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Every year on behalf of Ethical Funds' investors, the NEI Investments ESG Services team produces a Focus List. This list identifies companies that we target to encourage the adoption of sustainable and positive environmental, social and governance practices.

Companies listed here as part of our Corporate Engagement Program Report may or may not be held in Ethical Funds at this specific time. To confirm if a company listed is currently held in Ethical Funds please contact your Sales Representative.

Company	Company Overview	ESG Issues	Dialogue Update	Funds*
<b>Energy</b>				
<b>↗ Apache</b>	Apache Corporation is an oil and gas exploration and production company with operations in the United States, Canada, Egypt, the United Kingdom and North Sea. <a href="http://www.apachecorp.com">www.apachecorp.com</a>	<ul style="list-style-type: none"> <li>Hydraulic fracturing</li> <li>Compensation linked to ESG performance</li> </ul>	We are participating in a collaborative engagement to promote improved performance and adoption of best practices in unconventional gas operations. In early 2014 the collaboration wrote to Apache to request a meeting to discuss these issues.	Ethical American Multi-Strategy Fund  Ethical Global Equity Fund
<b>ARC Resources</b>	ARC Resources Ltd is a conventional oil and gas company with operations in Western Canada. <a href="http://www.arcreources.com">www.arcreources.com</a>	<ul style="list-style-type: none"> <li>Gas development in Northern BC</li> <li>GHG emissions, climate policy and energy transition</li> </ul>	This dialogue was added during 2014 in response to emerging ESG risks and opportunities.  In January 2014 we met with ARC Resources to discuss the company's climate change strategy. The company explained its perspective that GHG emissions are potential costs, in terms of energy wasted, so efforts to reduce emissions represent economic as well as environmental gains. ARC ring-fences an annual budget for emissions reduction projects, so these initiatives do not have to compete with other high-return projects. Responding to our concerns about flaring and venting in unconventional gas development, the company took the position that reducing flaring and venting is integral to maintaining social license, regardless of regulation. We encouraged the company to be more vocal about the need for progressive climate policy and to disclose in more detail how it assesses future carbon pricing impacts. We agreed to meet later in the year to discuss the issue of cumulative impacts of gas development in north-east BC.	Ethical Balanced Fund

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↗ <b>BG Group</b>	<p>BG Group is an international gas exploration and production and Liquefied Natural Gas (LNG) company.</p> <p>www.bg-group.com</p>	<ul style="list-style-type: none"> <li>Hydraulic fracturing</li> <li>Gas development in Northern BC</li> <li>Unburnable carbon</li> </ul>	<p>This dialogue, paused during 2013, was resumed in 2014 in response to portfolio changes.</p> <p>We are participating in a collaborative engagement to promote improved performance and adoption of best practices in unconventional gas operations. In early 2014 the collaboration wrote to BG Group to request a meeting to discuss these issues.</p>	Ethical International Equity Fund
↗ <b>CNRL</b>	<p>Canadian Natural Resources Limited (CNRL) is an oil and gas exploration, development and production company with its corporate head office in Calgary, Alberta.</p> <p>www.cnrl.com</p>	<ul style="list-style-type: none"> <li>Oil sands</li> <li>Hydraulic fracturing</li> <li>GHG emissions, climate policy and energy transition</li> <li>Unburnable carbon</li> <li>Compensation linked to ESG performance</li> </ul>	<p>In January 2014 we met with CNRL's Chief Financial Officer to get a further update on the bitumen seepage at the Primrose in situ oil sands project, and to discuss the company's position on climate policy for Canada and Alberta. The company indicated that the bitumen seepage continues but had been contained, and that it was working with the regulator on a plan to address the problem; at that time it projected spending of close to \$100 million in remediation and mitigation measures. Primrose continues to face operating restrictions, and we are monitoring progress on this issue. The company agreed that the current lack of clarity on climate policy in Canada was negatively impacting the industry, and took note of our concern that it should be more vocal on the issue.</p> <p>We are participating in a collaborative engagement to promote improved performance and adoption of best practices in unconventional gas operations. In early 2014 the collaboration wrote to CNRL to request a meeting to discuss these issues.</p>	<p>Ethical Balanced Fund</p> <p>Ethical Canadian Equity Fund</p>
→ <b>Encana</b>	<p>Encana Corporation is a North American producer, transporter and marketer of natural gas, oil and natural gas liquids (NGLs).</p> <p>www.encana.com</p>	<ul style="list-style-type: none"> <li>Hydraulic fracturing</li> <li>Gas development in Northern BC</li> <li>GHG emissions, climate policy and energy transition</li> <li>Unburnable carbon</li> </ul>	No update.	Ethical Global Equity Fund

