attention to three key issues: climate change, responsible lending and consumer protection. Bank consumer protection emerged as a key concern following the 2016 cross-selling scandal at Wells Fargo, which sparked media exposés and regulatory investigations at Canada's largest banks. Drawing on our extensive engagement with Wells Fargo, and the report released by the Financial Consumer Agency of Canada on its review of the domestic bank retail sales practices at Canada's largest banks, we decided to approach all five of the largest Canadian banks to urge them to strengthen their oversight of sales practices risk and reinforce their risk mitigation controls. In June 2018, we met with RBC to follow up on our letter. We appreciated the steps that the bank had taken to address consumer protection and encouraged disclosure on future actions.</p>	<p>NEI Global Dividend RS Fund*</p> <p>NEI Canadian Dividend Fund*</p>
------------------------------------	--	---	---	--



NEI Corporate Engagement Focus List

Q2 Update: June 2018



<p>Scotiabank</p>	<p>Scotiabank is a leading financial services provider in over 55 countries and is Canada's most international bank.</p> <p>www.scotiabank.com</p>	<ul style="list-style-type: none"> • Governance Matters - ESG-Ready Boards • Governance Matters - Business Ethics • Getting Real About the Energy Transition - Implementing TCFD Recommendations on Climate Disclosures • Responsibility to Respect - Responsible Lending 	<p>In April 2018, we wrote to Scotiabank in advance of its 2018 Annual Meeting in an effort to better inform our voting decision on a shareholder proposal that had been filed at the bank, which requested a revision to its human rights policies. We questioned the fact that the proposal was directed only at Scotiabank and not at Canadian peer banks, since the issue raised in the proposal was an industry-wide concern. The bank appreciated our outreach and met with us to provide further background on the proposal and their human rights policies.</p>	<p>NEI Balanced RS Fund*</p> <p>NEI Canadian Equity RS Fund*</p> <p>NEI Global Dividend RS Fund*</p> <p>NEI Growth & Income Fund*</p> <p>NEI Canadian Equity Fund*</p> <p>NEI Canadian Dividend Fund*</p>
--------------------------	--	---	---	---



NEI Corporate Engagement Focus List

Q2 Update: June 2018



<p>Scotiabank (Cont.)</p>	<p>Scotiabank is a leading financial services provider in over 55 countries and is Canada's most international bank.</p> <p>www.scotiabank.com</p>	<ul style="list-style-type: none"> • Governance Matters - ESG-Ready Boards • Governance Matters - Business Ethics • Getting Real About the Energy Transition - Implementing TCFD Recommendations on Climate Disclosures • Responsibility to Respect - Responsible Lending 	<p>In May 2018, we wrote to Scotiabank to provide feedback on our proxy voting at the 2018 Annual Meeting. We were pleased that we were able to support all director nominees and had no major concerns on the executive compensation. Considering the importance of human rights considerations in all commercial lending, we supported the shareholder proposal although we had reservations about the added value of directing it only to Scotiabank. In our letter, we discussed the company's disclosures on governance of ESG matters and called the board's attention to three key issues: climate change, responsible lending and consumer protection. Bank consumer protection emerged as a key concern following the 2016 cross-selling scandal at Wells Fargo, which sparked media exposés and regulatory investigations at Canada's largest banks. Drawing on our extensive engagement with Wells Fargo, and the report released by the Financial Consumer Agency of Canada on its review of the domestic bank retail sales practices at Canada's largest banks, we decided to approach all five of the largest Canadian banks to urge them to strengthen their oversight of sales practices risk and reinforce their risk mitigation controls. In June 2018, we met with Scotiabank to follow up on our letter. We were pleased that following our meeting, the bank had addressed some of our concerns including strengthening the oversight of conduct risk by establishing clear mandates and responsibilities at specific board committees, integrating consumer protection perspectives into the executive compensation framework and explaining that ESG risks are subject to the same oversight as other types of risks.</p>	<p>NEI Balanced RS Fund*</p> <p>NEI Canadian Equity RS Fund*</p> <p>NEI Global Dividend RS Fund*</p> <p>NEI Growth & Income Fund*</p> <p>NEI Canadian Equity Fund*</p> <p>NEI Canadian Dividend Fund*</p>
----------------------------------	--	---	--	---



