ethical funds

Corporate Engagement Focus List

Update September 2013

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Canada's 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	Themes	Activity
Oil & Gas		
↗ **Apache**	• Hydraulic fracturing • Gas development in Northern BC	This was a new addition for the 2013 Focus List. We met with Apache in November 2012 and discussed the company's plans for natural gas development in north-east BC, its approach to hydraulic fracturing, and the need for a regional strategic environmental assessment. The company has no plans to develop its assets in NE BC further until there is an increase in gas prices. The company was an active participant in the creation of the FracFocus website for disclosure of frack fluid components, and is a partner with Encana in the Debolt water treatment plant in BC – an initiative to use a saline aquifer as source water for fracking operations. We voted against the company's executive compensation package at the 2013 AGM. Our concerns included inadequate linkage between pay and ESG performance. We wrote to the board in July 2013 to explain the rationale for our vote. In August the chair of the compensation committee responded that our feedback would be taken into account, explaining that ESG metrics are already linked to corporate objectives. We expect next year's compensation discussion to contain explicit reference to ESG goals, and will follow up on this topic.
↗ **BG Group**	• Human rights • Gas development in Northern BC	We met with BG Group in August 2012 to discuss the implementation of its human rights policy. The company appears to have robust human rights due diligence processes. This aspect of the dialogue was paused when the portfolio manager sold the holding. The company also has plans to develop a liquified natural gas (LNG) plant in BC. We will discuss regional development plans with the company later in 2013 in the context of our Boreal Leadership Council activities.
↗ **Cenovus**	• Oil sands • Innovation • Reasonable compensation linked to ESG performance	In November 2012 we met with Cenovus to discuss our reasons for voting against the company's executive compensation plan at the 2012 AGM. We discussed the need for greater detail on the metrics used to measure environmental and safety performance, and on how this impacted executive pay. We also called for explicit links between innovation performance and executive compensation. The company indicated that our input would be used to inform the decisions of the compensation committee. We participated in the Cenovus stakeholder panel in October 2012, and again in October 2013, and asked the company to take a stronger leadership position on issues such as climate change policy, industry innovation, and cumulative impacts management. We met with Cenovus' CEO in January 2013 to express our support for the company's focus on innovation and environmental improvements. Cenovus stated that it is working towards a step change in in-situ extraction technology that should have positive impact on water use and GHG emissions in future. We wrote to the CEO in May 2013, asking Cenovus to actively support the implementation of a significant price on carbon in Canada. We met with the company to discuss the potential market access benefits of this policy approach. The dialogue was paused when the portfolio manager sold the holding.

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Company	Themes	Activity
↗ **CNRL**	• Oil sands • Reasonable compensation linked to ESG performance	We communicated with the CNRL board our reasons for voting against the company's executive compensation plan once again at the 2012 AGM. In particular, we asked for greater emphasis on environmental and safety metrics, and more disclosure on how environmental and safety performance impacts actual pay. We also felt that the use of discretion in determining the impact of ESG performance on final pay remained excessive. We met with the company's Chief Financial Officer in January 2013, and expressed concern that the company did not appear to focus adequate attention on innovation, based on its public disclosure. The company stated that it had a significant research & development program that was larger than many of its peers. We stressed that innovation is a highly material issue for investors, and encouraged the company to improve disclosure on this front. The company's recent disclosures have highlighted how it encourages innovation, and how much capital has been committed to environmental innovation in particular. In May 2013 we wrote to the President of CNRL to ask the company to actively support the implementation of a significant price on carbon in Canada. In September 2013 we met with the company and had constructive discussions on carbon pricing, urging CNRL to speak up on climate policy. We also discussed the company's exposure to the risk of stranded assets in a carbon-constrained future. In addition, we expressed our concern about the bitumen seepage at the Primrose in situ oil sands project, and stressed the importance of providing regular updates on environmental incidents. We will continue dialogue on these issues in 2014. We voted against the CNRL executive compensation package once again at the 2013 AGM. We wrote to the board in July 2013 to explain our rationale. In particular, we expressed concern that the company had reduced the impact of ESG metrics within the compensation framework. This was a disappointment, as the company's compensation practice had shown much improvement over the past two years, and the previous proxy circular had indicated clearly how environmental and social performance was taken into account. We will also continue to engage on this topic.
× **Enbridge**	• Aboriginal opposition to Northern Gateway project • Pipeline safety • Reasonable compensation linked to ESG performance	In Fall 2012 we wrote to the Enbridge board to explain our decision to vote against the executive compensation plan once again at the 2012 AGM, and expressed our desire to see compensation linked explicitly to ESG performance. The company indicated that environmental and safety performance would have more influence on executive pay in future. While we have encouraged the company to better explain how ESG performance is measured and to increase its influence on CEO pay, Enbridge now has sector-leading linkage between safety and environmental performance and pay. In November 2012 we met with the Enbridge board, including the CEO, to discuss our concerns over First Nations opposition to the Northern Gateway Pipeline project. This followed a meeting with senior management responsible for Gateway in September 2012. Our message to the company and board was that it will not be possible for Gateway to progress in the face of significant opposition from First Nations communities, and that the company should state that it will not proceed with the project if it cannot gain consent. The board indicated that, while it understood the level of opposition to the project, it did not agree with our suggested response. We believe the company could face significant legal, operational and reputational risks, and that there is no further scope for dialogue at present. As a result, it was decided that Ethical Funds would divest from the company.
→ **Encana**	• Hydraulic fracturing • Gas development in Northern BC • Reasonable compensation linked to ESG performance	We met with Encana in October 2012 to discuss our reasons for voting against the company's executive compensation plan at the 2012 AGM, highlighting concerns about the linkage between ESG performance and compensation. The company had improved its disclosure on this linkage and had incorporated several of our previous suggestions, including detailing the impact of ESG performance on final pay. As a result we could see that only 3% of the CEO's bonus was explicitly linked to ESG performance. We also asked the company to provide better disclosure on how performance is evaluated and to increase the extent to which the long-term incentive plan is linked to performance. We met with the company in November 2012 to discuss its plans for increased disclosure on fracking practices and incorporation of best practices to mitigate the risks of fracking. We also raised the need for a regional strategic environmental assessment in north-east BC. The company expressed interest in further dialogue on the topic and we will follow up on this issue.

