

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 Results	2016 Holdings
Energy				
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>	Oil sands GHG emissions, climate policy and energy transition Unburnable carbon and stranded assets	We met with CNRL in October 2016 to discuss the company's innovation strategy, with a focus on technologies related to the energy transition. The company saw its role as implementing and field-testing new technologies as opposed to engaging in early-stage technology development, and noted it is one of the largest R&D spenders in Canada. We again raised the topic of low-carbon strategic resilience and alerted the company to the impending release of the Financial Stability Board Task Force on Climate-Related Disclosures recommendations, which we noted would likely form the basis of broad investor expectations for climate-related disclosure.	<b>Ethical Balanced Fund</b> <b>Ethical Canadian Equity</b>

<p><b>ExxonMobil</b></p>	<p>Exxon, headquartered in Houston, Texas, is the world's largest publicly traded oil &amp; gas company. <a href="http://www.exxonmobil.com">www.exxonmobil.com</a></p>	<p>GHG emissions, climate policy and energy transition</p>	<p>Exxon's recent statements in support of carbon pricing have encouraged us to explore the potential for re-engagement with the company. In December 2016 we wrote to Exxon to urge the company to work collaboratively with investors in the 2017 proxy season. Exxon is the recipient of numerous climate-related shareholder resolutions that usually go to a vote, whereas we believe the company could more profitably engage in dialogue that could lead to negotiated withdrawal and ESG performance improvements. . We commended the company for publicly affirming its support for the Paris Agreement but explained why we supported shareholder resolutions on low-carbon resiliency and climate lobbying.</p>	<p><b>Ethical Global Equity Fund</b></p>
<p><b>Gibson Energy</b></p>	<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>	<p>GHG emissions, climate policy and energy transition Board diversity Enhancing ESG disclosure</p>	<p>We met with Gibson Energy in October 2016 to discuss the company's enhanced ESG disclosure. The company planned to continue improving its ESG disclosure and acknowledged the materiality of ESG performance to its business.</p>	<p><b>Ethical Special Equity Fund</b> <b>Ethical Canadian Equity Fund</b></p>
<p><b>Secure Energy Services</b></p>	<p>Secure Energy Services Inc. provides fluids and solids solutions to the oil and gas industry. <a href="http://www.secure-energy.com">www.secure-energy.com</a></p>	<p>GHG emissions, climate policy and energy transition Board diversity Enhancing ESG disclosure</p>	<p>In October 2016 Secure Energy Services alerted us to the publication of its first sustainability report. We commended the company for responding to our request for enhanced disclosure.</p>	<p><b>Ethical Special Equity Fund</b></p>

<p><b>Suncor</b></p>	<p>Suncor Energy Inc. is Canada's largest integrated energy company, focused on development of the Athabasca oil sands. <a href="http://www.suncor.com">www.suncor.com</a></p>	<p>Oil sands GHG emissions, climate policy and energy transition Unburnable carbon and stranded assets</p>	<p>We met with Suncor in October 2016 to discuss its progress in implementing our climate resilience shareholder proposal. The company indicated it planned to release a report in early 2017, and that the process of developing the disclosure had involved the most senior levels of the company, leading to strategic changes.</p>	<p><b>Ethical Balanced Fund</b> <b>Ethical Canadian Equity Fund</b></p>
<p>Utilities</p>				
<p><b>Canadian Utilities / ATCO</b></p>	<p>ATCO is an Alberta-based diversified corporation whose businesses include structures and logistics, electricity and pipelines. Canadian Utilities is an ATCO company. <a href="http://www.atco.com">www.atco.com</a> <a href="http://www.canadianutilities.com">www.canadianutilities.com</a></p>	<p>GHG emissions, climate policy and energy transition</p>	<p>At the request of Canadian Utilities/ATCO we provided feedback on its biennial Sustainability Report.</p>	<p><b>Ethical Canadian Equity Fund</b></p>
<p>Materials</p>				
<p><b>Agrium</b></p>	<p>Agrium is a global agricultural products and services company producing and marketing three critical crop nutrients: potash, nitrogen and phosphate. <a href="http://www.agrium.com">www.agrium.com</a></p>	<p>Respecting human rights</p>	<p>The dialogue was paused pending the outcome of the Agrium – Potash merger.</p>	<p><b>Ethical Canadian Equity Fund</b> <b>Ethical Global Equity Fund</b></p>
<p><b>PotashCorp</b></p>	<p>PotashCorp is a global agricultural products company producing three critical crop nutrients: potash, nitrogen and phosphate. <a href="http://www.potashcorp.com">www.potashcorp.com</a></p>	<p>Respecting human rights</p>	<p>The dialogue was paused pending the outcome of the Agrium – Potash merger.</p>	<p><b>Ethical Canadian Equity Fund</b> <b>Ethical Balanced Fund</b></p>

