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leader in  
Socially  
Responsible  
Investing**

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 Updates	Holdings
<b>ENERGY</b>				
Chinook Energy	Chinook Energy Inc. is a Calgary-based upstream oil and gas company with exploration and production operations focused in Western Canada. <a href="http://www.chinookenergyinc.com">www.chinookenergyinc.com</a>	<ul style="list-style-type: none"> <li>GHG emissions, climate policy and energy transition</li> <li>Board diversity</li> <li>Enhancing ESG disclosure</li> </ul>	We wrote to the board in October 2015 to further our discussion on board diversity. Specifically, we noted that while a well-qualified female nominee had joined the board of directors it was unclear whether the company was putting in place measures to promote board diversity. As well, we expressed concerns about the non-independence of the chair, and the lack of detail on how environmental and safety performance was linked to executive compensation. The chair responded to our letter, indicating that the board would consider several of the points we had raised in 2016. The company provided more detail on how diversity influenced board appointments, and indicated that it would consider providing enhanced disclosure on this process.	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. <a href="http://www.cnrl.com">www.cnrl.com</a>	<ul style="list-style-type: none"> <li>Oil sands</li> <li>GHG emissions, climate policy and energy transition</li> <li>Unburnable carbon and stranded assets</li> </ul>	In November 2015, the Executive Chair of CNRL was one of four energy company leaders who stood alongside Premier Rachel Notley as she announced Alberta's new climate change framework. The companies expressed support for a robust climate policy agenda, including a cap on oil sands emissions. We were encouraged by this development as we had previously engaged the company's senior management on the need for CNRL to be more vocal in support of progressive climate policy. more information on carbon scenario planning.	Ethical Canadian Equity Fund

Company	Company Overview	ESG Issues	Dialogue Results	Holdings
CNRL (cont...)			<p>In November 2015, the Executive Chair of CNRL was one of four energy company leaders who stood alongside Premier Rachel Notley as she announced Alberta's new climate change framework. The companies expressed support for a robust climate policy agenda, including a cap on oil sands emissions. We were encouraged by this development as we had previously engaged the company's senior management on the need for CNRL to be more vocal in support of progressive climate policy.</p> <p>Also in November 2015, we met with the company to discuss progress on reducing flaring and venting, innovation strategy, climate lobbying and enhanced disclosure of its carbon scenario planning. The company explained that it prioritised the reduction of flaring and venting but that a solution for venting at heavy oil operations was challenging. It set internal targets for reducing venting and planned to engage with the government on ensuring incentives were put in place to encourage deeper reductions. The company confirmed that it had been proactively engaging on climate policy, recognizing the importance of changing the tone of the conversation around oil sands. The company continued to maintain a significant innovation program and agreed that further technological solutions were required to meet its goals. It would consider the idea of disclosing more information on carbon scenario planning.</p>	
Ensign Energy Services	<p>Based in Calgary, Ensign Energy Services delivers oilfield services in Canada, the U.S. and internationally.  <a href="http://www.ensignenergy.com">www.ensignenergy.com</a></p>	<ul style="list-style-type: none"> <li>• Board diversity</li> <li>• Compensation linked to ESG disclosure</li> </ul>	<p>In December 2015 we wrote to the chair of the Corporate Governance and Nominations Committee at Ensign Energy Services to highlight our key governance concerns. We noted the non-independence of the chair, voiced our concern over the lack of a diversity policy, and requested further details on how safety performance was linked to compensation. We also explained that we had withheld our vote from the chair because of the lack of response to an engagement request to enhance ESG disclosure.</p>	<p>Ethical Canadian Equity Fund</p> <p>Ethical Special Equity Fund</p>
Gibson Energy	<p>Gibson is a North America-focused midstream oil and gas company that provides storage and transportation services.  <a href="http://www.gibsons.com">www.gibsons.com</a></p>	<ul style="list-style-type: none"> <li>• GHG emissions, climate policy and energy transition</li> <li>• Safety culture</li> <li>• Enhancing ESG disclosure</li> </ul>	<p>In October 2015 we wrote to the board of Gibson to provide feedback on our voting at the 2015 AGM. We noted that we had voted against the chair of the Health, Safety, Security and Environment Committee because of inadequate ESG disclosure. We expressed support for the explicit linkage of compensation to safety performance in the proxy, but asked for further detail on how performance was measured. We had also withheld our vote from the chair due to the lack of a say-on-pay vote. We commended the company for increasing board diversity, in line with earlier requests, but asked the company to develop an explicit diversity policy to guide future appointments.</p>	<p>Ethical Canadian Equity Fund</p> <p>Ethical Special Equity Fund</p>