NEI Corporate Engagement Focus List

Q2 Update: June 2018



<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"> • Governance Matters - ESG-Ready Boards • Governance Matters - Business Ethics • Getting Real About the Energy Transition - Implementing TCFD Recommendations on Climate Disclosures • Responsibility to Respect - Responsible Lending 	<p>In collaboration with Boston Common and SHARE, we met with TD in May 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 (TCFD). We commended the bank for being the first Canadian financial institution to have set a low-carbon financing target and appreciated its efforts to overcome challenges in implementing the TCFD recommendations.</p> <p>Also in May 2018, we wrote to TD to provide feedback on our proxy voting at the bank's 2018 Annual Meeting. We were pleased that we were able to support all director nominees and had no major concerns regarding the executive compensation. In our letter, we discussed the company's disclosures on governance of ESG matters and called the board's attention to the emergence of bank consumer protection as a key concern following the 2016 cross-selling scandal at Wells Fargo, which sparked media exposés and regulatory investigations at Canada's largest banks. Drawing on our extensive engagement with Wells Fargo, and the report released by the Financial Consumer Agency of Canada on its review of the domestic bank retail sales practices at Canada's largest banks, we decided to approach all five of the largest Canadian banks to urge them to strengthen their oversight of sales practices risk and reinforce their risk mitigation controls. In June 2018, we met with TD to follow up on our letter. While we recognized the initial actions that the bank had taken to address consumer protection, we felt there was scope for further disclosure on the bank's plans to enhance management of sales practices risk.</p>	<p>NEI Balanced RS Fund*</p> <p>NEI Canadian Equity RS Fund*</p> <p>NEI Growth & Income Fund*</p> <p>NEI Canadian Equity Fund*</p> <p>NEI Global Equity Fund*</p> <p>NEI Canadian Dividend Fund*</p>
-----------------------	---	---	--	--



NEI Corporate Engagement Focus List

Q2 Update: June 2018



<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>In collaboration with other investors, we met with Wells Fargo in June 2018, to review its progress in the implementation of the Business Standards Review that the bank had agreed to conduct as a condition of withdrawal of our co-filed shareholder proposal. We appreciated the steps that the bank had taken to better understand its culture challenges and its efforts to address them at the corporate level. We also emphasized our expectation that the review would explore key corporate governance aspects to enable us to assess the effectiveness of changes made at the board level.</p>	<p>NEI Canadian Dividend Fund*</p> <p>NEI U.S. Dividend Fund*</p> <p>NEI Tactical Yield Fund*</p>
---------------------------	---	--	--	--



NEI Corporate Engagement Focus List Q2 Update: June 2018



Collaborative Engagement

Farm to Fork - Business Benchmark on Farm Animal Welfare

We continued to participate in the investor collaboration supporting the Business Benchmark on Farm Animal Welfare, which compares the policies, practices and performance of consumer sector companies on farm animal welfare issues. In May 2018 the collaboration wrote to 110 companies covered by the Benchmark to acknowledge the leadership of companies in the higher ranking tiers, encourage companies in lower tiers to improve their performance, and introduce the collaboration to companies newly added to the Benchmark.

Farm to Fork - Plastic Waste

We joined a new collaboration, the Plastic Solutions Investor Alliance, led by As You Sow, to engage companies on ways to reduce the loss of value and environmental impacts associated with increasing levels of plastic waste, including the impact for oceans and marine life.

Getting Real About the Energy Transition - Implementing the TCFD Recommendations in Climate Disclosure

To create efficiency in our follow-up on climate finance issues at the largest Canadian banks, we continued to collaborate with Boston Common and SHARE on meetings with the banks to discuss their role in the transition to a low-carbon economy and to better understand their perspectives on the recommendations of the Task Force on Climate-related Financial Disclosures. We met with RBC in April 2018 and with TD and BMO in May 2018. We emphasized the important role the banks could play in engaging their clients on climate change. We commended TD for being the first Canadian financial institution to have set and published a low-carbon financing target, and encouraged the other banks to set a target.

Getting Real About the Energy Transition - Advancing the Canadian Energy Transition

We continued to be a lead investor in the PRI collaborative engagement on methane, where we are co-leading engagements with Canadian Natural Resources and Vermilion Energy on company strategy to measure, report and reduce their methane emission footprint. We are also a lead investor in the PRI Oil & Gas engagement collaboration, which is focused on encouraging companies to develop and disclose company strategies to remain resilient in the energy transition.

