



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*
Energy				
Apache	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. www.apachecorp.com	<ul style="list-style-type: none"> Hydraulic fracturing Compensation linked to ESG performance 	We voted for the Apache compensation plan at the 2014 AGM, as the company had implemented several suggestions made in our earlier feedback. In particular, the company greatly improved linkage of pay to performance, made explicit linkage of pay to ESG performance, and reduced use of compensation-inflating options. We wrote to the board in August 2014 to welcome these changes, and provided further suggestions for enhancement of the company's pay practices. The company indicated it would respond to our letter.	Ethical American Multi-Strategy Fund Ethical Global Equity Fund
ARC Resources	ARC Resources Ltd is a conventional oil and gas company with operations in Western Canada. www.arcresources.com	<ul style="list-style-type: none"> Gas development in Northern BC GHG emissions, climate policy and energy transition 	No update.	Ethical Balanced Fund
BG Group	BG Group is an international gas exploration and production and Liquefied Natural Gas (LNG) company. www.bg-group.com	<ul style="list-style-type: none"> Hydraulic fracturing Gas development in Northern BC Unburnable carbon 	The collaborative engagement group met with BG Group in July 2014, encouraging the company to enhance practices and performance to mitigate the risks associated with unconventional gas operations.	Ethical International Equity Fund
Cameron	Cameron provides flow equipment products, systems and services to worldwide oil, gas and process industries. www.c-a-m.com	<ul style="list-style-type: none"> Carbon disclosure 	We wrote to Cameron in September 2014 to renew our request that the company improve its disclosure on carbon emissions mitigation strategies, ideally by responding to the CDP survey. This time we directed our letter to the chair of the board, highlighting the link between good disclosure on emissions management and good corporate governance overall.	Ethical American Multi-Strategy Fund Ethical Global Equity Fund

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CNRL	<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"> • Oil sands • Hydraulic fracturing • GHG emissions, climate policy and energy transition • Unburnable carbon • Compensation linked to ESG performance 	No update.	<p>Ethical Balanced Fund</p> <p>Ethical Canadian Equity Fund</p>
Encana	<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"> • Hydraulic fracturing • Gas development in Northern BC • GHG emissions, climate policy and energy transition • Unburnable carbon 	<p>Since its strategic realignment in 2013, Encana has committed to the development of a new sustainability strategy to guide its ESG efforts. We met with the company in August 2014 to discuss its progress on the strategy. The strategy has yet to be finalized, and Encana expressed interest in external feedback before it is sent to the board. We emphasized the materiality of carbon and methane emissions to its sustainability performance and encouraged the company to show leadership on this front. We stressed the relevance of the company's Environmental Innovations Fund to long-term risk mitigation. As well, we suggested Encana could derive value from a formal stakeholder panel. We also continued our dialogue on play-based disclosure, and committed to provide further feedback on the type of disclosure we are seeking.</p> <p>We voted against the company's executive compensation plan at the 2014 AGM and wrote to the compensation committee in September 2014 to explain our rationale. We have been in dialogue with the company on executive compensation for a number of years. While we have seen progress on several issues, including linkage of compensation to ESG performance, we continue to have some concerns about the structure of compensation at the company.</p>	Ethical Global Equity Fund
Eni	<p>Headquartered in Italy, Eni is a global integrated oil and gas company with interests in oil and gas production, electricity generation, petrochemicals, oilfield services and construction and engineering.</p> <p>www.eni.com</p>	<ul style="list-style-type: none"> • Hydraulic fracturing • Arctic exploration 	<p>We are participating in a collaborative engagement to promote improved performance and adoption of best practices in unconventional gas operations. In July 2014 the collaboration met with Eni to explore this topic.</p> <p>We joined a further collaboration that wrote to Eni in September 2014 to ask how the company plans to address the risks associated with its proposed Arctic offshore exploration. We requested a meeting to discuss the issue further.</p>	Ethical Global Dividend Fund