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Mullen Group	<p>Mullen Group provides specialized transportation and related services to the oil and natural gas industry in western Canada.</p> <p><a href="http://www.mullen-group.com">www.mullen-group.com</a></p>	<ul style="list-style-type: none"> <li>• Board diversity</li> <li>• Safety culture</li> <li>• Enhancing ESG disclosure</li> </ul>	<p>In November 2015, the CEO of Mullen Group was quoted in the press as stating that the new Federal government's focus on tackling climate change represented an attack on the oil and gas industry. It is a concern when executives make public statements that are counterproductive to climate policy development. We planned to meet with senior executives in early 2016 to discuss this further.</p> <p>In December 2015 we wrote to the Chair of the Compensation, Nomination &amp; Corporate Governance (CNG) Committee to further our conversation on board diversity. We noted that we had withheld our vote from members of the CNG committee once again at the 2015 AGM because of the lack of board diversity. We encouraged the company to develop a diversity policy with specific targets, given the correlation between board diversity and corporate outperformance. We also asked the board to nominate an independent chair and provide more detail on how it incorporates safety performance into executive compensation.</p>	Ethical Special Equity Fund
Pason Systems	<p>Pason is a global provider of specialized data management systems for drilling rigs.</p> <p><a href="http://www.pason.com">www.pason.com</a></p>	<ul style="list-style-type: none"> <li>• Board diversity</li> <li>• Compensation linked to ESG performance</li> </ul>	<p>In October 2015 we wrote to the board of Pason Systems to continue our dialogue on diversity and to share concerns related to corporate governance. We commended the company on the addition of a well-qualified female director to the board, but noted that the company still lacked a diversity policy and clear objectives. In addition, we expressed concern about the non-independence of the chair and inadequate disclosure on how compensation decisions were reached. We asked for more information on how ESG metrics influenced executive pay outcomes. We also noted that we had withheld our vote for the Lead Director because of lack of response to an engagement request for improved ESG disclosure.</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><a href="http://www.secure-energy.com">www.secure-energy.com</a></p>	<ul style="list-style-type: none"> <li>• Board diversity</li> <li>• Safety culture</li> <li>• Enhancing ESG disclosure</li> <li>• Compensation linked to ESG performance</li> </ul>	<p>In October 2015 we wrote to the Chair and Lead Director at Secure Energy to continue our dialogue on board diversity and to share our perspective on key governance issues. We commended the company for creating a strong diversity policy with concrete targets, noting that it was one of the few companies in its sector to do so. We also asked for the introduction of a say-on-pay vote at the next AGM, noting that we would have likely been able to support the compensation package presented, had we been able to vote. Our key concern was the lack of detail on how compensation was linked to safety performance.</p>	Ethical Special Equity Fund

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Suncor	<p>Suncor Energy Inc. is Canada's largest integrated energy company, focused on development of the Athabasca oil sands.</p> <p><a href="http://www.suncor.com">www.suncor.com</a></p>	<ul style="list-style-type: none"> <li>Oil sands</li> <li>GHG emissions, climate policy and energy transition</li> <li>Unburnable carbon and stranded assets</li> <li>Oil-by-rail safety</li> </ul>	<p>In November 2015 we took part in Suncor's stakeholder panel to provide input on the company's proposed sustainability goals.</p> <p>We also met with the company in November and December 2015 to continue our dialogue on enhancing disclosure on plans for a low-carbon future. We commended the company for its proactive participation in Alberta climate policy development, including submissions to the Alberta climate change advisory panel and vocal support for the implementation of a robust policy. In November 2015, the CEO of Suncor was one of four energy company leaders who stood alongside Premier Rachel Notley as she announced Alberta's new climate change framework. The companies expressed support for a robust climate policy agenda, including a cap on oil sands emissions.</p>	<p>Ethical Balanced Fund</p> <p>Ethical Canadian Equity Fund</p>
<b>Materials</b>				
Agrium	<p>Agrium is a global agricultural products and services company producing and marketing three critical crop nutrients: potash, nitrogen and phosphate.</p> <p><a href="http://www.agrium.com">www.agrium.com</a></p>	<ul style="list-style-type: none"> <li>Respecting human rights</li> </ul>	<p>In December 2015, Agrium responded to our feedback letter on proxy voting, indicating that it acknowledged the human rights concerns raised by stakeholders on its sourcing of phosphate rock from the Western Sahara, and that it was continuing to undertake due diligence to provide reasonable assurance that it was meeting its corporate commitment to manage human rights impacts. Agrium also explained its approach to enhancing gender diversity at the board level.</p>	<p>Ethical Canadian Equity Fund</p>