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<span>↗</span> <b>Suncor</b>	<p>Suncor Energy Inc. is Canada's largest integrated energy company, focused on development of the Athabasca oil sands.</p> <p>www.suncor.com</p>	<ul style="list-style-type: none"> <li>Oil sands</li> <li>GHG emissions, climate policy and energy transition</li> <li>Unburnable carbon</li> </ul>	No update.	Ethical Balanced Fund Ethical Canadian Equity Fund
<b>Materials</b>				
<b>Barrick Gold</b>	<p>Barrick Gold is the world's largest gold producer, operating mines and advanced exploration and development projects on four continents.</p> <p>www.barrick.com</p>	<ul style="list-style-type: none"> <li>Respecting human rights</li> </ul>	<p>We met with Barrick Gold several times to discuss a range of corporate social responsibility issues, with an emphasis on human rights due diligence. In January 2014 we met with the CEO to discuss recent changes to Barrick's structure and board, and how this would impact its CSR activities. We expressed the view that poor communication between corporate headquarters and the regional mine sites had been an issue in the past. The company acknowledged this, noting that the new corporate structure should improve oversight and accountability for community engagement and other sustainability issues, while board independence should be enhanced with the recruitment of new directors.</p> <p>In February 2014 we met with Barrick's Deputy Senior Counsel to discuss the company's human rights due diligence program. We expressed concern that the current approach may not mitigate risks at the company's more controversial mine sites, but acknowledged that it was making a genuine effort to follow the UN Guiding Principles on Business and Human Rights, moving ahead of many of its peers in this respect. We also spoke to the consultant hired to perform Barrick's human rights assessments, and to Professor John Ruggie, who is acting as the company's special advisor on human rights. These conversations gave us a better understanding of the process and some comfort with the approach, though we continue to emphasize to Barrick our belief that it will have to go further to address its more challenging site issues.</p> <p>In March 2014 we met with the company to provide feedback on proposed disclosure on the human rights impact assessment process. We encouraged the company to improve upon past disclosure, while acknowledging that the current process may not lend itself to the level of transparency we seek.</p>	Ethical Balanced Fund Ethical Canadian Equity Fund

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<span>↗</span> <b>Domtar</b>	<p>Domtar Corporation is the largest integrated producer of uncoated freesheet paper in North America and the second largest in the world based on production.</p> <p>www.domtar.com</p>	<ul style="list-style-type: none"> <li>• GHG emissions and climate policy</li> <li>• Sustainable forest products</li> </ul>	No update.	Ethical Canadian Equity Fund
<b>Goldcorp</b>	<p>Goldcorp is a gold producer headquartered in Vancouver, engaged in gold mining and related activities including exploration, extraction, processing and reclamation.</p> <p>www.goldcorp.com</p>	<ul style="list-style-type: none"> <li>• Respecting human rights</li> </ul>	<p>In January 2014 we met with the CEO of Goldcorp to discuss the possibility of a follow-up to the HRIA at the Marlin mine in Guatemala, and the community engagement situation at the El Morro site in Chile. The company is considering using HRIA at another site, as the Marlin HRIA was a productive exercise, but has not made a decision yet. The decision on a follow-up to the Marlin HRIA would likely depend on whether the life of the current mine is extended. Consultation performed prior to Goldcorp's involvement at El Morro was not considered adequate, and that the company is now working to address the shortcomings. Development of El Morro is largely on hold, but the community engagement work is ongoing and constitutes the majority of the current budget for the project.</p>	Ethical Canadian Equity Fund
<span>↗</span> <b>Winpak</b>	<p>Winpak manufactures and distributes packaging materials and packaging machines. Winpak is part of a global packaging group that operates ten production facilities in Canada, the United States and Mexico.</p> <p>www.winpak.com</p>	<ul style="list-style-type: none"> <li>• GHG emissions and climate policy</li> <li>• Sustainable packaging</li> <li>• Enhancing ESG disclosure</li> </ul>	<p>We met with the CEO of Winpak in January 2014 to discuss the company's efforts to enhance packaging sustainability. Raw materials cost reduction is a strong driver to cut waste, increase internal recycling and develop improved technologies, but client demand for more sustainable packaging options remains relatively weak - an issue we will explore with consumer companies on the Focus List.</p>	Ethical Special Equity Fund