Getting Real About the Energy Transition - Climate Action 100+

Climate Action 100+ is a global coalition of investors working together to engage the world's largest greenhouse gas (GHG) emitting companies on their strategies to mitigate climate change-related risks and reduce their carbon footprint. The collaboration has a shared set of priorities that include enhancing board-level governance of climate risks, providing disclosure in line with the Task Force on Climate-Related Financial Disclosures, and reducing GHG emissions. We are co-leads for the engagements with Canadian Natural Resources Ltd (CNRL) and Suncor Energy, and supporting investors with Exxon, Chevron, Valero, Ford, GM, and Marathon. In June 2018 we sent an initial letter introducing the initiative to CNRL.

Getting Real About the Energy Transition - Investor Decarbonisation Initiative

In April 2018 the Investor Decarbonisation Initiative, which we are signatory to, sent letters or held meetings with Samsung Electronics, Prudential, Vodafone Group and CN Rail. The Investor Decarbonisation Initiative engages companies to commit to one or more key commitments, such as sourcing 100% of electricity use from renewable sources,



NEI Corporate Engagement Focus List

Q2 Update: June 2018



converting 100% of corporate vehicles to electric models, and setting science-based GHG reduction targets that align with the Paris Agreement climate goals. We followed up directly with CN Rail to ensure they understood the aim of the initiative.

Governance Matters - Board Diversity

In May 2018 we kicked off our first engagement collaboration initiative with sub-advisor Addenda, engaging Japanese companies in the International Equity strategy on board diversity. The collaboration wrote to seven Japanese companies in the strategy to encourage enhanced board diversity and best practices, such as publishing a board diversity policy.

Governance Matters - Cyber security

We continued to lead and co-lead engagements with companies on cyber governance as part of the PRI cyber security investor collaboration. The collaboration engages companies on cyber security in the IT, Telecom, Finance, Health Care and Consumer sector on the premise that having robust governance and management of cyber security is fundamental to long term business continuity. In this context we co-lead a meeting with Amazon on its cyber governance and management practices.

Governance Matters - Responsible Tax

We continued to participate in the global PRI collaboration on responsible corporate tax, focusing on multinational IT and pharmaceutical companies, which are particularly exposed to tax-related controversies. We took the lead in opening dialogue with Alphabet (Google) and Apple. In May 2018 the collaboration published an investor guide to evaluating and engaging companies on corporate tax transparency.

Making Pharma Better - Access to Medicine Index, Advancing U.S. Health Care

We continued to participate in collaborative ICCR engagements on global and U.S. health issues such as access to medicine and drug pricing with pharmaceutical companies. As part of this collaboration's efforts to identify engagement priorities we attended presentations by experts, such as Credit Suisse on drug pricing, and MSF on pressing access to medicines issues in the field. The collaboration also met with Roche to discuss access to medicine and drug pricing issues, and responded to a Roche questionnaire on sustainability indices.

Making Pharma Better - Opioid Crisis

We continued to participate in the Investors for Opioid Accountability Alliance (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. As coalition members we supported shareholder proposals IOA members filed at opioid manufacturers and distributors requesting governance reforms in light of inadequate opioid-related risk oversight and management.

Responsibility to Respect Human Rights

We joined the steering committee for the Investor Alliance for Human Rights, a new global collaborative platform connecting institutional investors with tools and strategies to promote corporate respect for human rights, which was launched in May 2018. Among the early Alliance initiatives we supported were investor statements calling on companies to continue to disclose on supply chain due diligence efforts relating to conflict minerals, and to enhance due diligence to eliminate forced labour from supply chains.



NEI Corporate Engagement Focus List

Q2 Update: June 2018



Policy Actions

Enabling Responsible Investment

- Continuing our participation in the Sustainable Stock Exchanges Initiative, which advances responsible investment by working with regulatory authorities, in April 2018 we signed on to a letter encouraging the International Organization of Securities Commissions (IOSCO) to give attention to ESG matters, and also provided comments on the draft of an ESG good practice guide for securities regulators.
- In 2016 and 2017 we had participated in a Federal Department of Finance consultation, calling for the creation of an expert group on creating an enabling environment for ESG and sustainable finance in Canada. In April 2018 the Federal government launched an Expert Panel on Sustainable Finance to explore climate action and clean growth opportunities. Although the mandate of the panel was short-term and did not fully embrace social considerations, we felt this was a step in the right direction.

