



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 | | | | |
| Chinook Energy | Chinook Energy Inc. is a Calgary-based upstream oil and gas company with exploration and production operations focused in Western Canada. www.chinookenergyinc.com | <ul style="list-style-type: none"> • GHG emissions, climate policy and energy transition • Board diversity • Enhancing ESG disclosure | <p>This dialogue was added for 2015.</p> <p>We withheld our vote for incumbent members of the nominating committee of the Chinook Energy board at the 2014 AGM because of an absence of diversity among the director nominees. We wrote to the chair of Chinook's Compensation, Nominating and Corporate Governance committee in February 2015 to ask about plans to develop and disclose a board diversity policy. We noted that a female director had recently joined the board but it remained unclear whether the company was actively pursuing diversity as a strategy. We also highlighted research findings pointing to a correlation between board diversity and corporate outperformance. The company responded to our letter in March 2015, indicating that although it valued diversity it did not have strategic diversity goals or targets.</p> | Ethical Special Equity Fund |
| CNRL | Canadian Natural Resources Limited (CNRL) is an oil and gas exploration, development and production company with its corporate head office in Calgary, Alberta. www.cnrl.com | <ul style="list-style-type: none"> • Oil sands • GHG emissions, climate policy and energy transition • Unburnable carbon and stranded assets | No update. | Ethical Canadian Equity Fund |
| Encana | Encana Corporation is a North American producer, transporter and marketer of natural gas, oil and natural gas liquids (NGLs). www.encana.com | <ul style="list-style-type: none"> • Hydraulic fracturing • Gas development in Northern BC • GHG emissions, climate policy and energy transition • Unburnable carbon and stranded assets | <p>This dialogue continued from 2014.</p> <p>In February 2015 we met at Encana's request to provide input for the company's strategic assessment of its sustainability priorities. We highlighted the importance of water and climate issues, as well as strong Aboriginal engagement. Our perspective would be used to help determine the company's near-term sustainability strategy.</p> | Ethical Global Equity Fund |

| Company | Company Overview | ESG Issues | Dialogue Update | Funds* |
|----------------------|---|---|---|---|
| Gibson Energy | <p>Gibson is a North America-focused midstream oil and gas company that provides storage and transportation services.</p> <p>www.gibsons.com</p> | <ul style="list-style-type: none"> • GHG emissions, climate policy and energy transition • Safety culture • Enhancing ESG disclosure | <p>This dialogue continued from 2014.</p> <p>In January 2015 we met with the CEO and COO of Gibson Energy to discuss the company's health, safety, and environmental (HSE) management system, ESG disclosure plans, assessment of carbon-related risks, and opportunities to expand and diversify the environmental services division. The company agreed that HSE performance was a material issue for which tracking and disclosure could be improved, noting that performance in this area helped to win contracts with major energy producers. The company expressed interest in following up to discuss these issues in more detail.</p> | <p>Ethical Canadian Equity Fund Ethical Special Equity Fund</p> |
| Mullen Group | <p>Mullen Group provides specialized transportation and related services to the oil and natural gas industry in western Canada.</p> <p>www.mullen-group.com</p> | <ul style="list-style-type: none"> • Board diversity • Safety culture • Enhancing ESG disclosure | <p>This dialogue was added during 2015 in response to emerging ESG risks and opportunities.</p> <p>In January 2015 we met with senior management, including the CFO, to discuss ESG management and performance at Mullen Group. The company explained in detail how it manages safety issues across the company's 27 different divisions, and noted that safety was its most material ESG risk. The company agreed that more could be done to educate investors on the relevance of its safety management system and expressed interest in following up on this topic. We also discussed the importance of diversity to the company and how it will be a key factor in addressing the future challenge of an aging workforce.</p> <p>We withheld our vote for incumbent members of the nominating committee of the Mullen board at the 2014 AGM because of an absence of diversity among the director nominees. We wrote to the chair of the Compensation, Nomination and Corporate Governance committee in February 2015 to ask about Mullen's plans to develop and disclose a board diversity policy. We also highlighted research findings pointing to a correlation between board diversity and corporate outperformance.</p> | <p>Ethical Special Equity Fund</p> |
| Parkland Fuel | <p>Parkland Fuel Corporation delivers refined petroleum products across North America.</p> <p>www.parkland.ca</p> | <ul style="list-style-type: none"> • Board diversity • Safety culture • Enhancing ESG disclosure | <p>This dialogue was added during 2015 in response to emerging ESG risks and opportunities.</p> <p>In January 2015 we met with the CEO and other members of the senior management team at Parkland Fuel to discuss the company's management of ESG issues. Specifically, we discussed how the company maintains and incentivizes a robust safety culture and how it manages carbon risk. We also highlighted the importance of diversity and explored the company's plans to increase diversity at the board level. The company agreed to follow up with us on improving its ESG disclosure.</p> | <p>Ethical Balanced Fund Ethical Special Equity Fund</p> |