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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><a href="http://www.goldcorp.com">www.goldcorp.com</a></p>	<ul style="list-style-type: none"> <li>• GHG emissions and climate policy</li> <li>• Responsible water use</li> <li>• Respecting human rights</li> </ul>	<p>In October 2015 we attended a briefing for investors on Goldcorp's responsibility initiatives by the CEO, the Chair of the Sustainability Committee and senior CSR management. The preliminary human rights impact assessment update for the Marlin mine had been completed, and the results were scheduled for publication in late 2015. The company was also conducting an HRIA at its joint venture Corridor Project. Following up on our previous discussions with the board on executive compensation metrics, we learned that the Compensation Committee was working to integrate performance data from the company's new environmental management system into the pay framework.</p> <p>We provided comments on the company's draft Human Rights Policy in October 2015. The final version was made public in December 2015 and addressed many of our concerns. Key changes included an explicit reference to its responsibilities under the UN Guiding Principles on Business and Human Rights, embedding a human rights culture, and the inclusion of free, prior and informed consent (FPIC) as a standard for new operations that may impact Indigenous Peoples.</p> <p>In November 2015, we participated in a materiality interview with Goldcorp, and provided feedback on the company's sustainability priorities. We encouraged the company to enhance its disclosure on the implementation of FPIC in its future CSR reporting.</p>	Ethical Canadian Equity 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><a href="http://www.winpak.com">www.winpak.com</a></p>	<ul style="list-style-type: none"> <li>• GHG emissions and climate policy</li> <li>• Board diversity</li> <li>• Enhancing ESG disclosure</li> </ul>	<p>In December 2015 we wrote to the board to explain the rationale for our voting decisions at the 2015 AGM. We commended the company's efforts to increase board diversity and urged the adoption of a board diversity policy with explicit objectives and timelines. We encouraged the company, which is controlled, to consider the implementation of good corporate governance practices that could mitigate the lack of board independence, such as a say-on-pay vote to give shareholders a more nuanced way to express concerns about executive compensation. We shared our perspective on the importance of adopting specific non-financial metrics within the executive compensation framework.</p>	Ethical Special Equity Fund

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<b>Health Care</b>				
Baxalta	Baxalta Incorporated is a U.S. biopharmaceutical company. <a href="http://www.baxalta.com">www.baxalta.com</a>	<ul style="list-style-type: none"> <li>Clinical trials transparency</li> </ul>	<p>In November 2015 Baxalta responded to our letter on clinical trials transparency. The company affirmed that clinical trials were designed and conducted in accordance with the ethical principles in the Declaration of Helsinki and Good Clinical Practice (GCP) guidelines, and expressed its commitment to clinical trials transparency. Its clinical trials policy addressed the publication of redacted clinical documents on publicly-accessible online registries: after completion or termination of a clinical trial, results were posted, regardless of the outcome. Baxalta was working on providing additional access to trial data, and welcomed investor input.</p> <p>This dialogue was paused in response to portfolio changes.</p>	
Johnson & Johnson	Johnson & Johnson is an American multinational medical devices, pharmaceutical and consumer packaged goods manufacturer founded in 1886. <a href="http://www.jnj.com">www.jnj.com</a>	<ul style="list-style-type: none"> <li>Clinical trials transparency</li> <li>Business ethics</li> </ul>	<p>At our meeting in August 2015 Johnson &amp; Johnson had informed us about its participation in a study on clinical trial transparency, conducted by Bioethics International. The study resulted in the Transparency Index: a ranking of specific drugs and their company sponsors, according to public availability of trial results. We congratulated J&amp;J on its leadership position in the Transparency Index and confirmed our continuing interest in this issue.</p>	<p>Ethical American Multistrategy Fund</p> <p>Ethical Global Dividend Fund</p> <p>Ethical Global Equity Fund</p>
<b>IT</b>				
Apple	Apple Inc. is a multinational corporation, based in California, which designs, develops, and sells consumer electronics, software, online services and computers. <a href="http://www.apple.com">www.apple.com</a>	<ul style="list-style-type: none"> <li>Preventing tax base erosion</li> </ul>	<p>Through PRI, we had been participating in an international taskforce to explore tax-related ESG risks, identify good practices and build relationships with other stakeholders in the responsible tax space. The collaboration published a PRI guidance document for investors seeking to engage on tax, which would be used in follow-up collaborative engagement with companies in 2016, including Apple.</p>	<p>Ethical American Multistrategy Fund</p> <p>Ethical Global Equity Fund</p>