Farm to Fork

In May 2018 the National Zero Waste Council published the Food Loss and Waste Strategy for Canada. We had commented on the draft in 2017 and were pleased to see that the strategy included a primary focus on food waste prevention, which we had advocated as a way to optimize food value and reduce the environmental impacts of food waste.

Getting Real About the Energy Transition

- In June 2018 we were signatory to the Global Investor Statement on Climate Change, which expressed investor support for energy transition initiatives, including the implementation of the Task Force on Climate-Related Financial Disclosures recommendations, the use of carbon pricing, and greatly increased investment in low-carbon technologies. The statement was organized by a group of responsible investment associations, including Ceres and PRI.
- As part of a collaborative outreach to Canadian securities regulators on disclosure issues, we wrote to the Ontario Securities Commission (OSC) in May 2018 to ask it to prioritize enhancements to ESG disclosure requirements. In June 2018 we took part in an investor meeting with the OSC to discuss the results of the Canadian Securities Administrators' (CSA) review of climate-related disclosure. The CSA's suggested approach to mandating ESG disclosure reflected a recommendation in our 2017 submission to the review that companies be required to disclose how they have assessed the materiality of ESG issues to their business, and the results of that assessment. We also met with BC Securities Commission in June to discuss climate disclosure.
- In June 2018 we met with Alberta Department of Energy staff to share our perspective on current developments in the oil & gas sector in regard to the energy transition and ESG expectations. We noted the need for more companies to provide disclosure that aligns with the expectations of the Task Force on Climate-Related Financial Disclosures and the role that Alberta could play in encouraging that disclosure. We also discussed the key ESG risks facing the industry and how investors are assessing those risks.

Governance Matters

We submitted detailed comments to the BC and Ontario securities commissions in April and May 2018 on how current diversity disclosure requirements could be enhanced, and met with both regulators in June to explore these ideas further, highlighting the value of meaningful diversity policies and targets, and integrating diversity considerations to the board nominations process. In May 2018 the Canada Business Corporations Act (CBCA) was updated to mandate annual election of individual directors based on majority voting and diversity disclosure at companies formed under the Act. These were among the reforms we had advocated for in several rounds of consultation on updating the CBCA over the previous four years. The Canadian Coalition for Good Governance (CCGG) published the Directors' Environmental and Social Guidebook in May 2018, setting out institutional



NEI Corporate Engagement Focus List

Q2 Update: June 2018



investor expectations on the governance of material environmental and social risks by Canadian boards. The Guidebook was prepared by the CCGG E&S; Committee, in which we participate.

Responsibility to Respect

- In June 2018 we took part in an online consultation run by Natural Resources Canada to get feedback on the implementation of the Extractive Sector Transparency Measures Act (ESTMA). The consultation focused on how the information is being used, and how best to display the data generated by the act.
- As a steering committee member for the new Investor Alliance for Human Rights, in June 2018 we participated in writing to the UN Working Group on Business and Human Rights, in response to a call for good practice examples, to highlight the role of investors in promoting corporate respect for human rights. We were the only Canadian investment institution to submit public comments to the 2017 consultation on the draft OECD Guidelines due diligence guidance for all business sectors. The guidance was published in May 2018 and welcomed by business, unions and NGOs for providing practical, plain language advice on developing due diligence to prevent and mitigate adverse environmental and social impacts.
- As part of our efforts to promote responsible lending practices among banks, we participated in a further collaborative submission to the Equator Principles Secretariat in May 2018, calling for enhanced integration of indigenous rights concerns in the project finance sustainability framework. We also participated in a further round of consultation for the preparation of the OECD Guidelines due diligence guidance for banks.
- In May 2018 we signed on to an investor statement calling on Canada to follow the example of other jurisdictions in enacting legislation to combat modern slavery in supply chains.



NEI Corporate Engagement Focus List Q2 Update: June 2018



Proxy Voting

In 2018 so far we voted at 673 Annual Meetings with 80% votes against compensation and 38% votes against management. We supported 82% of ESG shareholder proposals. For more information about our proxy voting, visit:

www.neiinvestments.com/pages/about-nei/about-ethical-funds/esg-difference/proxy-voting/

Getting Real About the Energy Transition - Advancing the US Energy Transition

The shareholder proposal we co-filed at Chevron on separating the Chair and CEO positions went to a vote at the company's Annual Meeting in May 2018, and received 26% of shareholder support. The board did not indicate that it would be reviewing its Chair policy, but the new CEO did acknowledge the importance of the ESG issues the resolution raised and appeared to be more open to speaking with shareholders on those topics than the previous CEO was.