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<b>Utilities</b>				
<span>↗</span> <b>Canadian Utilities/ ATCO</b>	Canadian Utilities Limited, an ATCO company, operates worldwide through companies engaged in utilities, energy, structures & logistics and technologies. <a href="http://www.canadianutilities.com">www.canadianutilities.com</a>	<ul style="list-style-type: none"> <li>• GHG emissions, climate policy and energy transition</li> <li>• Enhancing ESG disclosure</li> </ul>	No update.	Ethical Canadian Equity Fund
<b>Healthcare &amp; Pharmaceuticals</b>				
<span>→</span> <b>Johnson &amp; Johnson</b>	Johnson & Johnson is an American multinational medical devices, pharmaceutical and consumer packaged goods manufacturer founded in 1886. <a href="http://www.jnj.com">www.jnj.com</a>	<ul style="list-style-type: none"> <li>• Compensation linked to ESG performance</li> </ul>	Following multiple recalls and extensive litigation, in earlier engagement we had urged Johnson & Johnson to integrate product safety and compliance performance metrics to the company's compensation plan. We had also pressed the company on its commitment to report publicly on the efforts of the recently-created Regulatory, Compliance & Government Affairs Committee (RCGC), which is tasked with addressing quality and compliance issues.  In February and March 2014, the company adopted compensation recoupment policies for violations relating to manufacturing, sales or marketing of company products. The policies set parameters for the board to reduce or recover compensation from executives who fail to ensure that the company meets quality and compliance standards, and clarify board accountability through reporting and oversight mechanisms. J&J also provided a high level overview on activities of the RCGC.	Ethical American Multi-Strategy Fund Ethical Global Equity Fund
<b>IT &amp; Telecommunications</b>				
<span>→</span> <b>CGI</b>	CGI Group Inc. is a multinational information technology consulting, systems integration, outsourcing, and solutions company headquartered in Montreal, Canada <a href="http://www.cgi.com">www.cgi.com</a>	<ul style="list-style-type: none"> <li>• Enhancing ESG disclosure</li> <li>• GHG emissions and climate policy</li> <li>• Respecting privacy and human rights</li> </ul>	No update.	Ethical Canadian Equity Fund

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<b>Google</b>	Google is an American multinational corporation specializing in Internet-related services and products including, search, cloud computing, software, and online advertising technologies. www.google.com	<ul style="list-style-type: none"> <li>Preventing tax base erosion</li> </ul>	Google did not respond to an offer of dialogue on withdrawal of the shareholder proposal we had co-filed in December 2013, asking the company to adopt a responsible tax policy to mitigate emerging regulatory and reputational risks of aggressive corporate tax minimization strategies. The proposal will go to a vote at the AGM in May.	Ethical American Multi-Strategy Fund Ethical Balanced Fund Ethical Global Equity Fund
<b>Telecommunication Services</b>				
→ <b>Manitoba Telecom</b>	Manitoba Telecom Services, or MTS, is the primary telecommunications carrier in the Canadian province of Manitoba and the fourth largest telecommunications provider in Canada. www.mts.ca	<ul style="list-style-type: none"> <li>GHG emissions and climate policy</li> <li>Enhancing ESG disclosure</li> </ul>	No update.	Ethical Special Equity Fund
→ <b>Rogers</b>	Rogers Communications is a diversified Canadian communications and media company that operates in the field of wireless communications, cable television, telephone and internet connectivity www.rogers.com	<ul style="list-style-type: none"> <li>GHG emissions and climate policy</li> <li>Communications stewardship</li> </ul>	No update.	Ethical Balanced Fund Ethical Canadian Equity Fund