| Company | Company Overview | ESG Issues | Dialogue Update | Funds* |
|----------------------|---|---|--|--|
| Pason Systems | <p>Pason is a global provider of specialized data management systems for drilling rigs.</p> <p>www.pason.com</p> | <ul style="list-style-type: none"> • Board diversity | <p>This dialogue was added during 2015 in response to emerging ESG risks and opportunities.</p> <p>We withheld our vote for incumbent members of the nominating committee of the Pason Systems board at the 2014 AGM because of an absence of diversity among the director nominees. We wrote to the chair of the Corporate Governance and Nomination Committee in February 2015 to ask about the company's plans to develop and disclose a board diversity policy. We noted that the company's stated intention to attract and hire the very best talent could be impacted by the company's orientation to diversity. We also highlighted research findings pointing to a correlation between board diversity and corporate outperformance.</p> <p>Later in February 2015, Pason announced that a female director would be joining the board. In its 2015 proxy circular, Pason indicated that it would be working to improve diversity within its leadership, although it did not yet have a formal policy or targets.</p> | Ethical Special Equity Fund |
| Secure Energy | <p>Secure Energy Services Inc. provides fluids and solids solutions to the oil and gas industry.</p> <p>www.secure-energy.com</p> | <ul style="list-style-type: none"> • Board diversity • Safety culture • Enhancing ESG disclosure | <p>This dialogue was added during 2015 in response to emerging ESG risks and opportunities.</p> <p>In January 2015 we met with the CEO and CFO of Secure Energy to discuss the company's strategy for capitalizing on growing opportunities in water management services. We also discussed how the company incentivizes a strong safety culture and its efforts to improve ESG disclosure. As well, we discussed the importance of board diversity and company plans to develop a diversity policy.</p> | Ethical Special Equity Fund |
| Suncor | <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"> • Oil sands • GHG emissions, climate policy and energy transition • Unburnable carbon | <p>This dialogue continued from 2014.</p> <p>In January 2015 we met with the CFO of Suncor to discuss the company's orientation to innovation and the risk that the recent sector downturn would impact its investment in this area. In particular, we discussed the company's strategy for diversifying into low-carbon opportunities. The company indicated that it did not foresee impact from the downturn, as innovation and technology development by nature require a long-term perspective, and efforts in this area cannot be stopped and restarted without significant negative consequences. We also discussed the company's support for Canada's Ecofiscal Commission, which aims to identify market-based policies to encourage sustainable economic activity and reduce pollution.</p> | <p>Ethical Balanced Fund</p> <p>Ethical Canadian Equity Fund</p> |