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Ensign Energy Services	Based in Calgary, Ensign Energy Services delivers oilfield services in Canada, the U.S. and internationally. www.ensignenergy.com	<ul style="list-style-type: none"> Carbon disclosure 	We wrote to Ensign in September 2014 to renew our request that the company improve its disclosure on carbon emissions mitigation strategies, ideally by responding to the CDP survey. This time we directed our letter to the chair of the board, highlighting the link between good disclosure on emissions management and good corporate governance overall.	Ethical Canadian Equity Fund Ethical Special Equity Fund
Gibson Energy	Gibson is a North America-focused midstream oil and gas company that provides storage and transportation services. www.gibsons.com	<ul style="list-style-type: none"> Carbon disclosure 	This dialogue was added during 2014 in response to emerging ESG risks and opportunities. 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 to Gibson Energy in September 2014, encouraging the company to begin providing emissions data through CDP, and explaining how we use this disclosure.	Ethical Canadian Equity Fund Ethical Special Equity Fund
Mullen Group	Mullen Group provides specialized transportation and related services to the oil and natural gas industry in western Canada. www.mullen-group.com	<ul style="list-style-type: none"> Carbon disclosure 	We wrote to Mullen in September 2014 to renew our request that the company improve its disclosure on carbon emissions mitigation strategies, ideally by responding to the CDP survey. This time we directed our letter to the chair of the board, highlighting the link between good disclosure on emissions management and good corporate governance overall.	Ethical Special Equity Fund
Pason Systems	Pason is a global provider of specialized data management systems for drilling rigs. www.pason.com	<ul style="list-style-type: none"> Carbon disclosure 	We wrote to Pason in September 2014 to renew our request that the company improve its disclosure on carbon emissions mitigation strategies, ideally by responding to the CDP survey. This time we directed our letter to the chair of the board, highlighting the link between good disclosure on emissions management and good corporate governance overall.	Ethical Special Equity Fund
Pembina Pipeline Corporation	Based in Calgary, Pembina is a pipeline transportation and midstream energy services provider. www.pembina.com	<ul style="list-style-type: none"> Carbon disclosure 	We wrote to Pembina in September 2014 to renew our request that the company improve its disclosure on carbon emissions mitigation strategies, ideally by responding to the CDP survey. This time we directed our letter to the chair of the board, highlighting the link between good disclosure on emissions management and good corporate governance overall.	Ethical Balanced Fund
Precision Drilling	Based in Calgary, Precision Drilling provides oilfield services in North America and internationally. www.precisiondrilling.com	<ul style="list-style-type: none"> Carbon disclosure 	We wrote to Precision in September 2014 to renew our request that the company improve its disclosure on carbon emissions mitigation strategies, ideally by responding to the CDP survey. This time we directed our letter to the chair of the board, highlighting the link between good disclosure on emissions management and good corporate governance overall.	Ethical Balanced Fund

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Range Resources	Range Resources is an independent U.S. natural gas company. www.rangeresources.com	<ul style="list-style-type: none"> Carbon disclosure 	We wrote to Range in September 2014 to renew our request that the company improve its disclosure on carbon emissions mitigation strategies, ideally by responding to the CDP survey. This time we directed our letter to the chair of the board, highlighting the link between good disclosure on emissions management and good corporate governance overall.	Ethical American Multi-Strategy Fund Ethical Global Equity Fund
Suncor	Suncor Energy Inc. is Canada's largest integrated energy company, focused on development of the Athabasca oil sands. www.suncor.com	<ul style="list-style-type: none"> Oil sands GHG emissions, climate policy and energy transition Unburnable carbon 	We wrote to the board in September 2014 to explain our rationale for voting against Suncor's executive compensation package at the 2014 AGM. We have been engaging the company on executive compensation for a number of years. While we continue to see improvement in the way the company links executive compensation to ESG performance, we raised concerns about compensation disparity given the magnitude of the CEO's 2013 pay.	Ethical Balanced Fund Ethical Canadian Equity Fund
Total	Based in France, Total is one of the world's largest integrated oil and gas companies, and is also involved in chemicals and new energy sources. www.total.com	<ul style="list-style-type: none"> Hydraulic fracturing 	No update.	Ethical International Equity Fund
Tourmaline Oil Corporation	Tourmaline is a Canadian oil and natural gas exploration and production company. www.tourmalineoil.com	<ul style="list-style-type: none"> Carbon disclosure 	We wrote to Tourmaline in September 2014 to renew our request that the company improve its disclosure on carbon emissions mitigation strategies, ideally by responding to the CDP survey. This time we directed our letter to the chair of the board, highlighting the link between good disclosure on emissions management and good corporate governance overall.	Ethical Balanced Fund
Materials				
Barrick Gold	Barrick Gold is the world's largest gold producer, operating mines and advanced exploration and development projects on four continents. www.barrick.com	<ul style="list-style-type: none"> Respecting human rights 	This dialogue was paused in response to portfolio changes.	