Company	Themes	Activity
		We met with the company's senior executives in January 2013 to express support for Encana's efforts to mitigate its environmental impacts, and to learn how it encourages innovation. The company appears to have a robust framework for innovation that acknowledges the need to allow for failure. It confirmed that water was one of its key focus areas. We wrote to Encana's interim CEO in May 2013, asking the company to actively support the implementation of a significant price on carbon in Canada. We will be meeting with company management in October 2013 to discuss the issues raised in our letter. We voted against the executive compensation package once again at the 2013 AGM, in part because of continuing concerns over inadequate linkage between pay and ESG performance, and wrote to the board in July 2013 to explain our rationale. The chair of the compensation committee responded, indicating that our feedback would be taken into account.
⦿ **Ensign Energy Services**	• Sustainability performance of oil and gas contractors • Reasonable compensation linked to ESG performance	This was a new addition for the 2013 Focus List. We met with Ensign for the first time in November 2012, discussing the company's commitment to safety and its strategy for maintaining performance in this area. The company appears to view safety performance as a differentiator for seeking business. We also shared examples of best practice in linking ESG performance to executive compensation and encouraged the company to consider adopting them. The 2013 proxy circular included an explicit link between safety performance metrics and executive compensation.
→ **Royal Dutch Shell**	• Human rights • Oil sands • Gas development in Northern BC	We had been engaging Shell on support for a regional strategic environmental assessment in north-east BC to address the cumulative impacts of gas development, and we also sought to understand its strategy for engaging with First Nations in BC. As well, we were concerned that the company's legal strategy in response to the Alien Tort Statute lawsuit on its Nigerian operations was not aligned with its CSR mandate. In addition we were following developments in the company's application for the Jackpine oil sands mine expansion, focusing on the issue of cumulative impacts of oil sands development. We wrote to the President of Shell Canada in May 2013, asking the company to actively support the implementation of a significant price on carbon in Canada. In June 2013 we attended a meeting with Royal Dutch Shell employees to discuss the company's offshore developments in the Gulf of Mexico and in the Arctic. This dialogue was paused when the portfolio manager sold the holding, though we continue to discuss gas development in Northern BC with the company in the context of our Boreal Leadership Council activities.
↗ **Suncor**	• Oil sands • Biodiversity protection	Although we voted against the compensation plan at the 2012 AGM, the linkage of compensation to ESG performance in the proxy circular had improved. 2012 disclosure included specific indicators and revealed the percentage of pay dependent on environmental performance. But Suncor still did not disclose the targets against which performance was judged. We have been engaging the compensation committee on this issue and expected to see further improvements in the 2013 proxy circular. In October 2012 we met with the company to discuss its caribou management plans; the impacts of the proposed Fort Hills project on important wetland ecosystems; and to convey our concerns about the use of end-pit lakes in the company's reclamation plan.