<p><b>Stella-Jones</b></p>	<p>Stella-Jones is a producer and marketer of pressure treated wood products. <a href="http://www.stella-jones.com">www.stella-jones.com</a></p>	<p>GHG emissions and climate policy ESG Disclosure</p>	<p>In November 2016 we wrote to Stella-Jones to commend the company's CDP response improvements and to outline investor demand for further disclosure enhancements.</p>	<p><b>Ethical Special Equity Fund</b></p>
<p><b>Teck</b></p>	<p>Teck is Canada's largest diversified resource company, producing metallurgical coal, copper, zinc and energy. <a href="http://www.teck.com">www.teck.com</a></p>	<p>ESG disclosure</p>	<p>In October 2016 we were invited to attend the next Teck Communities of Interest stakeholder panel in January 2017. We indicated our interest in attending and completed a sustainability survey to help the company in determining material sustainability topics.</p>	<p><b>Ethical Balanced Fund</b></p>
<p><b>Westrock</b></p>	<p>Westrock, headquartered in the U.S., is one of the world's largest paper and packaging companies. <a href="http://www.westrock.com">www.westrock.com</a></p>	<p>Energy Transition ESG disclosure</p>	<p>As part of our collaborative engagement initiative with Environmental Leaders stakeholders, we met with Westrock in December 2016 to discuss the company's ESG disclosure plans, particularly in regard to its GHG emission management systems and strategies. We were pleased that the company was working towards setting science-based targets for GHG emission reductions.</p>	<p><b>NEI Environmental Leaders Fund</b></p>
<p><b>Health Care</b></p>				
<p><b>Johnson &amp; Johnson</b></p>	<p>Johnson &amp; 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></p>	<p>Product quality and safety Drug pricing Access to Medicine Sustainable Development Goals ESG disclosure</p>	<p>In October 2016 we led a collaborative investor dialogue with Johnson &amp; Johnson on ethical business practices, and management of product safety and quality risks. While the company's Credo commits to upholding high quality, we indicated that it was difficult for investors to assess how the commitment was enforced. We asked J&amp;J to consider enhancing its disclosure on</p>	<p><b>Ethical American Multi-Strategy Fund</b> <b>Ethical Global Dividend Fund</b> <b>NEI Generational Leaders Fund</b></p>