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<span>↗</span> <b>TELUS</b>	<p>Telus is a national telecommunications company in Canada that provides a wide range of telecommunications products and services including internet access, voice, entertainment, healthcare, video, and satellite television.</p> <p>www.telus.com</p>	<ul style="list-style-type: none"> <li>• GHG emissions and climate policy</li> <li>• Communications stewardship</li> <li>• Equitable compensation</li> <li>• Board diversity leadership</li> </ul>	<p>We wrote to TELUS in February 2014 to share perspectives from the engagement on vertical pay comparisons at the Canadian banks, and met with representatives of the company to discuss compensation issues including internal pay equity. Following this meeting, in its 2014 proxy circular the company included new disclosure on measures to promote equitable compensation of executives and other employees.</p>	<p>Ethical Canadian Equity Fund</p>
<b>Consumer</b>				
<span>→</span> <b>Canadian Tire</b>	<p>Canadian Tire Corporation, Limited is a general retailer offering everyday products and services through more than 1,700 retail and gasoline outlets across Canada.</p> <p>www.canadiantire.ca</p>	<ul style="list-style-type: none"> <li>• GHG emissions and climate policy</li> <li>• Worker safety in the supply chain</li> <li>• Cotton in the supply chain</li> <li>• Enhancing ESG disclosure and supply chain disclosure</li> </ul>	<p>We wrote to Canadian Tire in February 2014 to follow up on earlier discussions on supply chain risk management, provision of timely disclosure on sustainability issues, and the company's GHG emissions and climate policy approach.</p>	<p>Ethical Canadian Equity Fund</p>
<span>↗</span> <b>Coca Cola</b>	<p>The Coca-Cola Company is an American multinational beverage corporation and manufacturer, retailer and marketer of non-alcoholic beverage concentrates and syrups.</p> <p>www.coca-cola.com</p>	<ul style="list-style-type: none"> <li>• Food system sustainability and access to nutrition</li> <li>• Equitable compensation linked to ESG performance</li> </ul>	<p>Following up on earlier discussions on equitable executive compensation, in February 2014 we wrote to Coca-Cola to share perspectives from our engagement with Canadian banks on vertical pay comparisons. The company has adopted a new policy on responsible recruitment and respect for worker human rights by bottlers and suppliers.</p>	<p>Ethical American Multi-Strategy Fund</p> <p>Ethical Global Equity Fund</p>

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→ <b>Empire</b>	<p>Empire Company Limited is a Canadian conglomerate engaged mostly in food retail and corporate investments. The company is headquartered in Stellarton, Nova Scotia. Empire owns the Sobeys supermarket chain.</p> <p>www.empireco.ca</p>	<ul style="list-style-type: none"> <li>• GHG emissions and climate policy</li> <li>• Food system sustainability and access to nutrition</li> </ul>	<p>This dialogue was added for 2014.</p> <p>We last engaged Empire in 2011, encouraging it to report on ESG performance. Later that year, the company developed a sustainability strategy including specific targets to reduce GHG emissions and waste. Empire also committed to issue comprehensive sustainability reports every two years and an interim update every year on the Sustainability@Sobeys website. The latest interim update was posted in February 2014.</p> <p>We wrote to the company in February 2014 to invite engagement on its evolving sustainability strategy and structures.</p>	<p>Ethical Canadian Equity Fund</p> <p>Ethical Special Equity Fund</p>
→ <b>Kraft Foods</b>	<p>Kraft Foods Group Inc. is an American grocery manufacturing and processing conglomerate headquartered in the Chicago suburb of Northfield, Illinois.</p> <p>www.kraftfoodsgroup.com</p>	<ul style="list-style-type: none"> <li>• Food system sustainability and access to nutrition</li> <li>• Enhancing ESG disclosure</li> </ul>	<p>As Kraft Foods had not yet made an explicit commitment to improve its ESG disclosures in response to earlier engagement, we wrote to the company in January 2014 to provide detail on topics we believe the company should prioritize. These include impacts for business strategy of emerging sustainability issues, supply chain management, nutrition trends, and involvement in public policy development.</p>	<p>Ethical American Multi-Strategy Fund</p> <p>Ethical Global Equity Fund</p>
↗ <b>Loblaw</b>	<p>Loblaw Companies Limited is Canada's largest food retailer and a leading provider of drugstore, general merchandise and financial products and services.</p> <p>www.loblaw.ca</p>	<ul style="list-style-type: none"> <li>• GHG emissions and climate policy</li> <li>• Food system sustainability and access to nutrition</li> <li>• Worker safety in the supply chain</li> <li>• Cotton in the supply chain</li> <li>• Enhancing supply chain disclosure</li> </ul>	<p>This dialogue was planned to continue from 2013, but was paused in 2014 in response to portfolio changes before engagement could be initiated.</p>	