| Company | Company Overview | ESG Issues | Dialogue Update | Funds* |
|------------------|---|--|---|------------------------------|
| Materials | | | | |
| Goldcorp | <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"> • GHG emissions and climate policy • Responsible water use • Respecting human rights | <p>This dialogue continued from 2014.</p> <p>In March 2015 we met with Goldcorp to discuss the company's CSR priorities for the year. The company recently reorganized its sustainability leadership team, placing responsibility for sustainability at the executive vice president level. Among other issues, we asked the company to develop a more systematic approach to implementing its International Council on Mining and Metals (ICMM) commitment to free, prior and informed consent (FPIC). The company agreed to consider our input and would be exploring how to obtain and define FPIC at its new mine sites. We also repeated our request that the company should publicly disclose the results of any follow-up on the human rights impact assessment (HRIA) at its Marlin Mine.</p> | Ethical Canadian Equity Fund |
| Teck | <p>Teck is Canada's largest diversified resource company, producing metallurgical coal, copper, zinc and energy.</p> <p>www.teck.com</p> | <ul style="list-style-type: none"> • GHG emissions and climate policy • Responsible water use • Respecting human rights | <p>This dialogue was added during 2015 in response to emerging ESG risks and opportunities.</p> <p>In March 2015 we attended Teck's Community of Interest panel to give input to the company's sustainability strategy and reporting. We provided our perspective on the importance of managing water use and impacts, Aboriginal engagement performance, the growing importance of climate change strategy, and the company's responsibility to respect human rights in accordance with the UN Guiding Principles on Business and Human Rights.</p> | |
| Wipak | <p>Wipak manufactures and distributes packaging materials and packaging machines. Wipak is part of a global packaging group that operates ten production facilities in Canada, the United States and Mexico.</p> <p>www.wipak.com</p> | <ul style="list-style-type: none"> • GHG emissions and climate policy • Board diversity • Enhancing ESG disclosure | <p>This dialogue continued from 2014.</p> <p>We withheld our vote for incumbent members of the nominating committee of the board at Wipak at the 2014 AGM because of an absence of diversity among the director nominees. We wrote to the chair of the Compensation, Governance and Nominating committee in January 2015 to ask about plans to develop and disclose a board diversity policy, highlighting research findings pointing to a correlation between board diversity and corporate outperformance.</p> <p>In January 2015 Wipak responded to our letter, indicating that it had made a specific effort to identify suitable women candidates for the board and would be considering the development of formal diversity policy and targets as part of regular board business in 2015. The company subsequently announced the nomination of a woman director to the previously all-male board.</p> | Ethical Special Equity Fund |

| Company | Company Overview | ESG Issues | Dialogue Update | Funds* |
|---|--|---|--|------------------------------|
| Healthcare & Pharmaceuticals | | | | |
| Baxter International | Baxter International Inc. is a U.S. healthcare company producing medical devices, pharmaceuticals and biotechnology. www.baxter.com | <ul style="list-style-type: none"> • Compensation linked to ESG performance • Clinical trials transparency | <p>This dialogue was added for 2015 in response to emerging ESG risks and opportunities.</p> <p>Baxter International has faced challenges related to regulatory compliance and product safety, leading to recalls, fines and lawsuits by government agencies, consumers and investors. We wrote to the Baxter board in March 2015 to express our concerns, urging the company to integrate product safety and compliance performance metrics to the company's compensation plan. We also encouraged the company to take a more proactive stance on clinical trials transparency to promote safer and more effective drug development and usage, and ensure the continuing confidence and cooperation of volunteer participants. The company indicated that our input would be taken into consideration.</p> | Ethical Global Dividend Fund |
| IT & Telecommunications | | | | |
| 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"> • GHG emissions and climate policy • Respecting privacy and human rights • Enhancing ESG disclosure | <p>This dialogue continued from 2014.</p> <p>In February 2015 we provided written feedback on CGI's most recent CSR report. We met with the company later in the month to elaborate on our perspectives, and were encouraged that many points we had highlighted were already on CGI's agenda. We asked the company to disclose in its reporting the sustainability performance targets that are already in place.</p> <p>We discussed the key role of innovation in the ICT sector, and specifically CGI's ICE (Innovation, Creativity and Experimentation) program to assess and fund ideas.</p> <p>We congratulated the company for improving its ranking for Canadian R&D leadership. We also raised the issue of sustainability in the supply chain, encouraging the company to consider enhancing its participation in initiatives and coalitions that provide a platform to collaborate and explore emerging concerns.</p> <p>We noted that the company had clarified its position on fundamental labour rights since 2014, referencing its commitment to meet or exceed the principles of the UN Global Compact. We had earlier shared with CGI a variety of resources relating to operationalization by ICT companies of the responsibility to respect human rights set out in the UN Guiding Principles on Business and Human rights. We explained the importance to investors of understanding how ICT services companies may be exposed to human rights risk in countries where they operate or undertake contracts.</p> | Ethical Canadian Equity Fund |