Company	Themes	Activity
	• Reasonable compensation linked to ESG performance	In November 2012 we provided feedback to the company on its sustainability reporting, and among other things called for more detail on the company's efforts to influence government policy on issues such as climate change, land use planning and wetlands management. In April 2013 we provided feedback to the company on its sustainability disclosure strategy, encouraging the company to increase disclosure on lobbying activities and submissions to government consultations. In May 2013 we wrote to Suncor's CEO, asking the company to actively support the implementation of a significant price on carbon in Canada. In its response, the company agreed with our premise that Canada requires a price on carbon in order to stimulate innovation and drive efficiency. We will be meeting with the company in October 2013 to discuss these issues further. We will also raise the company's exposure to the risk of stranded assets in a carbon-constrained future, and how Suncor can mitigate the risk. We were able to vote for Suncor's executive compensation package for the first time at the 2013 AGM, as the company had adopted many of the suggestions we raised in earlier dialogue. We wrote to the board in July 2013 to convey our appreciation of the changes and suggest further improvements. The chair of the compensation committee responded to thank us for our feedback.
↗ **Talisman**	• Hydraulic fracturing • Free, prior and informed consent of indigenous peoples • Gas development in Northern BC • Reasonable compensation linked to ESG performance	Talisman has an industry-leading policy that incorporates the principle of free, prior and informed consent (FPIC). We sought to understand how this policy was being implemented both internationally and in Canada. In 2012 we met with a delegation of Achuar from Peru to hear their perspective on the implementation of Talisman's FPIC policy. The company subsequently announced its intention to leave Peru based on economic considerations. We voted against the compensation plan at the 2012 AGM and wrote to the board to explain why. While Talisman has industry-leading transparency on the link between ESG performance and executive compensation, we were critical of other aspects of the compensation plan, including the use of discretion and the lack of a claw-back policy. The chair of the compensation committee responded to our letter, indicating that where possible Talisman would seek to improve disclosure on use of discretion, and that it was monitoring developments on claw-back policies. We met with Talisman in November 2012 to discuss its operations in north-east BC. The company has developed a set of shale gas operating principles and we have encouraged it to disclose how it is following these principles in the region. As well, we raised the need for a regional strategic environmental assessment for NE BC. The company expressed interest in further dialogue on the topic. In January 2013 we met with Talisman senior executives, urging the company to continue to prioritize CSR efforts as it seeks to reduce its workforce. The company stated that it had no plans to scale back the CSR department and continued to see ESG performance as a critical aspect of its business. We were also assured that the company continued to implement the FPIC policy in its Colombian operations, and that it had decided not to operate in the one portion of the lease where it did not have FPIC. In May 2013 we wrote to Talisman's CEO, asking the company to actively support the implementation of a significant price on carbon in Canada. We voted against the company's executive compensation package at the 2013 AGM, partly because of the excessive severance package awarded to the departing CEO. We wrote to the board in July 2013 to explain our rationale. The chair of the compensation committee responded, acknowledging our concerns and indicating that the company seeks to enhance shareholder engagement on its compensation strategy.

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Company	Themes	Activity
Mining, Forestry & Materials		
↗ **Barrick Gold**	• Human rights • Free, prior and informed consent of indigenous peoples • Water risk management	We met with Barrick Gold senior management in January 2013 and discussed the importance of the company's corporate responsibility and human rights initiatives. The company expressed its commitment to being a leader in both the production and CSR aspects of mining. The company is currently working on the pilot for a human rights impact assessment program. We encouraged the company to make public the details of the program. The dialogue was paused when the portfolio manager sold the holding.
↗ **Domtar**	• Sustainable forest products	This was a new addition for the 2013 Focus List. In December 2012 we wrote to the Domtar board to explain our reasons for voting against the company's executive compensation plan at the 2012 AGM. We received a reply outlining the board's perspective. In March 2013 we met with company representatives to discuss Domtar's commitment to sourcing sustainable wood fibre. The company appears to be supporting its supply base to become certified to the highest industry sustainable forestry standard (FSC). It is also improving the energy and waste footprint of its mills. We will follow up with operational staff to learn more about its supplier program. Based on enhancements disclosed in the latest proxy circular, we were able to vote for the compensation plan at the 2013 AGM.
↗ **Goldcorp**	• Human rights • Free, prior and informed consent of indigenous peoples • Water risk management • Sustainable mine closure	In previous years we have engaged Goldcorp on various environmental and human rights topics. Our intention was to continue this dialogue and expand it to encompass sustainable mine closure. In December 2012 we wrote to the board to explain our reasons for voting against the company's executive compensation plan at the 2012 AGM. In February 2013, we met with the compensation committee of the board to discuss our concerns, and urged the company to enhance disclosure on the linkage of compensation to ESG performance. The committee was receptive to our input, clarified how sustainability is taken into account in compensation decisions, and indicated that safety indicators will be integrated in future. We suggested that the committee should consider including further key ESG metrics that are already being disclosed in its sustainability reporting. In April 2013 we met with Goldcorp to discuss the development of the company's human rights programs in Guatemala, and the current Guatemalan context related to mining regulation and social unrest. The company explained how it has increased on-the-ground CSR staffing and how it is continuing to support mining law reform that will bring about increased regulation and taxation across the industry. The company is also working on implementation of the World Gold Council's Conflict Free Gold Standard at several sites.
↗ **New Gold**	• Free, prior and informed consent of indigenous peoples • Sustainable mine closure	This was a new addition for the 2013 Focus List. We met with New Gold company representatives in January 2013 to discuss the company's CSR program, and were invited to meet with operational staff to discuss social license issues and mine closure programs in more detail. We encouraged the company to maintain its strong reporting record. We had a further meeting with New Gold in April 2013. Our discussions focused on mine closure activities and the company's success in securing social license at its various projects. The company emphasized its ongoing CSR commitment and belief in working with communities on projects. The dialogue was paused when the portfolio manager sold the holding.