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Google	<p>Google is an American multinational corporation specializing in Internet-related services and products including, search, cloud computing, software, and online advertising technologies.</p> <p><a href="http://www.google.com">www.google.com</a></p>	<ul style="list-style-type: none"> <li>Preventing tax base erosion</li> </ul>	<p>Through PRI, we had been participating in an international taskforce to explore tax-related ESG risks, identify good practices and build relationships with other stakeholders in the responsible tax space. The collaboration published a PRI guidance document for investors seeking to engage on tax, which would be used in follow-up collaborative engagement with companies in 2016, including Google.</p>	<p>Ethical American Multistrategy Fund</p> <p>Ethical Balanced Fund</p> <p>Ethical Global Equity Fund</p>
<b>Telecom</b>				
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><a href="http://www.mts.ca">www.mts.ca</a></p>	<ul style="list-style-type: none"> <li>GHG emissions and climate policy</li> <li>Respecting privacy and human rights</li> <li>Enhancing ESG disclosure</li> </ul>	<p>We wrote to Manitoba Telecom in December 2015 to provide feedback on our proxy voting at the 2015 AGM. We commended the company for its overboarding policy, which is in line with best practice. We encouraged the company to provide disclosure around any exceptions made for incumbent directors and to clarify that the policy would be enforced for new nominees. We also welcomed the thorough integration of diversity considerations to the director recruitment process. The company had added another well-qualified female director, bringing the board diversity level to 40%. We recognized the company for being a founding member of the Canada 30% Club. As a gender diversity leader, we asked it to consider framing objectives in terms of a minimum percentage of both women and men - our rationale being that a board consisting entirely of women would be no more diverse than boards that consisted entirely of men. We once again expressed our appreciation for the announced changes to the compensation and employment arrangements of the new CEO, which addressed many of the concerns that had led us to vote against the compensation plan in previous years.</p> <p>Manitoba Telecom was ranked as one of the top five corporate governance leaders in Canada in the Globe &amp; Mail's 2015 Board Games index.</p>	<p>Ethical Special Equity Fund</p>

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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><a href="http://www.telus.com">www.telus.com</a></p>	<ul style="list-style-type: none"> <li>GHG emissions and climate policy</li> <li>Respecting privacy and human rights</li> </ul>	<p>We wrote to TELUS in November 2015 to provide feedback on our proxy voting at the 2015 AGM. Following succession problems in 2015, we encouraged the company to consider our previously expressed concerns about the executive chair concept in any future deliberations about chair structuring and to give preference to an independent chair. We also explained that we had felt obliged to vote against the compensation plan because the future impact of the executive chair structure on compensation was unclear. An interlocked director was added to the board in 2014, and we asked for clarification on enforcement of the interlock policy. We encouraged TELUS to avoid all interlocks in future recruitment of directors. We expressed appreciation for the company's continuing commitment to board diversity. TELUS had met its target of having diverse members represent between 30-40% of independent directors, and was close to achieving its 2017 target of a minimum representation of 25% women on its board. We commended the adoption of an additional target of 30% women on the board by 2019, in line with the aspirations of the 30% Club. We commended TELUS for again including proxy disclosure on equitable compensation practices, as one of the few companies outside the banking sector acknowledging this issue.</p> <p>The chair of the board responded to our letter in December 2016, and we agreed to follow up in 2016.</p>	Ethical Canadian Equity Fund
Verizon Communications	<p>Verizon Communications is a U.S. telecommunications company.</p> <p><a href="http://www.verizon.com">www.verizon.com</a></p>	<ul style="list-style-type: none"> <li>Respecting privacy and human rights</li> </ul>	<p>This dialogue was added during 2015 in response to emerging ESG risks and opportunities.</p> <p>In December 2015 we participated in a sustainability conference call with Verizon Communications. The company discussed its contribution to enabling a low-carbon economy, by making technology available to help customers to reduce emissions. In October 2015 Verizon had updated its data privacy and security processes to increase transparency on how customer information is used, and provided customers with an opt-out for various programs that collect and use personal data. The company also provided an update on labour relations and its negotiations with trade unions.</p>	Ethical Global Dividend Fund