Governance Matters - Advancing Governance of Canadian Holdings

As part of our aim to advance good corporate governance practices at smaller companies where we have significant share ownership, we wrote to 12 companies in advance of their Annual Meetings to inform companies of corporate governance concerns that could adversely impact our voting decisions. Where companies responded with rationales or indicated that the governance issues we flagged were under review, we took that into account when exercising our votes.

Governance Matters - Board Diversity

Given our large exposure across our funds to the Japanese market, we implemented specialized proxy voting guidelines for the Japanese market in 2017 aiming to incentivize Japanese board independence and board diversity that is in line with local market best practice. We wrote to 20 Japanese companies to inform them on how we intended to vote at their Annual General Meetings. Specifically, we expressed concern about the lack of gender diversity on these boards and encouraged companies to disclose to investors how they planned to address this matter. We outlined our view on leading practices, including publishing an official board diversity policy.

Governance Matters - Excessive Compensation

In the context of our concerns about the impact of income inequality on the economy, in 2017 we extended to the U.S. market our proxy voting guideline capping the level of CEO pay that we can support based on a vertical comparison with median household income. North America has the highest CEO pay in the world and U.S. income inequality is significant. In the 2018 Proxy Voting Season this led us to vote against pay packages at 24 U.S. companies, and we also voted against 17 compensation committees at companies where the total compensation exceeded US \$24 million, such as Comcast, Morgan Stanley, Blackrock, JP Morgan Chase, Pfizer, Pepsi and Facebook.

Making Pharma Better

We are members of the Investors for Opioid Accountability (IOA) coalition and supported shareholder proposals filed by IOA members at Pfizer and Johnson & Johnson requesting reforms and disclosures relevant to the companies' role in the opioid crisis.



NEI Corporate Engagement Focus List Q2 Update: June 2018



Fund Name Change Guide:

*New name

NEI Canadian Small Cap Equity Fund
NEI Canadian Dividend Fund
NEI Canadian Equity Fund
NEI Emerging Markets Fund
NEI Global Equity Fund
NEI Growth & Income Fund
NEI U.S. Dividend Fund
NEI Global High Yield Bond Fund
NEI Balanced RS Fund
NEI Canadian Equity RS Fund
NEI Canadian Small Cap Equity RS Fund
NEI Global Dividend RS Fund
NEI Global Equity RS Fund
NEI US Equity RS Fund
NEI International Equity RS Fund
NEI Balanced Yield Portfolio
NEI Tactical Yield Portfolio
NEI Select Income & Growth Portfolio
NEI Select Maximum Growth Portfolio
NEI Select Income RS Portfolio
NEI Select Income & Growth RS Portfolio
NEI Select Balanced RS Portfolio
NEI Select Growth RS Portfolio

Former name

(Formerly NEI Northwest Specialty Equity Fund)
(Formerly NEI Northwest Canadian Dividend Fund)
(Formerly NEI Northwest Canadian Equity Fund)
(Formerly NEI Northwest Emerging Markets Fund)
(Formerly NEI Northwest Global Equity Fund)
(Formerly NEI Northwest Growth and Income Fund)
(Formerly NEI Northwest U.S. Dividend Fund)
(Formerly NEI Northwest Specialty Global High Yield Bond Fund)
(Formerly NEI Ethical Balanced Fund)
(Formerly NEI Ethical Canadian Equity Fund)
(Formerly NEI Ethical Special Equity Fund)
(Formerly NEI Ethical Global Dividend Fund)
(Formerly NEI Ethical Global Equity Fund)
(Formerly NEI Ethical US Equity Fund)
(Formerly NEI Ethical International Equity Fund)
(Formerly NEI Global Strategic Yield Fund)
(Formerly NEI Northwest Tactical Yield Fund)
(Formerly NEI Select Conservative Portfolio)
(Formerly NEI Select Global Maximum Growth Portfolio)
(Formerly NEI Ethical Select Income Portfolio)
(Formerly NEI Ethical Select Conservative Portfolio)
(Formerly NEI Ethical Select Balanced Portfolio)
(Formerly NEI Ethical Select Growth Portfolio)