			<p>product safety and quality enforcement and performance, including processes to respond to high-level safety and quality incidents, and how recurrence was prevented.</p> <p>In December 2016 we participated in an ICCR dialogue with Johnson &amp; Johnson to discuss drug pricing, health reform in the U.S., access to medicine, and implementation of the Sustainable Development Goals.</p> <p>In December 2016 we were asked by Johnson &amp; Johnson to participate in a stakeholder materiality survey, through which we provided our perspective on material issues to inform its sustainability reporting.</p>	
<b>Pfizer</b>	<p>Pfizer is a global pharmaceutical company headquartered in the U.S.  <a href="http://www.pfizer.com">www.pfizer.com</a></p>	<p>Drug pricing            Access to Medicine            ESG disclosure            Sustainable Development Goals</p>	<p>This dialogue was added during 2016 in response to emerging ESG risks and opportunities.</p> <p>In December 2016 we participated in an ICCR dialogue with Pfizer to discuss drug pricing, healthcare reform in the U.S., access to medicine, ESG disclosure and the UN Sustainable Development Goals.</p>	<p><b>American Multi-Strategy Fund</b>  <b>NEI Generational Leaders Fund</b></p>
<b>Thermo Fisher Scientific</b>	<p>Thermo Fisher Scientific is a U.S. multinational scientific equipment and services company.  <a href="http://www.thermofisher.com">www.thermofisher.com</a></p>	<ul style="list-style-type: none"> <li>Enhancing ESG disclosure</li> </ul>	<p>In November 2016 we followed up on previous dialogue with Thermo Fisher Scientific on enhancing ESG disclosure, by sharing examples of peer companies with good sustainability disclosure practices.</p>	<p><b>Ethical Global Equity Fund</b>  <b>NEI Environmental Leaders Fund</b>  <b>NEI Generational Leaders Fund</b></p>

Telecom				
<p><b>BCE</b></p>	<p>BCE is Canada's largest communications company, offering telecommunications, media and other services under the Bell brands. <a href="http://www.bce.ca">www.bce.ca</a></p>	<p>GHG emissions and climate policy</p>	<p>We wrote to BCE in November 2016 following a social media controversy about a competitor's public support for Federal carbon pricing policy. We urged the company to ensure that its legitimate efforts to compete for customers always remained consistent with corporate commitments to sustainability.</p> <p>In December 2016 we met with BCE to discuss the controversy. We were reassured by BCE's action to brief its social media team to take context into account, its commitment to environmental sustainability and the company's explanation of its social media protocols.</p>	<p><b>Ethical Balanced Fund</b> <b>Ethical Global Dividend Fund</b></p>
<p><b>Rogers</b></p>	<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 <a href="http://www.rogers.com">www.rogers.com</a></p>	<p>GHG emissions and climate policy</p>	<p>We wrote to Rogers in November 2016 following a social media controversy about a competitor's public support for Federal carbon pricing policy. We urged the company to ensure that its legitimate efforts to compete for customers always remained consistent with corporate commitments to sustainability.</p> <p>Later in November 2016 we met with Rogers to discuss the controversy. We were reassured by the swift action of Rogers' social media team and the company's explanation of its social media protocol. We expressed our support for the work of the Rogers sustainability team.</p>	<p><b>Ethical Canadian Equity Fund</b></p>

<p><b>Telus</b></p>	<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. <a href="http://www.telus.com">www.telus.com</a></p>	<p>GHG emissions and climate policy</p>	<p>We wrote to Telus in November 2016 to express support for its public endorsement of the Federal price on carbon, which had become the focus of some controversy on social media. We urged the company to continue to play a leadership role on the climate issue, and expressed our appreciation for the work of the Telus sustainability team.</p> <p>The company responded indicating its continuing commitment to environmental sustainability.</p>	<p><b>Ethical Global Dividend Fund</b></p>
<p><b>Verizon</b></p>	<p>Verizon Communications is a global broadband telecommunications company based in the U.S., and the largest U.S. wireless communications service provider. <a href="http://www.verizon.com">www.verizon.com</a></p>	<p>Cyber security governance</p>	<p>In the context of our involvement in the PRI Cyber Security Advisory Committee, on behalf of the group we wrote to Verizon in November 2016 to communicate concerns regarding cyber security due diligence in the acquisition of Yahoo Inc. in light of the recently-announced breach of 500 million Yahoo accounts. We shared our investor perspective on the material financial and social risk that data breaches can represent and noted that investors are increasingly taking cyber security into account in their investment decisions.</p>	<p><b>Ethical Global Dividend Fund</b></p>
<p><b>Consumer</b></p>				
<p><b>Canadian Tire</b></p>	<p>Canadian Tire Corporation is a general retailer offering everyday products and services through more than 1,700 retail and gasoline outlets across Canada. <a href="http://www.canadiantire.ca">www.canadiantire.ca</a></p>	<p>Sustainable apparel supply chains Enhancing ESG disclosure</p>	<p>We continued to follow up with Canadian Tire on the company's responsible sourcing disclosures. In September 2016, Canadian Tire released a Sustainability Report that contained ESG information for the 2015-2016 period. The report contained</p>	<p><b>Ethical Canadian Equity Fund</b></p>