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<b>Consumer</b>				
Canadian Tire	<p>Canadian Tire Corporation is a general retailer offering everyday products and services through more than 1,700 retail and gasoline outlets across Canada.</p> <p><a href="http://www.canadiantire.ca">www.canadiantire.ca</a></p>	<ul style="list-style-type: none"> <li>• GHG emissions and climate policy</li> <li>• Sustainable apparel supply chains</li> <li>• Enhancing ESG disclosure</li> </ul>	<p>In November 2015, Canadian Tire was the only Canadian retailer to be listed on CDP's Climate Disclosure Leadership Index, which recognizes excellence in corporate reporting on carbon emissions, management and strategy. Canadian Tire also featured in CDP's report on the emergence of internal carbon pricing as a tool to prepare for a future low-carbon economy - one of the few North American consumer companies to disclose on the adoption this practice and the range of prices used.</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><a href="http://www.coca-cola.com">www.coca-cola.com</a></p>	<ul style="list-style-type: none"> <li>• Access to nutrition</li> <li>• Equitable compensation linked to ESG performance</li> </ul>	<p>We wrote to Coca-Cola in December 2015 to explain the rationale for our voting at the 2015 AGM. We outlined our concern about the combination of the chair and CEO positions and the magnitude and equity of CEO pay. This had led us to vote against several director nominees, as well as the executive compensation package.</p>	<p>Ethical American Multistrategy Fund</p> <p>Ethical Global Equity Fund</p>
Lululemon Athletica	<p>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.</p> <p><a href="http://www.lululemon.com">www.lululemon.com</a></p>	<ul style="list-style-type: none"> <li>• GHG emissions and climate policy</li> <li>• Sustainable apparel supply chains</li> <li>• Enhancing ESG disclosure</li> </ul>	<p>We met with lululemon in December 2015 to discuss the company's sustainability strategy. We shared our perspective on investor expectations and emerging trends regarding ESG disclosure and encouraged the company to consider enhancing sustainability communications. We explained how we used disclosure on supply chain country exposure and risk mitigation practices in our ESG analysis. We also discussed the company's evolving carbon and energy management strategy as well as the emerging issue of cybersecurity management in the online retail space.</p>	Ethical Global Equity Fund

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McDonald's Corporation	McDonald's operates and franchises restaurants globally. The restaurants offer a range of food items including hamburgers, french fries, salads, and beverages. <a href="http://www.mcdonalds.com">www.mcdonalds.com</a>	<ul style="list-style-type: none"> <li>Access to nutrition</li> </ul>	<p>This dialogue was added during 2015 in response to emerging ESG risks and opportunities.</p> <p>We participated in an ICCR collaborative engagement meeting with McDonald's in December 2015 to discuss nutrition-related risks and opportunities, and responsible marketing. We also joined a collaborative letter to the company opening dialogue on food waste.</p>	Ethical Balanced Fund
Metro	Metro Inc. is a food retailer operating in the provinces of Quebec and Ontario, based in Montreal. <a href="http://www.metro.ca">www.metro.ca</a>	<ul style="list-style-type: none"> <li>GHG emissions and climate policy</li> <li>Food system sustainability &amp; access to nutrition</li> <li>Enhancing ESG disclosure</li> </ul>	<p>We wrote to Metro in October 2015 to provide feedback on our proxy voting at the 2015 AGM, explaining our concerns relating to the transparency of the executive compensation framework, and our rationale for supporting a shareholder proposal on the ESG-readiness of the board of directors. In December 2015 we received a response from the board indicating that some of our concerns would be addressed in future disclosures.</p> <p>Earlier in the year, we had provided input on priorities for Metro's sustainability program. In November 2015, Metro released an updated five-year roadmap for corporate responsibility initiatives, considerably enhancing the transparency and ambition of its strategy.</p>	Ethical Balanced Fund  Ethical Canadian Equity Fund
<b>Industrial</b>				
Boyd Group	Boyd Group is the largest operator of non-franchised collision repair centres in North America. <a href="http://www.boydgroup.com">www.boydgroup.com</a>	<ul style="list-style-type: none"> <li>Board diversity</li> </ul>	In October 2015 Boyd Group responded to our earlier proxy feedback letter, indicating that input on corporate governance matters would be taken into consideration.	Ethical Balanced Fund