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Boart Longyear	Operating worldwide, Boart Longyear is an integrated drilling services and products provider. www.boartlongyear.com	<ul style="list-style-type: none"> Carbon disclosure 	This dialogue was paused in response to portfolio changes.	
Brenntag AG	Brenntag AG is a chemical distribution company, operating world-wide and headquartered in Germany. http://www.brenntag.com/	<ul style="list-style-type: none"> Carbon disclosure 	<p>This dialogue was added during 2014 in response to emerging ESG risks and opportunities.</p> <p>We wrote to Brenntag in September 2014 to renew our request that the company improve its disclosure on carbon emissions mitigation strategies, ideally by responding to the CDP survey. This time we directed our letter to the chair of the board, highlighting the link between good disclosure on emissions management and good corporate governance overall.</p>	Ethical Global Equity Fund
Domtar	Domtar Corporation is the largest integrated producer of uncoated freesheet paper in North America and the second largest in the world based on production. www.domtar.com	<ul style="list-style-type: none"> GHG emissions and climate policy Sustainable forest products 	No update.	Ethical Canadian Equity Fund
Goldcorp	Goldcorp is a gold producer headquartered in Vancouver, engaged in gold mining and related activities including exploration, extraction, processing and reclamation. www.goldcorp.com	<ul style="list-style-type: none"> Respecting human rights 	No update.	Ethical Canadian Equity Fund
LyondellBasell Industries	LyondellBasell Industries is a global plastics, chemicals and refining company. www.lyondellbasell.com	<ul style="list-style-type: none"> Carbon disclosure 	We wrote to LyondellBasell in September 2014 to renew our request that the company improve its disclosure on carbon emissions mitigation strategies, ideally by responding to the CDP survey. This time we directed our letter to the chair of the board, highlighting the link between good disclosure on emissions management and good corporate governance overall.	Ethical Balanced Fund

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Potash Corp	<p>Potash Corp is the world's largest fertilizer company by capacity, producing the three primary crop nutrients: potash, nitrogen and phosphate.</p> <p>www.potashcorp.com</p>	<ul style="list-style-type: none"> Respecting human rights 	<p>In August 2014 Potash provided updated information on how it has assessed the human rights risks associated with its Western Sahara supply chain. However, the investor collaboration continues to have questions about the quality of human rights due diligence performed by the company, and asked for a meeting to discuss this further. The company agreed to the request.</p>	Ethical Global Equity Fund
Tahoe Resources	<p>Headquartered in Nevada and Vancouver, Tahoe Resources is a silver producer that operates a mine in Guatemala.</p> <p>www.tahoeresourcesinc.com</p>	<ul style="list-style-type: none"> Respecting human rights Carbon disclosure 	<p>This dialogue was added during 2014 in response to portfolio changes.</p> <p>In September 2014 we met with Tahoe Resources for the first time to discuss the systems and policies in place to ensure the company meets its obligation to respect human rights. The company is currently facing a lawsuit in relation to acts of violence in Guatemala, where it operates the Escobal silver mine. The company explained how it manages community engagement and provided information on the development and implementation of its human rights policy, as well as its progress in implementing a grievance mechanism. Tahoe is also making efforts to improve its disclosure on ESG issues. We expressed our desire to learn more about how the company is integrating the UN Guiding Principles on Business and Human Rights and in particular how it is performing human rights due diligence.</p> <p>In September 2014 we wrote to the board to ask the company to improve its disclosure on management of carbon emissions. We highlighted the link between voluntary disclosure on carbon mitigation strategies and good corporate governance overall.</p>	Ethical Balanced Fund
Winpak	<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"> GHG emissions and climate policy Sustainable packaging Enhancing ESG disclosure 	No update.	Ethical Special Equity Fund

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Utilities				
Canadian Utilities/ ATCO	Canadian Utilities Limited, an ATCO company, operates worldwide through companies engaged in utilities, energy, structures & logistics and technologies. www.canadianutilities.com	<ul style="list-style-type: none"> GHG emissions, climate policy and energy transition Enhancing ESG disclosure 	No update.	Ethical Canadian Equity Fund
Healthcare & Pharmaceuticals				
Merck	Merck produces vaccines, medications, and consumer and animal health products worldwide. www.merck.com	<ul style="list-style-type: none"> Enhancing corporate governance 	This dialogue was added during 2014 in response to emerging ESG risks and opportunities. Through a new dialogue interface, iiWisdom, we provided feedback to the Merck board on corporate governance and executive compensation issues, explaining why we voted against the compensation plan at the 2014 AGM. The dialogue was paused in response to portfolio changes.	
Johnson & Johnson	Johnson & Johnson is an American multinational medical devices, pharmaceutical and consumer packaged goods manufacturer founded in 1886. www.jnj.com	<ul style="list-style-type: none"> Compensation linked to ESG performance 	We wrote to the Johnson & Johnson board in July 2014 to explain our rationale for voting against the compensation plan at the 2014 AGM. Although we have seen progress on linkage of pay to safety and compliance performance, we seek increased use of performance-based awards and more detailed disclosure on the performance metrics framework.	Ethical American Multi-Strategy Fund Ethical Balanced Fund Ethical Global Equity Fund
IT & Telecommunications				
Apple	Apple Inc. is a multinational corporation, based in California, which designs, develops, and sells consumer electronics, software, online services and computers. www.apple.com	<ul style="list-style-type: none"> Carbon disclosure 	<p>In September 2014, Apple submitted its first carbon emissions data to CDP, responding to the request made in earlier engagement. The company made the decision to report after investors indicated that disclosure through the CDP helped them to track environmental performance.</p> <p>Through a new dialogue interface, iiWisdom, we provided feedback to the Apple board on corporate governance and executive compensation issues, explaining why we voted against the compensation plan at the 2014 AGM.</p>	