			<p>information that was not previously disclosed. Of particular interest was the section on ethical sourcing, which we and other Canadian investors have been asking Canadian Tire for more disclosure on. The company provided new disclosure on source countries, the number of factory audits completed and the types of critical infractions found in these audits. We were encouraged by the company's progress on ESG disclosure during 2016.</p>	
<b>Campbell Soup</b>	<p>Campbell Soup Company is an U.S.-based producer of canned soups and related products.  <a href="http://www.campbellsoupcompany.com">www.campbellsoupcompany.com</a></p>	Access to nutrition	<p>This dialogue was added during 2016 to respond to emerging risks and opportunities.</p> <p>We participated in an investor collaboration writing to Campbell Soup regarding the company's ranking in the Access to Nutrition Index (ATNI).</p>	<b>Ethical Global Dividend Fund</b>
<b>Coca-Cola</b>	<p>The Coca-Cola Company is an American multinational beverage corporation and manufacturer, retailer and marketer of non-alcoholic beverage concentrates and syrups.  <a href="http://www.coca-cola.com">www.coca-cola.com</a></p>	Access to nutrition	<p>In October 2016, we co-led an ICCR collaborative engagement meeting with Coca-Cola to discuss nutrition topics, including policy commentary, strategy and governance and responsible marketing initiatives. We encouraged the company to provide more disclosure on innovations in product reformulation and responsible marketing initiatives around the world.</p> <p>In November 2016 we participated in an investor collaboration writing to Coca-Cola regarding the company's ranking in the Access to Nutrition Index (ATNI).</p> <p>Coca-Cola made some progress in 2016 on providing investors with additional</p>	<b>Ethical Global Dividend Fund</b>

			information about activities that demonstrated the ability of the company to respond to changing consumer preferences for beverage products. The company also made efforts to become more transparent on funding organisations that contribute to the nutrition policy landscape.	
<b>Danone</b>	Danone is a multinational food products corporation based in Paris, France. <a href="http://www.danone.com">www.danone.com</a>	Access to nutrition	<p>This dialogue was added during 2016 in response to emerging ESG risks and opportunities.</p> <p>In November 2016 we participated in an investor collaboration writing to Danone about the company’s ranking in the Access to Nutrition Index (ATNI).</p>	<p><b>Ethical International Equity Fund</b></p> <p><b>Ethical Global Dividend Fund</b></p>
<b>Dr. Pepper Snapple</b>	Dr. Pepper Snapple Group is a U.S. multinational soft drink company, based in Texas. <a href="http://www.DrPepperSnappleGroup.com">www.DrPepperSnappleGroup.com</a>	Access to nutrition	<p>This dialogue was added during 2016 in response to emerging ESG risks and opportunities.</p> <p>We joined an ICCR collaborative engagement in November 2016, meeting with Dr. Pepper Snapple to discuss the company’s nutrition and responsible marketing programs and strategy.</p>	<p><b>Ethical American Multi-Strategy Fund</b></p>
<b>General Mills</b>	General Mills is a multinational manufacturer and marketer of branded consumer foods sold through retail stores, based in the U.S. <a href="http://www.generalmills.com">www.generalmills.com</a>	Access to nutrition	<p>This dialogue was added during 2016 in response to emerging ESG risks and opportunities.</p> <p>In November 2016 we participated in an investor collaboration writing to General Mills about the company’s ranking in the Access to Nutrition Index (ATNI).</p>	<p><b>Ethical Global Dividend Fund</b></p>