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Caterpillar	<p>Caterpillar manufactures construction and mining equipment, diesel and natural gas engines, industrial gas turbines and diesel-electric locomotives.</p> <p><a href="http://www.caterpillar.com">www.caterpillar.com</a></p>	<ul style="list-style-type: none"> <li>• Carbon disclosure</li> <li>• Respecting human rights</li> <li>• Preventing tax base erosion</li> </ul>	<p>In October 2015, we wrote to the Caterpillar board to explain the rationale for our voting decisions at the 2015 AGM. We commended efforts to increase diversity among director nominees and urged the company to adopt a board diversity policy with explicit objectives and timelines. We also provided feedback on our vote against the executive compensation plan, citing concerns about pay for performance and over-reliance on stock options within incentive plans. Although pay was linked to safety and quality, we asked for more detailed disclosure on the performance metrics framework. As well, we outlined why we had supported a shareholder proposal requesting amendment of the human rights policy. While we were encouraged by Caterpillar's efforts to improve disclosure on its human rights commitments, we urged the company to review its practice against the standard of the UN Guiding Principles on Business and Human Rights, to strengthen policy by explicitly stating which human rights are most at risk in relation to its operations, and to describe the scope of human rights due diligence throughout the value chain.</p>	Ethical Global Dividend Fund
CN Rail	<p>The Canadian National Railway Company, headquartered in Montreal, serves Canada and the Midwestern and Southern United States.</p> <p><a href="http://www.cn.ca">www.cn.ca</a></p>	<ul style="list-style-type: none"> <li>• GHG emissions and climate policy</li> <li>• Oil-by-rail safety</li> </ul>	<p>In October 2015 CN responded to our proxy feedback letter, indicating that it would take into consideration our suggestion to adopt specific safety metrics within the executive compensation framework.</p> <p>In November 2015, we met with CN's Corporate Secretary to further the discussion on governance. We shared perspectives on director over-boarding policies and learned more about CN's director evaluation process. We also met with the Sustainability Director to provide feedback on the company's latest Sustainability Report. We noted the high ranking of safety issues in the materiality assessment, with internal stakeholders prioritising safety culture and management systems, and external stakeholders emphasizing responsible procurement and dangerous goods shipments. We urged CN to enhance disclosure on crude-by-rail safety and issue more frequent and timely updates on key ESG metrics. The company indicated that it would consider our suggestions.</p> <p>In December 2015, we met with CN's Vice President for Safety and Sustainability to continue our dialogue on the company's crude-by-rail safety management. We encouraged CN to disclose key research findings on issues that have become the subject of debate among stakeholders, such as the safety performance of crude oil unit trains and the effectiveness of electronically controlled pneumatic brakes. We also discussed the apparent resolution by the U.S. FAST Act of a number of safety issues relating to crude-by-rail that had been a shared concern of among rail carriers and communities along the tracks.</p>	Ethical Canadian Equity Fund