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CGI	CGI Group Inc. is a multinational information technology consulting, systems integration, outsourcing, and solutions company headquartered in Montreal, Canada www.cgi.com	<ul style="list-style-type: none"> • Enhancing ESG disclosure • GHG emissions and climate policy • Respecting privacy and human rights 	Following up on our earlier meeting, we shared suggestions with CGI on tools that could be relevant to an exploration of how the UN Guiding Principles on Business and Human Rights could be applied in the context of IT services. We also asked the company to clarify its position on fundamental labour rights, as outlined in the OECD Guidelines for Multinational Enterprises.	Ethical Canadian Equity Fund
Electronic Arts	Electronic Arts is an international interactive entertainment software company. www.ea.com	<ul style="list-style-type: none"> • Carbon disclosure 	<p>This dialogue was added during 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 to Electronic Arts in September 2014, encouraging the company to begin providing emissions data through CDP, and explaining how we use this disclosure.</p>	Ethical American Multi-Strategy Fund Ethical Global Equity Fund
EMC	EMC is a global information technology company, focused on cloud computing. www.emc.com	<ul style="list-style-type: none"> • Enhancing corporate governance 	This dialogue was added during 2014 in response to emerging ESG risks and opportunities. Through a new dialogue interface, iiWisdom, we provided feedback to the EMC board on corporate governance and executive compensation issues.	Ethical American Multi-Strategy Fund Ethical Global Equity Fund
Google	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"> • Preventing tax base erosion 	No update.	Ethical American Multi-Strategy Fund Ethical Global Equity Fund

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Mitel	<p>Mitel is a multinational corporation specializing in business communications technology, including phone systems, on-site and cloud-based collaboration and contact center solutions. Mitel is headquartered in Ottawa, Canada.</p> <p>www.mitel.com</p>	<ul style="list-style-type: none"> Enhancing ESG disclosure 	<p>This dialogue was added during 2014 in response to emerging ESG risks and opportunities.</p> <p>We met with Mitel for the first time in September 2014 to outline our processes, discuss the company's ESG disclosure and explore a range of ESG issues relevant to the IT sector. We encouraged the company to begin reporting on energy use and emissions and explained that we are encouraging IT sector companies to take a progressive public position on climate policy. We noted stakeholder concerns relating to management of e-waste and appropriate recycling conditions, and also discussed management of environmental and social risks in the electronics supply chain. We raised the question of privacy and human rights risks relating to IT service provision, and encouraged the company to strengthen policies and enhance disclosure on this issue. In addition, we briefed the company on our engagement with U.S. digital companies on responsible tax principles.</p> <p>Mitel expressed interest in continuing the dialogue, so we followed up by sharing with the company our Proxy Voting Guidelines, as well as best practice examples of ESG disclosure and corporate responsibility commitments within the IT sector.</p>	Ethical Special Equity Fund
Telecommunication Services				
Manitoba Telecom	<p>Manitoba Telecom Services, or MTS, is the primary telecommunications carrier in the Canadian province of Manitoba and the fourth largest telecommunications provider in Canada.</p> <p>www.mts.ca</p>	<ul style="list-style-type: none"> GHG emissions and climate policy Enhancing ESG disclosure 	<p>Following up on our earlier meeting, we wrote to the Manitoba Telecom board formally in August 2014 to explain our rationale for voting against the compensation plan at the 2014 AGM.</p>	Ethical Special Equity Fund
Rogers	<p>Rogers Communications is a diversified Canadian communications and media company that operates in the field of wireless communications, cable television, telephone and internet connectivity</p> <p>www.rogers.com</p>	<ul style="list-style-type: none"> GHG emissions and climate policy Communications stewardship 	<p>We met with Rogers in September 2014 to discuss climate change and emissions management developments. The company has made considerable efforts to enhance its climate strategy and disclosure. It tracks and report on 100% of its energy consumption, and has been undertaking initiatives to reduce its carbon footprint in relation to real estate and data centres. We noted the potential for the telecommunications industry to take a leadership role in the transition to a lower-carbon economy, and encouraged the company to consider aligning its emissions targets with the effort to keep global warming below 2°C.</p> <p>We discussed the role of the hi-tech sectors in enabling other companies to reduce their operational emissions through technological innovations, and encouraged Rogers to consider proactively providing more information to consumers on how to reduce energy consumption associated with their use of IT and communications devices.</p>	Ethical Balanced Fund Ethical Canadian Equity Fund