| Company | Company Overview | ESG Issues | Dialogue Update | Funds* |
|--------------|---|--|--|---|
| | | | <p>CGI outlined its approach to minimizing the risk of becoming implicated in human rights controversies. We encouraged the company to consider appropriate ways to disclose on its human rights risk assessment and mitigation approach.</p> <p>Given the significant sector risks posed by corruption, we discussed how CGI could disclose more detail on the implementation and enforcement of its new anti-corruption program in future reporting.</p> | |
| EMC | <p>EMC is a global information technology company, focused on cloud computing.</p> <p>www.emc.com</p> | <ul style="list-style-type: none"> • Respecting privacy and human rights • Preventing tax base erosion | <p>This dialogue continued from 2014.</p> <p>As part of our wider engagement with companies in the digital economy on tax base erosion, we led meetings with EMC in January and March 2015 with Domini Social Investments to outline our concerns and provide an investor perspective on responsible tax.</p> <p>According to EMC's disclosure, its international tax rate is driven by the earning of Irish subsidiaries. Although EMC clearly has significant manufacturing and research operations in Ireland, reported profit-shifting tax minimization strategies by other digital companies involving this jurisdiction have created reputational risk and come under regulatory scrutiny. Against this background, we asked the company to consider clarifying disclosure relating to its foreign effective tax rate.</p> <p>We also encouraged EMC to publish tax principles and enhance disclosure on where profits are made and taxes are paid. We shared examples of tax responsibility disclosure by other companies. EMC has shown leadership in integrating sustainability to its business strategy, and we suggested that the company should look at tax from both financial and corporate citizenship perspectives, and consider how it could be more effectively presented in both financial and CSR reporting.</p> | <p>Ethical American Multi-Strategy Fund</p> <p>Ethical Global Equity Fund</p> |
| 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"> • GHG emissions and climate policy • Respecting privacy and human rights • Board diversity • Enhancing ESG disclosure | <p>No update.</p> | <p>Ethical Special Equity Fund</p> |

| Company | Company Overview | ESG Issues | Dialogue Update | Funds* |
|-----------------------------------|---|---|---|---|
| Telecommunication Services | | | | |
| Manitoba Telecom | 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"> • GHG emissions and climate policy • Respecting privacy and human rights • Enhancing ESG disclosure | No update. | Ethical Special Equity Fund |
| Rogers | 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"> • GHG emissions and climate policy • Respecting privacy and human rights | Following up on earlier discussions in which the company had shown leadership on climate risk, in March 2015 we contacted Rogers, encouraging it to take a public position this year in support of climate policy and carbon pricing. | Ethical Balanced Fund Ethical Canadian Equity Fund |
| TELUS | 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. www.telus.com | <ul style="list-style-type: none"> • GHG emissions and climate policy • Respecting privacy and human rights | Following up on earlier discussions in which the company had shown leadership on climate risk, in March 2015 we contacted TELUS, encouraging it to take a public position this year in support of climate policy and carbon pricing. | Ethical Balanced Fund Ethical Canadian Equity Fund |

| Company | Company Overview | ESG Issues | Dialogue Update | Funds* |
|----------------------|--|---|---|---|
| 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 • Sustainable apparel supply chains • Enhancing ESG disclosure | <p>Following up on earlier discussions in which the company had shown leadership on climate risk, in March 2015 we contacted Canadian Tire, encouraging it to take a public position this year in support of climate policy and carbon pricing.</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"> • Access to nutrition • Equitable compensation linked to ESG performance | <p>This dialogue continued from 2014.</p> <p>We led two ICCR collaborative engagement meetings with Coca-Cola on nutrition issues in February and March 2015. We outlined the investor interest in understanding how the company's strategy would evolve in the face of declining sales of soda products, changing consumer preferences for healthier beverage options, and the obesity epidemic. We learned more about how nutrition is addressed within the company's governance structure and business strategy process, including at board level.</p> <p>We discussed product marketing to vulnerable populations. Coca-Cola's responsible marketing policy bans advertising to children under 12, but we encouraged the company to evaluate emerging research on the impact of marketing to young adolescents. We began to explore the potential for the company re-evaluate marketing in communities that are experiencing disproportionate levels of nutrition-related diseases, and the challenges of providing more nutritionally-sound products in developing markets.</p> <p>We are an investor supporter of the Access to Nutrition Index, which assesses food and beverage companies on nutrition commitments and performance. We raised Coca-Cola's relatively weak ranking on the nutritional profile of its products. The company indicated that is aiming to improve in the 2015 iteration of the Index.</p> <p>In March 2015, Coca-Cola released two country-based human rights due diligence studies on the company's sugar supply chain in Colombia and Guatemala. The company is currently undertaking similar studies in Brazil, El Salvador, and Honduras.</p> | <p>Ethical American Multi-Strategy Fund</p> <p>Ethical Global Equity Fund</p> |