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→ <b>Lululemon Athletica</b>	Lululemon Athletica Inc. is a yoga-inspired athletic apparel company, which produces a clothing line and runs international clothing stores from its base in Vancouver. www.lululemon.com	<ul style="list-style-type: none"> <li>• GHG emissions and climate policy</li> <li>• Worker safety in the supply chain</li> <li>• Enhancing supply chain disclosure</li> </ul>	We wrote to the company in January 2014 to share our perspective on key ESG disclosure topics for apparel companies. Specifically, we encouraged the company to provide more information on how supply chain risk is being managed and mitigated, in the light of recent factory disasters in Bangladesh and increasing investor awareness of supply chain issues.	Ethical Global Equity Fund
<b>Magna International</b>	Magna is a leading global automotive supplier with 316 manufacturing operations and 84 product development, engineering and sales centres in 29 countries. www.magna.com	<ul style="list-style-type: none"> <li>• GHG emissions and climate policy</li> <li>• Enhancing ESG disclosure</li> <li>• Equitable compensation</li> </ul>	This dialogue was planned to continue from 2013, but was paused in 2014 in response to portfolio changes before engagement could be initiated.	
↗ <b>Metro</b>	Metro Inc. is a food retailer operating in the provinces of Quebec and Ontario, based in Montreal. www.metro.ca	<ul style="list-style-type: none"> <li>• GHG emissions and climate policy</li> <li>• Food system sustainability and access to nutrition</li> </ul>	We wrote to the company in February 2014 to invite further dialogue on supply chain management, access to nutrition and climate issues.	Ethical Canadian Equity Fund
<b>Industrials</b>				
↗ <b>CN Rail</b>	The Canadian National Railway Company, headquartered in Montreal, serves Canada and the Midwestern and Southern United States. www.cn.ca	<ul style="list-style-type: none"> <li>• Oil-by-rail</li> <li>• GHG emissions and climate policy</li> <li>• Aboriginal relations</li> <li>• Board diversity leadership</li> </ul>	No update.	Ethical Balanced Fund Ethical Canadian Equity Fund

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→ <b>Misumi</b>	Misumi Group Inc., headquartered in Tokyo, operates businesses including factory automation, die components, electronics and machine tools. www.misumi.co.jp	<ul style="list-style-type: none"> <li>GHG Emissions and climate policy</li> </ul>	<p>This dialogue was added for 2014 in response to emerging ESG risks and opportunities.</p> <p>As an investor member of CDP, we are engaging companies in potentially high emissions sectors that are not yet responding to the CDP carbon disclosure survey. We wrote Misumi in March 2014, encouraging the company to begin providing emissions data, and explaining how we use this disclosure.</p>	Ethical International Equity Fund
↗ <b>Ryanair</b>	Ryanair is an Irish low-cost airline carrier operating more than 1,600 daily flights in over 29 countries. www.ryanair.com	<ul style="list-style-type: none"> <li>GHG emissions and climate policy</li> <li>Enhancing ESG disclosure</li> </ul>	No update.	Ethical Global Equity Fund Ethical International Equity Fund
<b>Vesuvius</b>	Vesuvius provides engineering services and solutions worldwide, principally for the steel and foundry industries, and is headquartered in London, U.K. www.vesuvius.com	<ul style="list-style-type: none"> <li>GHG emissions and climate policy</li> <li>Respecting human rights</li> </ul>	<p>As an investor member of CDP, we are engaging companies in potentially high emissions sectors that are not yet responding to the CDP carbon disclosure survey. We wrote Vesuvius in March 2014, encouraging the company to begin providing GHG emissions data, and explaining how we use this disclosure. We also requested follow-up on earlier engagement on human rights risk mitigation. The company indicated that it was open to further dialogue on this issue. In its latest Annual Report, Vesuvius disclosed that it has implemented a human rights policy.</p>	Ethical Global Dividend Fund
<b>Financials</b>				
↗ <b>Bank of Montreal</b>	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. www.bmo.com	<ul style="list-style-type: none"> <li>Equitable compensation</li> </ul>	In its 2014 proxy circular, in response to our 2012 shareholder proposal, BMO implied that the compensation committee took into account pay across the company.	Ethical Balanced Fund NEI Canadian Bond Fund