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TELUS	<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"> • GHG emissions and climate policy • Communications stewardship • Equitable compensation • Board diversity leadership 	<p>We voted for TELUS' executive compensation plan for the first time at the 2014 AGM. In August 2014 we wrote to the compensation committee to explain our rationale, noting the positive changes to the compensation approach that had been implemented over several years of constructive dialogue with the company. We also expressed appreciation for the new disclosure in the 2014 proxy circular regarding equitable compensation practices – a first among the Canadian companies in our holdings - and encouraged TELUS to build on this.</p> <p>In September 2014, we met with TELUS to discuss climate change and emissions management. The company has made notable efforts to reduce its own footprint through real restate and data centre initiatives and by encouraging telecommuting. We highlighted the potential for the telecommunications industry to take a leadership role in the transition to a lower-carbon economy. TELUS has already made significant progress against its 2020 emissions targets, but we encouraged the company to consider aligning its emissions targets with the effort to keep global warming below 2°C.</p> <p>We discussed the role of the hi-tech sectors in enabling other companies to reduce their operational emissions through technological innovations, and encouraged TELUS to consider proactively providing more information to consumers on how to reduce energy consumption associated with their use of IT and communications devices.</p>	Ethical Canadian Equity Fund
Verizon Communications	<p>Verizon Communications is a global communications company that designs, builds and operates networks, information systems and mobile technologies.</p> <p>www.verizon.com</p>	<ul style="list-style-type: none"> • Enhancing corporate governance 	<p>This dialogue was added during 2014 in response to emerging ESG risks and opportunities. Through a new dialogue interface, iiWisdom, we provided feedback to the Verizon Communications board on corporate governance and executive compensation issues, explaining why we voted against the compensation plan at the 2014 AGM.</p>	Ethical Balanced Fund Ethical Global Dividend Fund

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Consumer				
Canadian Tire	<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"> • GHG emissions and climate policy • Worker safety in the supply chain • Cotton in the supply chain • Enhancing ESG disclosure and supply chain disclosure 	<p>The Canadian Tire board recently established a Brand and Values Committee. Following up on our earlier meeting, in September 2014 we wrote to the board to provide feedback on aspects of the company's ESG disclosure that we view positively, and reiterate our perspective how it could be enhanced in key areas such as supply chain management. We also encouraged the board to adopt a public position on the need for a meaningful price on carbon.</p>	Ethical Canadian Equity Fund
Cineplex	<p>Cineplex Inc. is a Canadian entertainment company.</p> <p>www.cineplex.com</p>	<ul style="list-style-type: none"> • Carbon disclosure 	<p>This dialogue was added during 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 to Cineplex in September 2014, encouraging the company to begin providing emissions data through CDP, and explaining how we use this disclosure.</p>	Ethical Canadian Equity Fund
Coca Cola	<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"> • Food system sustainability and access to nutrition • Equitable compensation linked to ESG performance 	<p>We voted against the Coca-Cola compensation plan at the 2014 AGM, and wrote to the board in July 2014 to explain the rationale for our decision. While the company had made a number of changes responding to issues raised in earlier dialogue, we considered the magnitude of CEO pay to be excessive, and had concerns about pay disparity between members of the executive team. We also urged Coca-Cola to enhance linkage to metrics within the 2020 Vision – the company's strategy for long-term success, which includes several environmental and social performance goals.</p> <p>Also in July 2014, we participated in a collaborative engagement call where Coca-Cola described its leadership efforts to implement traceability systems for the sustainable sourcing of key agricultural commodities.</p> <p>We were signatory to a letter urging companies involved in marketing food and beverages to children, including Coca-Cola, to join the Children's Food and Beverage Advertising Initiative (CFBAI).</p>	<p>Ethical American Multi-Strategy Fund</p> <p>Ethical Global Equity Fund</p>
Dollarama	<p>Dollarama is the leading dollar store operator in Canada.</p> <p>www.dollarama.com</p>	<ul style="list-style-type: none"> • Carbon disclosure 	<p>We wrote to Dollarama in September 2014 to renew our request that the company improve its disclosure on carbon emissions mitigation strategies, ideally by responding to the CDP survey. This time we directed our letter to the chair of the board, highlighting the link between good disclosure on emissions management and good corporate governance overall.</p>	Ethical Balanced Fund