| Company | Company Overview | ESG Issues | Dialogue Update | Funds* |
|------------------|---|---|--|---|
| Dollarama | Dollarama is the leading dollar store operator in Canada. www.dollarama.com | <ul style="list-style-type: none"> • GHG emissions and climate policy • Board diversity • Enhancing ESG disclosure | <p>This dialogue continued from 2014.</p> <p>Following up on earlier engagement, we met with Dollarama in January 2015 to discuss the company's plans to enhance board diversity. We received assurances from the company that gender diversity at the board level and throughout the company is a priority, making it unnecessary for us to file a planned shareholder proposal on this issue. In February 2015, Dollarama announced the appointment of a new female director to the Board.</p> <p>We had a further meeting with Dollarama in February 2015 to discuss priorities for enhancing the company's ESG disclosure. The company had been working on sustainability-related issues and indicated it would be making more information available. We encouraged the company to provide basic carbon disclosure through CDP. In earlier engagement in 2012, we had emphasized supply chain and product safety as key ESG risks. We therefore welcomed Dollarama's decision to prioritize supply chain management as a sustainability issue. The company published its Vendor Code of Conduct in March 2015.</p> | Ethical Balanced Fund |
| Empire | 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. www.empireco.ca | <ul style="list-style-type: none"> • GHG emissions and climate policy • Food system sustainability & access to nutrition • Enhancing ESG disclosure | No update. | Ethical Special Equity Fund Ethical Canadian Equity Fund |
| Loblaw | Loblaw Companies Limited is Canada's largest food retailer and a leading provider of drugstore, general merchandise and financial products and services. www.loblaw.ca | <ul style="list-style-type: none"> • GHG emissions and climate policy • Food system sustainability & access to nutrition • Sustainable apparel supply chains • Enhancing ESG disclosure | <p>This dialogue continued from 2014.</p> <p>Following up on earlier discussions in which the company had shown leadership on climate risk, in March 2015 we contacted Loblaw, encouraging it to take a public position this year in support of climate policy and carbon pricing.</p> | Ethical Canadian Equity Fund |

| Company | Company Overview | ESG Issues | Dialogue Update | Funds* |
|----------------------------|---|--|--|--|
| 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 • Sustainable apparel supply chains • Enhancing ESG disclosure | No update. | Ethical Global Equity 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 & access to nutrition • Enhancing ESG disclosure | <p>This dialogue continued from 2014.</p> <p>We co-led a meeting with Metro in February 2015 with Batirente to provide stakeholder input for Metro's future CSR strategy and ESG disclosure development. At Metro's request we also completed a written questionnaire on CSR priorities. We asked the company to strengthen its supplier guidelines to address social risks within its supply chain, including labour standards and human rights, as well as environmental concerns. We also encouraged the company to expand its nutrition-focused marketing initiatives to low-cost banners, as well as emphasizing the importance of sustainable packaging and reduction of food waste. We drew attention to the Business Benchmark on Farm Animal Welfare as a possible reference. In addition, we encouraged the company to make its CDP response public, focusing on the growing investor interest in low-carbon portfolios.</p> | Ethical Canadian Equity Fund |
| Yum Brands | Yum Brands is one of the world's largest restaurant companies, with brands including KFC, Pizza Hut and Taco Bell. www.yum.com | <ul style="list-style-type: none"> • Food system sustainability and access to nutrition | <p>This dialogue was added during 2015 in response to emerging ESG risks and opportunities.</p> <p>We joined an ICCR collaborative engagement in March 2015, meeting with Yum Brands to discuss nutrition, marketing strategy and water sustainability.</p> | <p>Ethical American Multistrategy Fund</p> <p>Ethical Global Equity Fund</p> |