<p><b>Lassonde Industries</b></p>	<p>Lassonde Industries is a Quebec-based food company. <a href="http://www.lassonde.com">www.lassonde.com</a></p>	<p>Enhancing ESG disclosure</p>	<p>We met with Lassonde Industries in November 2016 to discuss the company's responsible sourcing practices. We encouraged the company to provide more information about responsible sourcing practices in the public domain. We were encouraged that the company seemed receptive to suggestions on responsible sourcing disclosures that would meet the needs of company stakeholders, including investors.</p>	<p><b>Ethical Special Equity Fund</b></p>
<p><b>Leon's</b></p>	<p>Leon's is a Canadian furniture and appliance retailer. <a href="http://www.leons.ca">www.leons.ca</a></p>	<p>Enhancing ESG disclosure</p>	<p>We corresponded with Leon's to follow-up on discussions about supply chain transparency and to organize the next stage of our dialogue. We were encouraged by the company's receptiveness to further dialogue on the topic of supply chain disclosures.</p>	<p><b>Ethical Special Equity Fund</b></p>
<p><b>Loblaw</b></p>	<p>Loblaw Companies Limited is Canada's largest food retailer and a leading provider of drugstore, general merchandise and financial products and services. <a href="http://www.loblaw.ca">www.loblaw.ca</a></p>	<p>GHG emissions and climate policy Food waste, animal welfare and access to nutrition Sustainable apparel supply chains Enhancing ESG disclosure</p>	<p>We wrote to Loblaw in December 2016 on behalf of a PRI collaboration on labour and human rights issues in agricultural supply chains. The letter was accompanied by an investor statement outlining expectations on specific supply chain disclosures, policies and governance practices investors would like to see companies adopt. We also corresponded with the company to organize the next stage of our next dialogue.</p> <p>We were encouraged by the company's public commitments on sustainability in 2016, including plans to reduce carbon emissions 30% by 2030.</p>	<p><b>Ethical Canadian Equity Fund</b></p>

<p><b>Metro</b></p>	<p>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></p>	<p>Food waste, animal welfare and access to nutrition Enhancing ESG disclosure</p>	<p>We collaborated in writing to Metro in December 2016 on behalf of a PRI collaboration on labour and human rights issues in agricultural supply chains. The letter was accompanied by an investor statement outlining expectations on specific supply chain disclosures, policies and governance practices investors would like to see companies adopt. We also corresponded with the company to organize the next stage of our dialogue.</p>	<p><b>Ethical Balanced Fund</b> <b>Ethical Canadian Equity Fund</b></p>
<p><b>Nestlé</b></p>	<p>Nestlé is a global nutrition and health company, headquartered in Switzerland. <a href="http://www.nestle.com">www.nestle.com</a></p>	<p>Access to nutrition</p>	<p>This dialogue was added in 2016 in response to emerging ESG risks and opportunities.  In November 2016, we participated in an investor collaboration writing to Nestlé regarding the company’s ranking in the Access to Nutrition Index (ATNI).</p>	<p><b>Ethical International Equity Fund</b></p>
<p><b>PepsiCo</b></p>	<p>Pepsico is an American multinational food, snack and beverage corporation. <a href="http://www.pepsico.com">www.pepsico.com</a></p>	<p>Access to nutrition</p>	<p>This dialogue was added in 2016 in response to emerging ESG risks and opportunities.  In November 2016, we participated in an investor collaboration writing to PepsiCo regarding the company’s ranking in the Access to Nutrition Index (ATNI). As part of the collaboration, we met with PepsiCo in December 2016 to discuss the ATNI results as well as nutrition governance, strategy and targets.</p>	<p><b>Ethical American Multi-Strategy Fund</b> <b>Ethical Global Dividend Fund</b></p>