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<span>↗</span> <b>Bank of Nova Scotia</b>	Scotiabank is a leading financial services provider in over 55 countries and is Canada's most international bank. www.scotiabank.com	<ul style="list-style-type: none"> <li>• Equitable compensation</li> <li>• GHG emissions, climate policy and energy transition</li> <li>• Preventing tax base erosion</li> <li>• Board diversity leadership</li> </ul>	We met with BNS and other banks in February 2014 to discuss the findings of the independent research on equitable compensation commissioned in response to our 2012 shareholder proposals.  In its 2014 proxy circular, in response to our 2012 shareholder proposal, the bank indicated that the compensation committee took into account pay across the company, and specified that executive compensation input included vertical comparisons with the pay of other employees.	Ethical Balanced Fund Ethical Canadian Equity Fund NEI Canadian Bond Fund
<span>↗</span> <b>CIBC</b>	CIBC is a leading Canadian-based financial institution and provides a full suite of financial products and services in Canada and around the world. www.cibc.com	<ul style="list-style-type: none"> <li>• Equitable compensation</li> </ul>	We met with CIBC in January 2014 to discuss the shareholder proposal we had re-filed asking the company to assess the value of horizontal comparisons with peer company executives, and vertical comparisons with other workers, in setting executive compensation. We withdrew the proposal when the bank agreed to enhance disclosure in the 2014 proxy circular.  In its 2014 proxy circular, in response to our 2012 and 2013 proposals, the bank indicated that for the time being it would observe trends in the adoption of vertical comparisons.	Ethical Balanced Fund NEI Canadian Bond Fund
<b>Industrial Alliance</b>	Industrial Alliance Insurance and Financial Services Inc. is a life and health insurance company and financial group, with operations across Canada and in the United States. www.inalco.com	<ul style="list-style-type: none"> <li>• Enhancing ESG disclosure</li> </ul>	Responding to earlier engagement, Industrial Alliance included new sustainability disclosures in its 2013 annual report, including greenhouse gas emissions data.	Ethical Canadian Equity Fund Ethical Special Equity Fund

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<b>JP Morgan Chase</b>	JPMorgan Chase & Co. is a leading global financial services firm and one of the largest banking institutions in the United States, with operations worldwide. <a href="http://www.jpmorganchase.com">www.jpmorganchase.com</a>	<ul style="list-style-type: none"> <li>Systemically-important financial institutions</li> </ul>	<p>As part of a management breach investigation, we wrote to JP Morgan in October 2013 asking for improved disclosure on the progress the company is making in implementing new compliance systems and structures following record fines for its involvement in selling mortgage-backed securities as well as for the \$6.2 billion "London Whale" trading loss in 2012.</p> <p>We met with JP Morgan Chase representatives in January 2014 to learn about its ongoing implementation of enhancements to compliance and risk oversight functions, and discuss issues emerging from our management breach investigation. We remained concerned that the actions that the company has taken will not be sufficient to change its ethical and compliance culture. The day after our meeting, the bank announced a 74% increase in the CEO's compensation for 2013, despite the record fines the company has faced over the past year.</p> <p>To further explore the ethical challenges faced by systemically-important U.S. financial institutions, we joined an investor collaboration on this topic organized through ICCR.</p>	
<span>↗</span> <b>National Bank of Canada</b>	The National Bank of Canada is a full service Canadian commercial bank headquartered in Montreal Canada. <a href="http://www.nbc.ca">www.nbc.ca</a>	<ul style="list-style-type: none"> <li>Equitable compensation</li> </ul>	No update.	Ethical Canadian Equity Fund
<span>↗</span> <b>Power Financial</b>	Power Financial Corporation is a diversified management and holding company that has interests in companies in the financial services sector in Canada, the US and Europe. <a href="http://www.powerfinancial.com">www.powerfinancial.com</a>	<ul style="list-style-type: none"> <li>GHG emissions and climate policy</li> <li>Enhancing ESG disclosure</li> </ul>	No update.	Ethical Canadian Equity Fund