| Company | Company Overview | ESG Issues | Dialogue Update | Funds* |
|----------------------------|---|---|---|---|
| Industrial | | | | |
| Black Diamond Group | Black Diamond Group provides modular buildings, remote accommodation and energy services. www.blackdiamondlimited.com | <ul style="list-style-type: none"> • Board diversity | <p>This dialogue was added during 2015 in response to emerging ESG risks and opportunities.</p> <p>We withheld our vote for incumbent members of the nominating committee of the Black Diamond Group board at the 2014 AGM because of an absence of diversity among the director nominees. We wrote to the chair of the nominating committee in March 2015 to ask about Black Diamond's plans to develop and disclose a board diversity policy. We also highlighted research findings pointing to a correlation between board diversity and corporate outperformance.</p> | Ethical Special Equity Fund |
| Boyd Group | Boyd Group is the largest operator of non-franchised collision repair centres in North America. www.boydgroup.com | <ul style="list-style-type: none"> • Board diversity | <p>This dialogue was added during 2015 in response to emerging ESG risks and opportunities.</p> <p>We withheld our vote for incumbent members of the nominating committee of the Boyd Group board at the 2014 AGM because of an absence of diversity among the trustee nominees. We wrote to the chair of the nominating committee in March 2015 to ask about Boyd's plans to develop and disclose a board diversity policy. We also highlighted research findings pointing to a correlation between board diversity and corporate outperformance.</p> | Ethical Balanced Fund |
| 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 • Preventing tax base erosion | No update. | 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"> • GHG emissions and climate policy • Oil-by-rail safety | <p>This dialogue continued from 2014.</p> <p>A series of accidents involving unit trains carrying oil intensified investor interest in the risks of transporting crude by rail. Given the cross-border, cross-sectoral nature of the issue, we undertook to coordinate investor collaboration on oil-by-rail through ICCR, and we led ICCR members in a meeting with CN Rail in February 2015. Crude oil shipments, primarily bitumen from Western Canada, represent a small but fast-growing part of CN's business.</p> | Ethical Balanced Fund Ethical Canadian Equity Fund |

| Company | Company Overview | ESG Issues | Dialogue Update | Funds* |
|--------------------------------|--|---|---|------------------------------------|
| | | | <p>We learned more about the company's safety management system, such as corridor risk assessment, safety audits, emergency preparedness, tank car upgrading plans, employee training courses, community outreach programs, and mutual aid agreements with other railroads and with oil & gas companies. CN also outlined its initiatives to strengthen its safety culture. We urged the company to make further efforts to mitigate the risks associated with oil-by-rail, to improve disclosure on its exposure to this line of business, and to push for collaboration with the oil & gas industry to find solutions, given the explosive growth of crude shipments, enhanced regulatory attention, and increasing stakeholder concerns.</p> <p>In the weeks immediately following the meeting, several crude oil trains operated by CN and other railroads were involved in serious accidents, emphasizing the significant risks posed by the dramatic increase in oil-by-rail volume. CN followed up by providing the ICCR collaboration with updates on the accident investigations.</p> <p>Following up on earlier discussions in which the company had shown leadership on climate risk, in March 2015 we contacted CN, encouraging it to take a public position this year in support of climate policy and carbon pricing.</p> | |
| Intertape Polymer Group | <p>Intertape Polymer Group is a leading manufacturer of tapes, films, coated fabrics, containers and packaging systems for industrial and retail use.</p> <p>www.itape.com</p> | <ul style="list-style-type: none"> • Board diversity | <p>This dialogue was added during 2015 in response to emerging ESG risks and opportunities.</p> <p>We withheld our vote for incumbent members of the nominating committee of the Intertape Polymer Group board at the 2014 AGM because of an absence of diversity among the director nominees. We wrote to the chair of the nominating committee in March 2015 to ask about Intertape's plans to develop and disclose a board diversity policy. We also highlighted research findings pointing to a correlation between board diversity and corporate outperformance.</p> <p>The dialogue was paused in response to portfolio changes.</p> | |
| Lumenpulse | <p>Lumenpulse Lighting Inc. manufactures high performance, sustainable LED lighting solutions.</p> <p>www.lumenpulse.com</p> | <ul style="list-style-type: none"> • GHG emissions and climate policy • Board diversity • Enhancing ESG disclosure | <p>No update.</p> | <p>Ethical Special Equity Fund</p> |