Industrial				
<p><b>CN Rail</b></p>	<p>The Canadian National Railway Company, headquartered in Montreal, serves Canada and the Midwestern and Southern United States. <a href="http://www.cn.ca">www.cn.ca</a></p>	<p>ESG disclosure</p>	<p>At the request of the company, we participated in CN Rail’s consultation on its sustainability reporting, providing our perspective on the material ESG issues facing the company.</p>	<p><b>Ethical Canadian Equity Fund</b> <b>NEI Global Value Fund</b></p>
<p><b>Lumenpulse</b></p>	<p>Lumenpulse Lighting Inc. manufactures high performance, sustainable LED lighting solutions. <a href="http://www.lumenpulse.com">www.lumenpulse.com</a></p>	<p>Board independence Enhancing ESG disclosure</p>	<p>In October 2016 we met with Lumenpulse to receive an update on issues we raised in our earlier proxy feedback letter. Our perspectives on equitable pay were an input for executive compensation discussions at Lumenpulse's board and committee meetings in December, and the company wrote to express appreciation for our feedback.</p> <p>The dialogue was paused due to portfolio changes.</p>	<p><b>Ethical Special Equity Fund (sold)</b></p>
Financial				
<p><b>ING Group</b></p>	<p>ING Group is a multinational banking and financial services corporation, headquartered in the Netherlands. <a href="http://www.ing.com">www.ing.com</a></p>	<p>Respecting human rights</p>	<p>This dialogue was added during 2016 in response to emerging ESG risks and opportunities.</p> <p>In December 2016 we wrote to ING, one of several financial services companies involved in the project finance consortium for the controversial Dakota Access Pipeline, to encourage transparency on the results of a human rights assessment commissioned by members of the consortium. We expressed appreciation for the company’s public</p>	<p><b>Ethical International Equity Fund</b> <b>NEI Generational Lead Fund</b></p>

			statements so far on the human rights assessment project.	
<b>JP Morgan</b>	<p>JPMorgan Chase &amp; Co. is a leading global financial services firm and one of the largest banking institutions in the United States, with operations worldwide.</p> <p><a href="http://www.jpmorganchase.com">www.jpmorganchase.com</a></p>	Elimination of cluster munitions	<p>In December 2016, JPMorgan responded to our earlier letter on investments in cluster munitions manufacturers, explaining how it assesses ESG risks in investment portfolios. The company indicated that controversial weapons investments are excluded when required by local regulations or requested by clients with segregated mandates.</p>	<p><b>Ethical American Multi-Strategy Fund</b>  <b>Ethical Balanced Fund</b>  <b>Ethical Global Dividend Fund</b></p>
<b>Mizuho Bank</b>	<p>The Mizuho Financial Group is one of the largest international financial services companies in Japan.</p> <p><a href="http://www.mizuhobank.com">www.mizuhobank.com</a></p>	Human rights	<p>This dialogue was added during 2016 in response to emerging ESG risks and opportunities.</p> <p>In December 2016 we wrote to Mizuho Bank, one of several financial services companies involved in the project finance consortium for the controversial Dakota Access Pipeline, to encourage transparency on the results of a human rights assessment commissioned by members of the consortium. We expressed appreciation for the company's public statements so far on the human rights assessment project.</p>	<p><b>Ethical Global Dividend Fund</b></p>
<b>Royal Bank of Canada</b>	<p>Royal Bank is Canada's largest company by market capitalization, providing personal and commercial banking, wealth management services, insurance, investor services and capital markets products and services on a global basis.</p> <p><a href="http://www.rbc.com">www.rbc.com</a></p>	Climate finance	<p>In November 2016, we met with RBC for further discussions on climate finance. The company's financial exposure to high-carbon sectors was relatively limited, and in our analysis it was one of the Canadian leaders on climate change within its sector. We shared insights on the role of finance in the transition to a low-carbon economy. We</p>	<p><b>Ethical Balanced Fund</b></p>