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↗ **Potash Corporation**	• Water risk management • Sustainable mine closure	We had discussions with Potash company representatives twice in March 2013 on mine closure practices and water strategy. The company's approach to mine closure is well structured. Its water programs are also well developed at the site level. In 2012, we had urged the company to address risks relating to its sourcing relationship with OCP in the disputed territory of Western Sahara. In April 2013, Potash released a statement, outlining its understanding of the legality of sourcing from the region, and its own initiatives and those of its supplier to provide benefit to Saharawi people. Based on this disclosure, the company appears to be making efforts to mitigate potential human rights impacts. We planned to follow up to discuss human rights initiatives and further scope for disclosure enhancement on this topic, but the dialogue was paused when the portfolio manager sold the holding.
↗ **Winpak**	• Water risk management • Sustainable packaging	This was a new addition for the 2013 Focus List. We met with Winpak representatives in April 2013 to discuss its sustainable packaging objectives. Company priorities include supporting food safety through appropriate packaging, providing packaging solutions that respond to demographic changes in society, and decreasing the amount of input raw materials in packaging. Given the nature and location of its operations, the company's exposure to water risk appears relatively low. We also encouraged the company to increase its disclosure on key ESG topics, within the constraints posed by a relatively small corporate office. The company was receptive to this suggestion, and we followed up by providing input on ESG disclosure topics that we consider to be of particular interest from an investor perspective.
↗ **Yamana Gold**	• Free, prior and informed consent of indigenous peoples • Reasonable compensation linked to ESG performance	This was a new addition for the 2013 Focus List. We met with Yamana Gold representatives in January 2013 to discuss mine safety and the company's efforts to maintain social license, including the potential challenges arising from its operations in Latin America. The company was receptive to our concerns, and outlined its efforts to find opportunity in these challenges through hiring and procurement practices that benefit local people, outreach to the community, and leadership philosophy. There is an explicit link between executive compensation and mine safety performance. The dialogue was paused when the portfolio manager sold the holding.
Utilities		
→ **ATCO/ Canadian Utilities**	• Enhanced climate disclosure	In November 2012, we wrote to ATCO/Canadian Utilities to express our concern regarding the timeliness and availability of ESG disclosures. Specifically, we asked the company to explain the rationale for not responding to the CDP carbon disclosure information request in 2012. In March 2013, we met with company representatives to highlight the importance to investors of annual disclosure on key ESG issues, including climate risk. The company has stated that it currently focuses on publishing a biennial report according to the Global Reporting Initiative (GRI) standards. We provided input on ESG metrics that we consider most relevant for companies in this sector. We followed up with the company in June 2013 to learn more about its plans to update and expand on its sustainability reporting. We also took this opportunity to learn more about the company's approach to gas pipeline safety, especially in areas encroached by expansion of communities. We will consider next steps on ESG disclosure based on a review of the latest sustainability report, and will expand the discussion to include GHG emissions performance and climate policy.