| Company | Company Overview | ESG Issues | Dialogue Update | Funds* |
|-------------------------|--|---|--|-----------------------------------|
| 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"> • Carbon disclosure • Enhancing ESG disclosure | No update. | Ethical Global Equity Fund |
| Financials | | | | |
| Allianz | Allianz is an international financial services company, providing insurance and asset management products. www.allianz.com | <ul style="list-style-type: none"> • Elimination of cluster munitions | <p>This dialogue was added during 2015 in response to emerging ESG risks and opportunities.</p> <p>Cluster munitions are banned under international humanitarian law as indiscriminate weapons whose victims are predominantly civilians and non-combatants, especially children. Although we had no investments in cluster munitions manufacturers, to demonstrate our willingness to comply with the Prohibiting Cluster Munitions Act 2014 we published a company-wide policy against cluster munitions investments and committed to engage on this issue in 2015.</p> <p>Responding to a report by international civil society campaigners reviewing investment and lending relationships between financial institutions and cluster munitions manufacturers, we wrote to Allianz in March 2015 to share our cluster munitions policy, encouraging the company to review its own policies, and to engage financial companies in its own holdings on cluster munitions.</p> | Ethical International Equity Fund |
| 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>This dialogue continued from 2014.</p> <p>We spoke at the Bank of Montreal AGM in March 2015 about our continuing dialogue with the company on equitable compensation. We welcomed the bank's adoption of the practice of considering vertical compensation metrics as part of the pay quantum decision-making process. Nevertheless, we encouraged BMO to expand its disclosure on the vertical metrics used, the trends they reveal and how this information influences executive pay.</p> | Ethical Balanced Fund |

| Company | Company Overview | ESG Issues | Dialogue Update | Funds* |
|------------------------------|---|--|--|--|
| Bank of Nova Scotia | <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"> • GHG emissions, climate policy and energy transition • Elimination of cluster munitions • Preventing tax base erosion • Equitable compensation | <p>This dialogue continued from 2014.</p> <p>Following up on earlier engagement, in January 2015 we wrote to BNS, encouraging expanded disclosure on equitable compensation practices. We also shared our new proxy voting guideline targeting excessive pay. If a package had passed other compensation analysis tests, the guideline would compare CEO pay to median household income in Canada to identify excessive quantum levels that should trigger a vote against executive compensation.</p> <p>In March 2015, BNS published its proxy circular, which included a comparison of the CEO's pay package to the median Canadian household income. BNS was the first of the companies that we had engaged to disclose one of the metrics within its vertical analysis of pay.</p> | <p>Ethical Balanced Fund</p> <p>Ethical Canadian Equity Fund</p> |
| Canadian Western Bank | <p>Canadian Western Bank and its operating affiliates offer a diversified range of financial services.</p> <p>www.cwbankgroup.com</p> | <ul style="list-style-type: none"> • GHG emissions, climate policy and energy transition • Elimination of cluster munitions • Equitable compensation • Enhancing ESG disclosure | <p>No update.</p> | <p>Ethical Special Equity Fund</p> |
| Laurentian Bank | <p>Laurentian Bank of Canada is a Quebec banking institution operating across Canada, providing a full suite of financial products.</p> <p>www.laurentianbank.com</p> | <ul style="list-style-type: none"> • GHG emissions, climate policy and energy transition • Elimination of cluster munitions • Enhancing ESG disclosure | <p>No update.</p> | <p>Ethical Special Equity Fund</p> |