			also commended the company for publicly stating its climate position.	
<b>TD Bank</b>	<p>TD Bank Group, headquartered in Toronto with offices around the world, offers a full range of financial products and services.</p> <p><a href="http://www.td.com">www.td.com</a></p>	<p>Climate finance Equitable compensation Respecting human rights ESG disclosure</p>	<p>In October 2016, we met with TD to discuss in detail our earlier proxy voting feedback letter and the company's response. We also highlighted the importance of equitable compensation in the current social and political context.</p> <p>In November 2016, we participated in TD's stakeholder survey to inform its materiality assessment.</p> <p>TD was one of several financial services companies involved in the project finance consortium for the controversial Dakota Access Pipeline. In December 2016 we corresponded with TD and participated in a collaborative engagement meeting to encourage transparency on the results of a human rights assessment commissioned by members of the consortium. We expressed appreciation for the company's public statements so far on the human rights assessment project.</p>	<p><b>Ethical Balanced Fund</b> <b>Ethical Canadian Equity Fund</b></p>
<b>Wells Fargo</b>	<p>Wells Fargo is an American multinational financial services company.</p> <p><a href="http://www.wellsfargo.com">www.wellsfargo.com</a></p>	<p>Ethical business conduct Executive compensation Respecting human rights</p>	<p>In October 2016, following up on earlier collaborative engagement on ethical business conduct at Wells Fargo, and in light of the unauthorized accounts scandal, we wrote to the board urging it to publicly disclose how it would respond to shareholder concerns: specifically, the separation of the Chair and CEO roles; the linkage of the executive pay framework to ethical conduct; the clawback of</p>	<p><b>Ethical American Multi-Strategy Fund</b></p>

		<p>unwarranted incentive pay; and publication of a business ethics review.</p> <p>We also participated in an ICCR collaborative engagement meeting with representatives of Well Fargo board and management to discuss these issues.</p> <p>In the absence of assurance at that the company would publish the results of a business ethics review we co-filed a shareholder resolution on this topic at Wells Fargo in November 2016.</p> <p>In December 2016, we wrote to the board to express appreciation for the public announcement regarding formal separation of the Chair and CEO roles and a requirement for the chair to be an independent director. We encouraged the company to make further announcements on other issues raised in our letter.</p> <p>In December 2016 we joined a further ICCR meeting with Wells Fargo to discuss shareholder concerns about its executive compensation framework, and the related shareholder resolution.</p> <p>In addition, in December 2016 we wrote to Wells Fargo, one of several financial services companies involved in the project finance consortium for the controversial Dakota Access Pipeline, to encourage transparency on the results of a human rights assessment commissioned by members of the consortium.</p>	
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## Collaborative Engagement

### *Getting Real about the Energy Transition:*

- We were part of a collaboration of over 60 investors led by Boston Common Asset Management that engaged a number of emissions-intensive companies on their strategies for implementing eco-efficiency objectives. Companies included Air Liquide, Spectra, BMW and Statoil.
- We were part of a collaborative engagement led by Mirova with companies that have oil and gas leases in the Arctic, focusing on their ability to explore safely in ice-covered regions. The collaboration has ongoing correspondence with a number of companies on the topic, including Statoil, Shell and Exxon.
- We signed on to an ICCR Investor letter encouraging companies that have committed to adopting science-based GHG reduction targets. The letter was sent to over a 100 companies, including Dr Pepper Snapple, Merck & Co and Pepsico

### *Food from Farm to Fork:*

- In November 2016, we were signatory to collaborative engagement letters focusing on the findings of the 2016 Access to Nutrition Index, which benchmarks food and beverage companies on nutrition performance. The letters notified companies of their benchmark ranking and asked for a response on actions they would take to address weaknesses in nutrition strategy and governance. The letters were sent to Campbell Soup, Coca-Cola, General Mills, Nestle and Pepsico.
- In December 2016, as part of a PRI collaboration on labour standards and human rights in agricultural supply chains, we participated in writing to companies including Loblaw and Metro to share a statement of investor expectations in this area.