Company	Themes	Activity
Healthcare & Pharmaceuticals		
→ **Johnson & Johnson**	• Product safety • Reasonable compensation linked to ESG performance	Johnson & Johnson was the subject of a Management Breach Investigation into product safety and compliance concerns that have led to a series of recalls and extensive litigation. In November 2012, we met with the company to express our concerns, calling for integration of product safety and compliance performance metrics to the company's compensation plan. In our opinion, the executive compensation plan outlined in the 2013 proxy circular did not address the company's commitments to link compliance performance to compensation. In March 2013 we wrote to the board to express our concerns, and also to question the rationale for recombining the roles of CEO and chair of the board – a structure that did not seem to serve the company well in recent years. We met with J&J in March 2013 and explained that, given ongoing concerns with the company's governance, at the AGM we would be voting against the executive compensation plan, withholding our votes from the CEO and all members of the Nominating and Corporate Governance Committee, and supporting a proposal to separate the roles of chair and CEO. We wrote to the board in June 2013 to explain our rationale for voting against the compensation plan at the AGM, citing the absence of clear linkage between CEO pay and safety metrics. The board recently approved a performance evaluation framework that will incorporate compliance performance to the compensation of managers and senior executives. We will seek to understand how this framework will be implemented, and encourage the company to include product safety and regulatory compliance performance metrics in the compensation of the CEO, to set the tone at the top.
IT & Telecommunications		
↗ **Manitoba Telecom**	• Cell phone safety	This was a new addition for the 2013 Focus List. In December 2012, we wrote to the Manitoba Telecom board to explain our reasons for voting against the company's executive compensation plan at the 2012 AGM. In March 2013, we met with the company to discuss how it would respond to our input, and agreed to follow up based on the disclosure in the 2013 proxy circular. We voted against the executive compensation package once again at the 2013 AGM, and will write to the company to explain the rationale for our decision. In May 2013, we met with Manitoba Telecom to discuss our concerns about potential health risks associated with radio frequency emissions from cellphones, and the company's role in providing recommendations for safe cellphone use. The company was receptive to our feedback and we encouraged it to expand current disclosure on cellphone risks, providing information that is customer-focused and readily-accessible. In July the company added more information on potential emissions risks to its website.
↗ **TELUS**	• Reasonable compensation linked to ESG performance	Following up on our engagement the previous year, in December 2012 we wrote to the board to explain our reasons for voting against the company's executive compensation plan at the 2012 AGM. In April 2013, we met with TELUS to discuss the improvements it has made to the executive compensation plan, which include enhanced disclosure and the adoption of several pay good practices raised in earlier engagement. We also discussed the impact of high quantum executive pay on internal pay equity and corporate reputation, and we provided input to the company on the efforts we are making to explore these issues with Canada's banks. Nevertheless, we voted against the executive compensation package once again at the 2013 AGM, in part because the magnitude of pay remains a concern. We will write to the board to explain the rationale for our decision.

Company	Themes	Activity
Consumer Products & Retail		
→ **Canadian Tire**	• Supply chain management	This was a new addition for the 2013 Focus List. Following the Rana Plaza factory building disaster in April 2013, we wrote to the company, encouraging Canadian Tire and its subsidiaries, Mark's and FGL Sports, to sign the Accord on Fire and Building Safety in Bangladesh, a multi-stakeholder agreement to promote safer factory buildings. We met with the company in August 2013 to discuss its reasons for supporting the Alliance for Bangladesh Worker Safety, rather than the Accord, given the negative reaction to the Alliance among some stakeholder groups. We remain concerned that the Alliance will not provide the same level of protection to garment workers or risk mitigation to the company, and will pursue this issue as more details emerge about the two initiatives. The company appears to prioritise integrating subsidiaries and acquisitions to its supply chain management processes. We also discussed ESG disclosure practices. The company demonstrates leadership in its efforts to explore the linkage between GHG emissions reductions and business performance, but reports are not disclosed prominently or promptly. Reporting on supply chain verification is also outdated. We urged Canadian Tire to enhance the scope and timeliness of reporting on these issues, and in September 2013 we wrote to the company to elaborate our perspective on investor-oriented ESG disclosure. We will follow up on these topics in the coming year.
↗ **Coca Cola**	• Water risk management • Reasonable compensation linked to ESG performance	In 2012 we engaged Coca-Cola on the lack of ESG linkage in its executive compensation plan, and saw some improvement in the 2012 proxy circular. However, we voted against the compensation plan once again at the 2012 AGM. We wrote to the board in November 2012 to explain our rationale, asking for further enhancement of ESG linkage and highlighting the excessive use of stock options in the company's equity plan. In March 2013, we met with Coca-Cola representatives to discuss compensation issues following the release of the 2013 proxy circular. The company noted that it had put in place additional safeguards such as enhanced stock ownership guidelines as a result of engagement with investors. We discussed use of discretion and further articulated our concerns about the effectiveness of stock options as performance motivators in both bull and bear markets. We also discussed internal pay equity, and we provided input to the company on the efforts we are making to explore these issues with Canada's banks. Coca-Cola described its efforts to harmonize bonus and benefit programs across different levels within the company. In May 2013, we met with Coca-Cola representatives to learn more about the company's sector-leading water risk management practices. We discussed the company's four step water sustainability approach, which includes a source vulnerability assessment and development of a source water protection plan, and the importance of enhancing stakeholder engagement to mitigate risk of conflict with communities over water. The relevance of free, prior and informed consent of indigenous people in the water risk context was also explored. The company is active in global multi-stakeholder initiatives including the International Finance Corporation's 2030 Water Resources Group. We wrote to the board in September 2013 to explain our rationale for voting against the compensation plan at the 2013 AGM. At our meeting in March, we had expressed concerns over the lack of relative metrics for determining incentive awards. Shortly afterwards, the company announced that it would use a relative metric in determining incentive payouts, but this did not allay shareholder concerns on pay-for-performance and quantum, as the compensation vote received a relatively low 77% support - a 20% drop from 2012. In the coming year we will continue to press for improved compensation practices, including pay equity and stronger links to ESG performance.