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Empire	<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"> • GHG emissions and climate policy • Food system sustainability and access to nutrition 	<p>In September 2014, we met with Empire, which owns the Sobeys supermarket chain, to discuss sustainability practices and disclosure.</p> <p>Empire's investments in environmentally-friendly refrigeration systems have allowed the company to reduce energy use and achieve its target of reducing GHG emissions by 15% by 2013. We encouraged Empire to continue emissions reduction efforts and enhance reporting in this area.</p> <p>We discussed the importance of long-term supplier relationships in building more environmentally and socially sustainable supply chains, as well as the company's certification programs for humane meat sourcing. We provided feedback on aspects of Empire's supply chain management disclosure that we believe could be enhanced.</p>	<p>Ethical Canadian Equity Fund Ethical Special Equity Fund</p>
Kraft Foods	<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"> • Food system sustainability and access to nutrition • Enhancing ESG disclosure 	<p>Dialogue paused.</p>	
Loblaw	<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"> • GHG emissions and climate policy • Food system sustainability and access to nutrition • Worker safety in the supply chain • Cotton in the supply chain • Enhancing supply chain disclosure 	<p>This dialogue was resumed in response to portfolio changes. We approached the company to request a meeting to discuss sustainability issues.</p>	<p>Ethical Canadian Equity Fund</p>

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Lululemon Athletica	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"> • GHG emissions and climate policy • Worker safety in the supply chain • Enhancing supply chain disclosure 	In July 2014, we wrote to the board to explain our rationale for voting against the executive compensation plan at the company's 2014 AGM. We were concerned that the compensation framework was not adequately linked to long-term performance metrics, and also at disparity between the pay of the CEO and that of other members of the executive team.	Ethical Global Equity Fund
Magna International	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"> • GHG emissions and climate policy • Enhancing ESG disclosure • Equitable compensation 	No update.	Ethical Balanced Fund
Metro	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"> • GHG emissions and climate policy • Food system sustainability and access to nutrition 	In July 2014, we wrote to the Metro board to provide feedback on our vote against the compensation plan at the 2014 AGM. We were concerned that the compensation framework was not adequately linked to long-term performance metrics, and at disparity between the pay of the CEO and other members of the executive team. We also encouraged the company to reduce reliance on use of compensation-inflating stock options within incentive plans. The board responded in September 2014 with further explanation of the rationale for its decisions on executive compensation.	Ethical Canadian Equity Fund
Nestlé	Nestlé is a global nutrition and health company, headquartered in Switzerland. www.nestle.com	<ul style="list-style-type: none"> • Respecting human rights • Food system sustainability and access to nutrition 	<p>As part of a collaborative engagement to enhance labour standards in the agricultural supply chain of food and beverage manufacturers and retailers, in July 2014 we participated in a meeting with Nestlé to discuss the company's efforts to implement company-wide Human Rights Impact Assessment (HRIA) – a leadership practice among consumer companies. We learned how insights from this initiative are informing evolving human rights policies and systems across the company's global operations.</p> <p>We were also signatory to a letter urging companies involved in marketing food and beverages to children, including Nestlé, to join the Children's Food and Beverage Advertising Initiative (CFBAI).</p>	Ethical Global Equity Fund Ethical International Equity Fund

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Rational	Headquartered in Germany, Rational is a specialist provider of hot food preparation equipment for professional kitchens. www.rational-online.com	<ul style="list-style-type: none"> Carbon disclosure 	This dialogue was paused in response to portfolio changes.	
Shaw Communications	Shaw Communications provides network services and content in Western Canada. www.shaw.ca	<ul style="list-style-type: none"> Enhancing ESG disclosure 	This dialogue was added in response to emerging ESG risks and opportunities. We met with Shaw Communications in September 2014 to discuss concerns about the quality of the company's ESG disclosure identified during our ESG evaluations process. As follow-up to the meeting, we wrote to the CEO to encourage improvement in ESG reporting.	Ethical Balanced Fund
Industrials				
Caterpillar	Caterpillar manufactures construction and mining equipment, diesel and natural gas engines, industrial gas turbines and diesel-electric locomotives. www.caterpillar.com	<ul style="list-style-type: none"> Carbon disclosure Respecting human rights 	<p>Although Caterpillar provides information on climate issues in its own reporting, it did not respond to the 2014 CDP carbon disclosure survey. We wrote to Caterpillar in September 2014 to renew our request that the company improve its disclosure on carbon emissions mitigation strategies, ideally by responding to the CDP survey. This time we directed our letter to the chair of the board, highlighting the link between good disclosure on emissions management and good corporate governance overall.</p> <p>Against a background of stakeholder concerns about the use of Caterpillar heavy equipment in conflict situations, we also asked the board to consider enhancing Caterpillar's human rights approach to be consistent with the UN Guiding Principles on Business and Human Rights.</p> <p>Caterpillar recently renewed its corporate value statement to include explicit reference to a sustainability pillar, and used the new Global Reporting Initiative G4 guidelines as the framework for its latest sustainability report. We suggested that the company should consider aligning more closely with the GRI guidelines, specifically by providing a GRI Content Index to aid investors seeking ESG information.</p>	Ethical Global Dividend Fund
CN Rail	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"> Oil-by-rail GHG emissions and climate policy Aboriginal relations Board diversity leadership 	No update.	Ethical Balanced Fund Ethical Canadian Equity Fund