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Lumenpulse	Lumenpulse Lighting Inc. manufactures high performance, sustainable LED lighting solutions. <a href="http://www.lumenpulse.com">www.lumenpulse.com</a>	<ul style="list-style-type: none"> <li>GHG emissions and climate policy</li> <li>Board diversity</li> <li>Enhancing ESG disclosure</li> </ul>	In December 2015, we met with Lumenpulse for the first time to learn more about the company's sustainability management structure, diversity strategy and ESG disclosure plans. We commended the company's efforts to increase board diversity and its strong performance in promoting diversity at all levels of the company. We encouraged Lumenpulse to enhance ESG disclosure, and specifically to begin reporting on the potential role of the company within a low-carbon economy. The company indicated it would consider our suggestions.	Ethical Special Equity Fund
<b>Financial</b>				
Bank of Nova Scotia	Scotiabank is a leading financial services provider in over 55 countries and is Canada's most international bank. <a href="http://www.scotiabank.com">www.scotiabank.com</a>	<ul style="list-style-type: none"> <li>GHG emissions, climate policy and energy transition</li> <li>Elimination of cluster munitions</li> <li>Preventing tax base erosion</li> <li>Equitable compensation</li> </ul>	<p>We wrote to the board of BNS in October 2015 to provide feedback on our voting at the 2015 AGM. We commended the company for its strong board diversity performance. We also encouraged further disclosure on the trends revealed by its vertical compensation comparisons, and how this analysis affected compensation decision-making.</p> <p>We met with BNS in November 2015 to further outline our perspective on the issues raised in our feedback letter.</p>	Ethical Canadian Equity Fund
Canadian Western Bank	Canadian Western Bank and its operating affiliates offer a diversified range of financial services. <a href="http://www.cwbankgroup.com">www.cwbankgroup.com</a>	<ul style="list-style-type: none"> <li>GHG emissions, climate policy and energy transition</li> <li>Elimination of cluster munitions</li> <li>Equitable compensation</li> <li>Enhancing ESG disclosure</li> </ul>	We wrote to the board of Canadian Western Bank in December 2015 to provide feedback on our voting at the 2015 AGM. While we were encouraged by the company's intention to reduce the use of stock options, we were concerned that the long-term incentive plan was still not sufficiently performance-based. We also shared our perspective on emerging equitable compensation disclosure practices at Canadian banks. In addition, we shared our cluster munitions policy with bank contacts.	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. <a href="http://www.cibc.com">www.cibc.com</a>	<ul style="list-style-type: none"> <li>Equitable compensation</li> <li>Elimination of cluster munitions</li> </ul>	We wrote the board of CIBC in December 2015 to provide feedback on our voting at the 2015 AGM. Our concerns focused on succession planning and compensation of outgoing executives, which had contributed to the company's failure to achieve shareholder support for the advisory vote on executive compensation. We also encouraged the company to enhance disclosure on equitable compensation measures. As well, we shared our cluster munitions policy with bank contacts.	Ethical Balanced Fund  Ethical Canadian Equity Fund

Company	Company Overview	ESG Issues	Dialogue Results	Holdings
Laurentian Bank	Laurentian Bank of Canada is a Quebec banking institution operating across Canada, providing a full suite of financial products. <a href="http://www.laurentianbank.com">www.laurentianbank.com</a>	<ul style="list-style-type: none"> <li>GHG emissions, climate policy and energy transition</li> <li>Elimination of cluster munitions</li> <li>Enhancing ESG disclosure</li> </ul>	In December 2015 we wrote to the board of Laurentian Bank to provide feedback on our proxy voting at the 2015 AGM. Our concerns focused on the extent of discretion used in determining the CEO's retirement benefits. We also explained our rationale for abstaining on a shareholder proposal calling for the use of a pay ratio in setting compensation, while encouraging the bank to enhance disclosure on equitable compensation. We also shared our cluster munitions policy with bank contacts.	Ethical Special 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. <a href="http://www.rbc.com">www.rbc.com</a>	<ul style="list-style-type: none"> <li>GHG emissions, climate policy and energy transition</li> <li>Elimination of cluster munitions</li> <li>Preventing tax base erosion</li> <li>Equitable compensation</li> </ul>	In November 2015 we met with RBC governance and compensation contacts to further outline the perspectives we had shared in our earlier proxy feedback letter. We also provided a briefing on the tax engagement guidance project that we were participating in through PRI.	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. <a href="http://www.td.com">www.td.com</a>	<ul style="list-style-type: none"> <li>GHG emissions, climate policy and energy transition</li> <li>Elimination of cluster munitions</li> <li>Preventing tax base erosion</li> <li>Equitable compensation</li> </ul>	<p>In October 2015 we wrote to the board of TD Bank to provide feedback on our voting at the 2015 AGM. We encouraged the bank to reinforce its position as a leader in board diversity practice by publishing a target, as some of its peers have done. Although we had been able to support the compensation package, we noted that it was not clear under what circumstances bonuses could be reduced to zero. We also encouraged the company to build on current disclosures on equitable compensation by providing more detail on the vertical comparison metrics that are provided to the board, as well as explaining the trends they reveal and how they influence pay decision-making.</p> <p>In November 2015 we met with TD Bank governance and compensation contacts to further outline the perspectives we had shared in our letter. We also met with corporate responsibility and tax staff to provide a briefing on the tax engagement guidance project that we were participating in through PRI.</p>	<p>Ethical Balanced Fund</p> <p>Ethical Canadian Equity Fund</p>
Wells Fargo	Wells Fargo is an American multinational financial services company. <a href="http://www.wellsfargo.com">www.wellsfargo.com</a>	<ul style="list-style-type: none"> <li>Ethical business practice</li> </ul>	As part of an engagement collaboration organized by ICCR focusing on ethical business policy and practice at major U.S. financial institutions, we joined meetings with Wells Fargo in October and December 2015 to discuss how the company was communicating and implementing its updated "Vision and Values".	