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→ **Dollarama**	• Supply chain management • Enhanced ESG disclosure	We engaged Dollarama in 2012 on product safety and supply chain issues. In June 2012 the company published a first sustainability summary, with basic information on product safety, vendor compliance and energy efficiency efforts. We had planned to meet with the company to discuss enhancing ESG performance and disclosure, with a focus on supply chain issues, but management changes at Dollarama delayed the meeting beyond the end of the reporting period. We wrote to the company in August 2013 to outline our perspectives on ESG disclosure.
↗ **Kraft Foods**	• Water risk management • Forest risk management • Palm oil	In 2012, before the reorganization that created Mondelēz and the Kraft Foods spin-off, we had contacted the former Kraft Foods seeking enhanced disclosure on how it is managing risks to forests associated with palm oil and other commodities in the supply chain. We received no response. Once engagement contacts were identified within the new entity, we met with Kraft Foods Group in March 2013 to discuss the spin-off company's CSR strategy, and get insight into the extent of its exposure to various risks, including palm oil, forest and water issues. We have been encouraging the company to report on ESG issues at least at the same level as before the reorganization, and to continue participating in relevant disclosure and sustainability initiatives that help investors to understand how the company is mitigating ESG risks. In June 2013, we wrote to Kraft, providing investor-perspective feedback on ESG disclosure needs. We were encouraged when Kraft responded to the 2013 CDP carbon disclosure request at a similar level of detail as before the spin-off. We will follow up in the coming year, when we have reviewed the company's latest reporting. We voted against the executive compensation package at the 2013 AGM, and wrote to the board to explain the rationale for our decision.
→ **Magna International**	• Water risk management • Conflict minerals in the supply chain • Enhanced ESG disclosure	This was a new addition for the 2013 Focus List. In November 2012, we wrote to the Magna board to explain our reasons for voting against the company's executive compensation plan at the 2012 AGM. In March 2013, we wrote to the company to outline our ESG disclosure interests and seek more information about the company's preparedness for conflict minerals regulations. In June 2013, we met with the company to discuss the issue of conflict minerals in the supply chain, water risk management and ESG disclosure. The company appears to be better prepared to deal with potential requirements arising from U.S. conflict minerals legislation than its reporting up to now might suggest. We also discussed the company's efforts to reduce water usage in its paint division. We shared our investor perspective on ESG disclosure opportunities and needs. We will continue the dialogue on enhancing disclosure in the coming year. We voted against the executive compensation package once again at the 2013 AGM. In July 2013 we wrote to the board to express our concerns about the compensation approach, including some of the highest quantum levels among Canadian executives, and limited performance metrics. In August 2013, the chair responded to acknowledge our feedback and provide more detail on the company's compensation rationale, but we remain concerned and will follow up in the coming year.