Company	Company Overview	ESG Issues	Dialogue Update	Funds*
Joy Global	Joy Global manufactures and markets equipment, parts and services for the mining industry. www.joyglobal.com	<ul style="list-style-type: none"> • Carbon disclosure 	We wrote to Joy Global in September 2014 to renew our request that the company improve its disclosure on carbon emissions mitigation strategies, ideally by responding to the CDP survey. This time we directed our letter to the chair of the board, highlighting the link between good disclosure on emissions management and good corporate governance overall.	Ethical American Multi-Strategy Fund Ethical Global Equity Fund
Misumi	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"> • GHG Emissions and climate policy 	This dialogue was paused in response to portfolio changes.	
Ryanair	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"> • GHG emissions and climate policy • Enhancing ESG disclosure 	No update.	Ethical Global Equity Fund
Vesuvius	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"> • GHG emissions and climate policy • Respecting human rights 	We wrote to Vesuvius in September 2014 to renew our request that the company improve its disclosure on carbon emissions mitigation strategies, ideally by responding to the CDP survey. This time we directed our letter to the chair of the board, highlighting the link between good disclosure on emissions management and good corporate governance overall.	Ethical Global Dividend Fund

Company	Company Overview	ESG Issues	Dialogue Update	Funds*
Financials				
Bank of Montreal	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"> Equitable compensation 	<p>Following up on earlier engagement, in August 2014 we wrote to Canada's largest banks, including BMO, encouraging them to consider next steps in enhancing equitable compensation practices and disclosure.</p> <p>We also wrote to the BMO compensation committee in August 2014, outlining our rationale for voting in favour of the compensation plan at the 2014 AGM. While commending the bank for reducing its reliance on the use of compensation-inflating stock options, we asked the bank to consider the potential implications of including tax-sensitive metrics in executive pay frameworks, as well as sharing perspectives on approaches to disclosure on equitable compensation.</p>	Ethical Balanced Fund NEI Canadian Bond Fund
Bank of Nova Scotia	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"> Equitable compensation GHG emissions, climate policy and energy transition Preventing tax base erosion Board diversity leadership 	<p>Following up on earlier engagement, in August 2014 we wrote to Canada's largest banks, including BNS, encouraging them to consider next steps in enhancing equitable compensation practices and disclosure.</p> <p>We also wrote to the BNS compensation committee in August 2014, outlining our rationale for voting in favour of the compensation plan at the 2014 AGM. While commending the bank for disclosing that vertical comparisons with the pay of other employees formed part of information provided for compensation decision-making, we asked BNS to consider the potential implications of including tax-sensitive metrics in executive pay frameworks, as well as sharing perspectives on approaches to disclosure on equitable compensation.</p>	Ethical Balanced Fund Ethical Canadian Equity Fund NEI Canadian Bond Fund
Canadian Western Bank	Canadian Western Bank and its operating affiliates offer a diversified range of financial services. www.cwbankgroup.com	<ul style="list-style-type: none"> Equitable compensation linked to ESG performance 	No update.	Ethical Special Equity Fund
CIBC	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"> Equitable compensation 	<p>Following up on earlier engagement, in August 2014 we wrote to Canada's largest banks, including CIBC, encouraging them to consider next steps in enhancing equitable compensation practices and disclosure.</p> <p>We also wrote to the CIBC compensation committee in August 2014, outlining our rationale for voting in favour of the compensation plan at the 2014 AGM. While commending the bank for increasing use of performance-based awards, we asked CIBC to consider the potential implications of including tax-sensitive metrics in executive pay frameworks, as well as sharing perspectives on approaches to disclosure on equitable compensation.</p>	Ethical Balanced Fund NEI Canadian Bond Fund