| Company | Company Overview | ESG Issues | Dialogue Update | Funds* |
|--------------------------------|--|---|--|--|
| National Bank of Canada | <p>The National Bank of Canada is a full service Canadian commercial bank headquartered in Montreal Canada.</p> <p>www.nbc.ca</p> | <ul style="list-style-type: none"> • GHG emissions, climate policy and energy transition • Elimination of cluster munitions • Equitable compensation • Enhancing ESG disclosure | <p>This dialogue continued from 2014.</p> <p>Following up on earlier engagement, in January 2015 we wrote to National Bank, encouraging expanded disclosure on equitable compensation practices. We also shared our new proxy voting guideline targeting excessive pay. If a package had passed other compensation analysis tests, the guideline would compare CEO pay to median household income in Canada to identify excessive quantum levels that should trigger a vote against executive compensation.</p> <p>In February 2015, we met with the bank to discuss its plans for disclosure on equitable compensation practices, as well as encouraging greater use of performance-linked pay in the long-term incentive plan. We also shared our cluster munitions policy as part of our commitment to engage with financial services companies on this topic in 2015.</p> <p>In March 2015, the bank released its proxy circular, including a section expressing the board's commitment to equitable compensation and listing ten examples of equitable compensation practices. Use of performance-linked pay was expanded through reducing stock options and increasing use of performance share units.</p> | <p>Ethical Canadian Equity Fund</p> |
| Prudential | <p>Prudential plc is an international financial group providing insurance and asset management services.</p> <p>www.prudential.co.uk</p> | <ul style="list-style-type: none"> • Elimination of cluster munitions | <p>This dialogue was added during 2015 in response to emerging ESG risks and opportunities.</p> <p>Cluster munitions are banned under international humanitarian law as indiscriminate weapons whose victims are predominantly civilians and non-combatants, especially children. Although we had no investments in cluster munitions manufacturers, to demonstrate our willingness to comply with the Prohibiting Cluster Munitions Act 2014 we published a company-wide policy against cluster munitions investments and committed to engage on this issue in 2015.</p> <p>Responding to a report by international civil society campaigners reviewing investment and lending relationships between financial institutions and cluster munitions manufacturers, we wrote to Prudential in March 2015 to share our cluster munitions policy, encouraging the company to review its own policies, and to engage financial companies in its own holdings on cluster munitions.</p> | <p>Ethical International Equity Fund</p> |

| Company | Company Overview | ESG Issues | Dialogue Update | Funds* |
|-----------------------------|---|--|---|---|
| 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"> • GHG emissions, climate policy and energy transition • Elimination of cluster munitions • Preventing tax base erosion • Equitable compensation | No update. | Ethical Balanced 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"> • GHG emissions, climate policy and energy transition • Elimination of cluster munitions • Preventing tax base erosion • Equitable compensation | This dialogue continued from 2014. We spoke at the TD Bank AGM in March 2015 about our dialogue with the company on equitable compensation. We welcomed the bank's adoption of the practice of considering vertical compensation metrics as part of the pay quantum decision-making process. Nevertheless, we encouraged TD to expand its disclosure on the vertical metrics used, the trends they reveal and how this information influences executive pay. | Ethical Balanced Fund Ethical Canadian Equity Fund |

Public Policy & Standards

- In early 2015, Canada ratified the Convention on Cluster Munitions. To raise awareness of the need for action to eliminate the financing of weapons that are banned under international humanitarian law, in February 2015 we published and shared with other stakeholders our company-wide Cluster Munitions policy.
- We continued our efforts to ensure that the responsibility to respect human rights is integrated to business standards, especially those governing extractive industry:
 - In January 2015 we were a co-leading signatory of the Investor Statement in support of the UN Guiding Principles Reporting Framework, a framework for companies to disclose how they are meeting their responsibility to respect human rights.
 - In February 2015 we were a co-leading signatory of a submission to the consultation on proposed changes to World Bank Environmental and Social Safeguards Framework, which influences criteria for lending to major extractives projects. We highlighted that the proposed framework did not explicitly reference the responsibility to respect human rights as a core

expectation, while potentially weakening previous provisions for protection of Indigenous rights.

- In March 2015 we submitted comments to the International Council on Mining and Metals on its draft Indigenous Peoples and Mining Good Practice Guide. We highlighted the need to utilize rights-based language in the document and to provide stronger guidance on the principle of free, prior and informed consent.
- In January 2015, we participated in a roundtable consultation to provide an investor perspective on effective regulation of the trade in conflict minerals.

As a holder of Province of Ontario bonds, in March 2015 we submitted comments to the Ontario government's consultation on its climate change strategy. We highlighted the importance of setting a credible price on carbon, stimulating innovation, and preserving the boreal forest as a carbon sink. We also suggested how Ontario could encourage investors to become key actors within the province's climate strategy.

* 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.

Commissions, trailing commissions, management fees, and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated. Ethical Funds and NEI Investments are registered marks and trademarks owned by Northwest & Ethical Investments L.P. M 14 02 023 Rev April 2015.