## Collaborative Engagement

Through PRI, we continued to participate in an international taskforce to explore tax-related ESG risks, identify good practices and build relationships with other stakeholders in the responsible tax space. The collaboration published a PRI guidance document for investors seeking to engage on tax, which would be used in follow-up collaborative engagement with companies in 2016.

- We continued to lead collaboration with other investors through ICCR to extend the reach of our work on crude-by-rail safety.
- We joined a collaborative engagement on food waste organized through ICCR, which wrote to companies including Restaurant Brands and McDonald's to open dialogue.
- We continued to participate in an engagement collaboration organized by ICCR focusing on ethical business policy and practice at major U.S. financial institutions. The group met with Wells Fargo in October and December 2015 to discuss how the company was communicating and implementing its updated "Vision and Values".

## Public Policy & Standards

- We continued to actively advance the development of effective climate policy in the run-up to the Paris Climate Conference, which took place in December 2015:
  - As the only North American investment institution in the CDP Oil and Gas Disclosure Working Group, we provided feedback on changes to the CDP survey, aiming to ensure the questions are material to investors. We also spoke at the CDP Canada Report launch event at the TSX in November 2015, reflecting on the results of engagement on internal carbon pricing, which had now been widely adopted.
  - In November and December 2015 we organized two webinars, one for investors and one for the mining sector, on the recent work of the Ecofiscal Commission on the impacts of carbon pricing on the competitiveness of the Canadian economy. The Ecofiscal Commission is a collaboration of Canadian economists, with support from across the political spectrum, which explores fiscal policies with ecological benefits.

- In November 2015 we were invited to sign to a letter to Premier Christy Clark, urging the BC government to take bold action on updating the provincial climate plan. The letter was organized by the Energy Forum, an industry-NGO collaboration that aims to create a positive environment for the adoption of low-carbon energy technologies and systems. We were one of the few investor signatories to the statement.
- We continued to express support for robust climate policy in Alberta in a November 2015 op-ed published in the Edmonton Journal, referencing the earlier letter to the government by investment institutions representing \$4.6 trillion in AUM, which we had co-organized.
- In December 2015 we were signatory to a submission from the Clean Economy Alliance to the Ontario government in response to its request for feedback on a proposed cap-and-trade carbon pricing program. The Clean Economy Alliance, of which we are a member, is an industry-NGO coalition formed to support the development of Ontario's climate change strategy.

- Consistent with our support for a stakeholder theory of the firm, we participated in consultations on the Ontario Business Agenda, making a submission calling for enhancements to the provisions of the Ontario Business Corporations Act relating to the purpose of the corporation and the duties of directors.
- We continued to participate as a lead investor in the Sustainable Stock Exchanges (SSE) collaborative engagement, urging stock exchanges worldwide to adopt listing standards that would require all public companies to disclose on key ESG risks and opportunities. Following up on the publication of the model guidance for exchanges seeking to encourage ESG disclosure by issuers, in October 2015 we wrote to TSX and Aequitas NEO Exchange on behalf of an international group of more than 100 investment institutions representing over US\$ 10 trillion in AUM. We asked TSX to consider producing an update on its existing guidance, and NEO to commit to publishing guidance by the end of 2016. We met with NEO in October 2015 to discuss the letter, and the relevance of ESG to the new exchange. In December, NEO's commitment to become an SSE Partner Exchange was announced. Also in December, we met with TSX to discuss recent ESG developments, encouraging the exchange to join the SSE initiative and consider ways to enhance disclosure on its ESG initiatives.