Company	Themes	Activity
↗ **Maple Leaf Foods**	• Water risk management • Reasonable compensation linked to ESG performance • Enhanced ESG disclosure	This was a new addition for the 2013 Focus List. In November 2012, we wrote to the Maple Leaf Foods board to explain our reasons for voting against the company's executive compensation plan at the 2012 AGM. We received a reply outlining the board's perspective. In March 2013, we wrote to the company to outline our interest in learning more about the company's environmental management programs and waste reduction efforts. We met with the company in June 2013. Since our earlier engagement on ESG disclosure, Maple Leaf has published its first sustainability report. We learned more about packaging reduction efforts and water risk management processes at the company. We discussed the company's plans to expand ESG disclosure, and also highlighted emerging investor interest in how companies involved in food processing and distribution contribute to access to nutrition. We voted against the compensation package once again at the 2013 AGM, in part because of pay for performance issues, and wrote to the board in July 2013 to outline our rationale.
↗ **Metro**	• Supply chain management	This was a new addition for the 2013 Focus List. In February 2013, we met with Metro to discuss the company's approach to sustainability. The company has made significant progress since our last meeting in 2010. It has disclosed a sustainability roadmap and published its first CSR report in 2012. Metro's priorities include enhancement of its responsible sourcing policies, including the question of palm oil in the supply chain, as well as exploring packaging optimization opportunities. As Metro's supply chain management program develops, we will be encouraging the company to disclose more on its policies and verification activities. We emphasized the importance of reporting annually on key ESG issues instead of every two years, to ensure investors have up-to-date and comparable information. We voted against the executive compensation package at the 2013 AGM and wrote to the board in July 2013 to explain our rationale.
↗ **Mondelēz International**	• Water risk management • Forest risk management • Palm oil	In 2012, before the reorganization that created Mondelēz, we had contacted Kraft Foods seeking enhanced disclosure on how it was managing risks to forests associated with palm oil and other commodities in the supply chain. We received no response. Following the reorganization in October 2012, Mondelēz responded to our dialogue request. It published updated information on its palm oil usage and commitments through the Roundtable on Sustainable Palm Oil (RSPO). In November 2012 it also announced significant additional investment to address environmental and social concerns in the cocoa supply chain. We met with the company in December 2012 to clarify the scope of the palm oil disclosure and learn more about how sustainability issues will be handled under the new corporate structure. We voted against the compensation plan at the 2012 Kraft Foods AGM, and wrote to the Mondelēz board to explain our decision, encouraging the company to integrate clearly-defined ESG metrics to compensation frameworks. We voted against the executive compensation package once again at the 2013 AGM. The dialogue was paused when the portfolio manager sold the holding.

Company	Themes	Activity
Quebecor	• Forest risk management	This was a new addition for the 2013 Focus List. The portfolio manager sold the holding before dialogue could be initiated on extending the scope of Quebecor's sustainable paper sourcing policy.
Tim Hortons	• Supply chain management • Water risk management • Forest risk management	In 2012 we engaged Tim Hortons on disclosure and management of risks to forest biodiversity associated with commodities in the supply chain. We planned to follow up with the company in 2013 to learn more about its exposure to palm oil and soy, as well as exploring its exposure to water risk. The dialogue was paused when the portfolio manager sold the holding.
Industrial Production & Transportation		
↗ Bombardier	• Water risk management • Conflict minerals in the supply chain	At the request of Bombardier, we participated in the company's stakeholder consultation in November 2012. We took this opportunity to highlight the importance of human rights due diligence, compliance with new conflict minerals regulations, board diversity and executive compensation. In November 2012 we also wrote to the board, explaining our rationale for voting against the executive compensation plan at the 2012 AGM. We encouraged the company to incorporate specific mechanisms and metrics linking compensation to ESG performance and to disclose this in the proxy circular. The chair of the compensation committee responded to our letter indicating that, where possible, the company incorporates non-financial metrics into its compensation plans. While there is room for improvement, Bombardier has adopted several compensation best practices. For this reason, we voted in favour of the compensation plan at the 2013 AGM. In May 2013 we met with the company to follow up on our previous dialogue regarding conflict minerals regulations. Bombardier appears to be on track in preparedness to respond to reporting requirements on conflict minerals. We also discussed the company's exposure to water-related risks. The company assesses its level of exposure to water-related risks as low, but nevertheless Bombardier is working to mitigate its consumption and impacts in this area. We wrote to the company in September 2013 to outline in more detail our investor perspective on risks associated with conflict minerals. Given that the initial focus of our engagement with Bombardier in 2005 was human rights concerns associated with the Tibet railway project, we are encouraged that the company has made considerable progress in this space, responding to some of our recommendations. In 2013, the company published a formal company-wide human rights statement.
↗ CN Rail	• Board diversity disclosure • Aboriginal relations	CN Rail's network footprint intersects Aboriginal communities and traditional territories across North America. In recent months, the company has faced controversies with Aboriginal groups in Ontario and Quebec, making engagement on Aboriginal relations timely. In May 2013, we met with CN to discuss the company's strategy to engage with Aboriginal communities. The company confirmed that it has policies and systems in place for Aboriginal engagement. We highlighted the value of enhancing disclosure about these practices, and discussed the potential relevance of free, prior and informed consent of Aboriginal communities within the railway context. We also noted that the company has not published a company-wide CSR report in recent years and expressed concerns about the timeliness of ESG data. The company confirmed that it plans to issue a CSR report in 2013, but it has not yet been published.