## Public Policy & Standards

### *Getting Real about the Energy Transition:*

- In November 2016 we responded to a direct request from IPIECA to provide comments on its draft climate reporting framework. IPIECA is a global oil and gas industry association for environmental and social issues that represents many of the largest oil and gas companies in the world. We affirmed the importance of robust climate-related disclosure to investors and provided detailed feedback on the framework.
- In November 2016 we joined 17 other investors representing over \$7 trillion in assets under management in a statement seeking a moratorium on oil and gas activity in the Arctic high seas.
- In December 2016 we were signatory to a letter to the Prime Minister and Premiers organized by Smart Prosperity, a coalition of companies, NGOs and academics. The letter urged both levels of government to collaborate in developing a pan-Canadian climate change strategy that would allow Canada to build a high-performance, low-carbon economy. We also signed a follow-up letter in mid-December commending the leaders for agreeing to a pan-Canadian framework.
- In December 2016 we signed a letter organized by Ceres urging the U.S. Environmental Protection Agency (EPA) to uphold its proposed vehicle GHG emission standards for model years 2022-2025. The letter aligned with our energy transition strategy which highlights the importance of reducing demand for fossil fuels.
- In December 2016 we made a submission to the Federal government's review of environmental assessment (EA) processes. We highlighted the importance of robust EA processes in building investor confidence and noted several existing tools that could be utilized to improve the EA process. We highlighted the need to ensure EA is consistent with the Canadian climate change framework and strategy, and recommended that regional strategic environmental assessments should inform EA to ensure that cumulative effects are managed.
- In December 2016 we co-hosted a well-attended webinar for investment institutions to hear from Alberta's Minister of Environment and Parks and Minister Responsible for the Climate Change Office, Shannon Phillips, about the province's new climate change strategy. The webinar offered investors insight into the progress of rolling out the strategy, the challenges Alberta faces, and opportunities for investors to contribute to implementation.
- In December 2016, we signed the Clean Growth Century statement at the suggestion of the McConnell Foundation. The statement was a multi-stakeholder expression of support for strong government action on climate change in light of the opportunities associated with the energy transition.

### *Responsibility to Respect:*

- In October 2016 we joined investors representing U.S.\$ 4.1 trillion in a statement organized by ICCR on the need for enhanced efforts on factory safety in Bangladesh, in the context of the deadly fire at a Tampaco Foils factory supplying packaging for multinational companies.

### *Governance Matters:*

- In October 2016 we followed up on earlier meetings with ministers by responding to the Alberta government's consultation on whether to join other provinces in adopting diversity disclosure requirements. In our submission we outlined why we believed board diversity of identity and experience could help energy companies to navigate an increasingly complex operating environment. Alberta later announced that it would be joining the disclosure regime.
- In the context of our involvement in the PRI Advisory Committee on Cyber Security, we participated in the Federal consultation on this topic. We wrote to the National Cyber Security Directorate in October 2016, bringing attention to the PRI initiative, explaining why investors increasingly perceive data breaches as a material financial and reputational risk.
- In December 2016 we participated in a further stage of consultation on the reform of the Ontario Business Corporations Act (OBCA). We welcomed the recommendation to facilitate re-submission of shareholder proposals that have achieved a minimum level of support, which was one of our earlier suggestions, but urged adoption of majority voting for individual directors on an annual basis, say-on-pay, and diversity disclosure requirements.
- In December 2016 we provided input to the International Corporate Governance Network (ICGN) on updating its guidance on political contributions and lobbying.

### *Enhancing responsible investment*

- In November 2016, we submitted comments to the Department of Finance on the Federal Financial Sector Framework Review. Among other recommendations, we encouraged the government to integrate responsible investment to the scope of the review, to consider the implications of the transition to a low-carbon economy including taking into account the outcomes of the Financial Stability Board climate disclosure project, and to consider the importance of actions that strengthen the social license of the financial sector. Prior to making the submission, we hosted a meeting for Finance to collect input directly from members of the Responsible Investment Association (RIA) and the Canadian Coalition for Good Governance (CCGG).
- In December 2016, we made a submission to the review of the Canadian Environmental Protection Act (CEPA), with suggestions on how Federal environmental inventories could be made more accessible for investor decision-making purposes, and noting that this could incentivise enhanced environmental performance by companies.