Company	Company Overview	ESG Issues	Dialogue Update	Funds*
Industrial Alliance	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"> Enhancing ESG disclosure 	No update.	Ethical Canadian Equity Fund Ethical Special Equity Fund
JP Morgan Chase	JPMorgan Chase & Co. is a leading global financial services firm and one of the largest banking institutions in the United States, with operations worldwide. www.jpmorganchase.com	<ul style="list-style-type: none"> Systemically-important financial institutions 	Dialogue paused.	
Laurentian Bank	Laurentian Bank of Canada is a Quebec banking institution operating across Canada, providing a full suite of financial products. www.laurentianbank.com	<ul style="list-style-type: none"> Equitable compensation linked to ESG performance 	Following up on our earlier feedback letter, we met with Laurentian in September 2014 to discuss in more detail why we were able to support the compensation plan. Also in September 2014, we met with the CEO to provide a high-level overview of our ESG priorities for financial services companies, as well as explaining our approach to proxy voting on auditor ratification.	Ethical Special Equity Fund
National Bank of Canada	The National Bank of Canada is a full service Canadian commercial bank headquartered in Montreal Canada. www.nbc.ca	<ul style="list-style-type: none"> Equitable compensation 	Following up on earlier engagement, in August 2014 we wrote to Canada's largest banks, including National Bank, encouraging them to consider next steps in enhancing equitable compensation practices and disclosure.	Ethical Canadian Equity Fund

Company	Company Overview	ESG Issues	Dialogue Update	Funds*
Power Financial	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. www.powerfinancial.com	<ul style="list-style-type: none"> • GHG emissions and climate policy • Enhancing ESG disclosure 	We met with Power Financial in July 2014 to discuss ESG disclosure enhancements and the company's efforts to climate-proof its business units. We encouraged the company to provide an overview of sustainability disclosure across all of its subsidiaries, which would enable investors and other stakeholders to form a clearer picture of ESG performance across the company's operations and interests.	Ethical Canadian Equity Fund
Royal Bank of Canada	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"> • Equitable compensation • GHG emissions, climate policy and energy transition • Preventing tax base erosion • Board diversity leadership 	Following up on earlier engagement, in August 2014 we wrote to Canada's largest banks, including RBC, encouraging them to consider next steps in enhancing equitable compensation practices and disclosure.	Ethical Balanced Fund NEI Canadian Bond Fund
TD Bank	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"> • Equitable compensation • GHG emissions, climate policy and energy transition • Preventing tax base erosion • Board diversity leadership 	Following up on earlier engagement, in August 2014 we wrote to Canada's largest banks, including TD Bank, encouraging them to consider next steps in enhancing equitable compensation practices and disclosure. We also wrote to the TD compensation committee in August 2014, outlining our rationale for voting in favour of the compensation plan at the 2014 AGM. While commending the bank for appropriate use of discretion to reduce awards in light of missed targets, we asked TD to consider the potential implications of including tax-sensitive metrics in executive pay frameworks, as well as sharing perspectives on approaches to disclosure on equitable compensation.	Ethical Balanced Fund Ethical Canadian Equity Fund NEI Canadian Bond Fund

Collaborative Engagement

- We are participating in a collaborative engagement to promote improved performance and adoption of best practices in unconventional gas operations. Calls were undertaken by the collaboration with Eni, BG Group and Apache to discuss policies, practices and disclosure on fracking.
- We continue to participate in a collaborative engagement to encourage major U.S. financial institutions to implement significant changes in their corporate culture to mitigate systemic risks to the global financial system, coordinated by ICCR.
- We are participating in a collaborative engagement to enhance labour standards in the agricultural supply chain of food and beverage manufacturers and retailers. A call was undertaken with Nestlé to learn more about the company's approach to Human Rights Impact Assessment (HRIA).
- We are participating in a collaborative engagement to address risks relating to use of nanotechnology in food and consumer products, targeting companies including AnheuserBusch, Brenntag AG, Coca-Cola, Nestlé and Yum Brands.
- We were signatory to a letter urging companies involved in marketing food or beverages to children to join Children's Food and Beverage Advertising Initiative

(CFBAI), targeting companies including Adidas, Coca-Cola, Mead Johnson, Nestlé, SABMiller and Unilever.

- Through a new dialogue interface, iiWisdom, we provided feedback to the boards of a number of U.S. companies on corporate governance and executive compensation issues, including Apple, EMC, Merck and Verizon Communications.

Public Policy & Standards

- In support of the objectives of the Climate Summit we were signatory to two policy initiatives in August 2014: the World Bank Group's Carbon Pricing Initiative, an international effort to build support for a robust global carbon pricing regime; and the 2014 Global Investor Statement on Climate Change, a statement outlining investor support for progressive climate policy and investor commitments to address and mitigate the risks associated with climate change.
- In September 2014 we participated in meetings of an international working group providing advice and input to the CDP secretariat on the annual carbon disclosure survey for the oil and gas sector. We are one of five international investors, and the only North American investor, represented on the working group.

* 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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