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<span>↗</span> <b>Royal Bank of Canada</b>	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. www.rbc.com	<ul style="list-style-type: none"> <li>• Equitable compensation</li> <li>• GHG emissions, climate policy and energy transition</li> <li>• Preventing tax base erosion</li> <li>• Board diversity leadership</li> </ul>	<p>We met with RBC and other banks in February 2014 to discuss the findings of the independent research on equitable compensation commissioned in response to our 2012 shareholder proposals.</p> <p>In its 2014 proxy circular, in response to our 2012 and 2013 proposals, the bank indicated that the compensation committee took into account pay across the company, and RBC specified that executive compensation input included vertical comparisons with the pay of other employees. We attended the company AGM in February 2014 to present to shareholders on the reasons for the withdrawal of our 2012 and 2013 shareholder proposals, and our expectations for future disclosure.</p> <p>We had constructive discussions with a number of RBC representatives in February 2014 on our response to the latest proxy circular, the potential for RBC to adopt responsible tax principles, and how the bank is implementing the environmental and social provisions of its lending policies.</p>	Ethical Balanced Fund NEI Canadian Bond Fund
<span>↗</span> <b>TD Bank</b>	TD Bank Group, headquartered in Toronto with offices around the world, offers a full range of financial products and services. www.td.com	<ul style="list-style-type: none"> <li>• Equitable compensation</li> <li>• GHG emissions, climate policy and energy transition</li> <li>• Preventing tax base erosion</li> <li>• Board diversity leadership</li> </ul>	<p>We met with TD and other banks in February 2014 to discuss the findings of the independent research on equitable compensation commissioned in response to our 2012 shareholder proposals.</p> <p>In its 2014 proxy circular, in response to our 2012 proposal, the bank implied that the compensation committee took into account pay across the company.</p>	Ethical Balanced Fund Ethical Canadian Equity Fund NEI Canadian Bond Fund

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## Collaborative Engagement

- We are participating in a collaborative engagement to promote improved performance and adoption of best practices in unconventional gas operations. In early 2014 the collaboration wrote to a number of companies in our holdings to request a meeting to discuss these issues, including Apache, BG Group, Canadian Natural Resources, Eni, EOG Resources, Hess Corporation and Total.
- We are participating in a collaborative engagement to enhance labour standards in the agricultural supply chain of food and beverage manufacturers and retailers. In early 2014 the collaboration wrote to a number of companies in our holdings to pursue engagement, including Tesco and Yum Brands.

## Public Policy & Standards

- We continued to participate actively as a lead investor in the Sustainable Stock Exchanges collaborative engagement, urging stock exchanges worldwide to adopt listing standards that would require all public companies to disclose on key ESG risks and opportunities.

TSX mandated majority voting for directors in February 2014, and in March 2014 it published new guidance for companies on ESG disclosure obligations.

- As a holder of Government of Canada fixed income instruments, we provided an investor perspective input on several federal policy initiatives.
  - We submitted comments to Foreign Affairs, Trade and Development Canada's consultation on Corporate Social Responsibility Strategy for the Canadian International Extractive Sector in January 2014.
  - We provided input to Environment Canada in March 2014 on how National Pollutant Release Inventory data could be made more accessible for use by responsible investors.
  - We participated in Natural Resources Canada consultation session on extractives transparency reporting in March 2014. The federal government announced that it will bring in a disclosure framework if the provinces have not introduced provisions by 2015.

- As an investor member of CDP, in February 2014 we presented at the CDP Canada Spring Workshop to provide our perspective on the importance of carbon disclosure and to further influence the design of the CDP. We provided suggestions on how to improve the CDP survey process so that the reporting burden on companies is not overly onerous.

- In March 2014, the UN Global Compact released its Good Practice Note on Indigenous Peoples' Rights and the Role of Free, Prior, and Informed Consent. We provided comments on the first draft of the Good Practice Note in the summer of 2013 and were pleased to see many of our suggestions integrated into the final version.

- We provided further input to the U.S. Securities and Exchange Commission consultation on implementation of the Dodd-Frank Act CEO-to-median worker pay ratio provision in February 2014, drawing on our engagement with the Canadian banks on equitable compensation.

\* Corporate engagement dialogues target the holdings of Ethical Funds. Dialogues may start, pause or resume as holdings are purchased and sold. Holdings are subject to change and there is no guarantee at the time of reading engagement updates that any company referenced is a current holding of Ethical Funds.

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