↗ Positive Trend | → Neutral | ↘ Negative Trend | ⊙ On Target | × Divestment

Company	Themes	Activity
		In future conversations, we will continue to encourage the company to evolve its approach to Aboriginal relations. We will also explore the potential for enhanced disclosure on board diversity, and the risks associated with increasing transport of crude oil by rail. Our focus on linkage of executive compensation to ESG issues was established through engagement with CN over safety issues. The progress made by the company in recent years once again allowed us to vote for the executive compensation package at the 2013 AGM. However, we remain concerned that the linkage of pay to safety performance is not sufficiently explicit.
↗ **Ryanair**	• Airline sustainability • Enhanced ESG disclosure	In 2012, we engaged Ryanair to explore reputational risks associated with reported controversial statements by the company's CEO. We also encouraged the company to strengthen its disclosure of ESG issues. In June 2013, we contacted the company to follow up on this dialogue and to explore the wider question of how airlines can improve sustainability performance in a high-impact sector. In July 2013, we corresponded with the company on fuel efficiency efforts, and the risk and opportunity posed by the marketing strategy of encouraging controversy. At the AGM in September 2013, the CEO acknowledged that customer service controversies could pose reputational risk to the company. We will continue to engage the company on improving the quality of its ESG disclosure, and demonstrating commitment to safety and customer satisfaction.
Southwest Airlines	• Airline sustainability	This was a new addition for the 2013 Focus List. In December 2012, we wrote to the Southwest Airlines board to explain our reasons for voting against the company's executive compensation plan at the 2012 AGM. However, before we were able to arrange a meeting, the dialogue was paused when the portfolio manager sold the holding.
↗ **Trans-continental**	• Water risk management • Forest risk management • Board diversity disclosure	Transcontinental has been responsive to engagement and has a progressive stance towards sustainability issues. We have been providing feedback on Transcontinental's sustainability reporting for several years, and the 2012 report clearly addressed suggestions from our input on the previous edition. We believe, however, there is still room for improvement. In April 2013, we met with Transcontinental to discuss the company's paper policy, which rates various certification standards for sustainably managed forests as equivalent. We outlined the reasons for our preference for Forest Stewardship Council (FSC) standards, including enhanced emphasis on Aboriginal rights. We also discussed the company's efforts to monitor and mitigate water-related risks. We wrote to the company in September 2013 to explain in more detail the rationale for our preference for FSC certification standards.
United Continental	• Airline sustainability	This was a new addition for the 2013 Focus List, but the portfolio manager sold the United Continental holding before engagement could be initiated.

↗ Positive Trend | → Neutral | ↘ Negative Trend | ⊙ On Target | × Divestment

Company	Themes	Activity
→ Waste Management	• Sustainable waste management	This was a new addition for the 2013 Focus List. In December 2012, we wrote to the Waste Management board to explain our reasons for voting against the company's executive compensation plan at the 2012 AGM. No response was received. Based on an adequate design, we were able to vote in support of WM's executive compensation plan in 2013. Notably, the company's proxy describes incidental consideration of pay equity issues in setting quantum. Still, we believe there is room for improvement, particularly on the link between compensation and ESG performance. In June 2013, we wrote to the board to suggest areas in which the plan could be strengthened. We had planned to engage WM to understand the implications of pay equity considerations at both the highest and lowest pay grades within the company's personnel, but it was not possible to arrange follow-up before the end of the reporting period.
Financials		
⊙ Bank of Montreal	• Reasonable compensation linked to ESG performance	We voted against the compensation plan at the 2012 AGM and wrote to the board to explain our decision, encouraging BMO to take further steps to integrate ESG metrics to compensation frameworks, including long-term incentives. In the context of growing concerns about the economic and social risks of income inequality, in November 2012 we filed a shareholder proposal asking BMO to assess the value of horizontal comparisons with peer company executives, and vertical comparisons with other workers, in setting executive compensation. We filed similar proposals at each of Canada's Big Five banks on this systemic issue. We met with representatives of the company in November 2012 and January 2013 and had constructive discussions on our compensation concerns and the shareholder proposal. We withdrew the shareholder proposal when the company agreed to conduct a review of the issues raised. We provided input for the bank's research into pay quantum, internal pay equity and income inequality issues. Over the summer of 2013, six Canadian banks conducted joint research into the compensation questions raised in the shareholder proposal. We met with BMO in August 2013 to receive an update on progress the banks' research. We wrote to all the banks in August 2013, asking them to consider publishing the research findings to further understanding of this corporate governance topic. We will continue to follow up on BMO's response to the 2012 shareholder proposal in the coming year. We voted against the executive compensation plan at the 2013 AGM and wrote to the board in July 2013 to explain the rationale for our decision.
⊙ Bank of Nova Scotia	• Reasonable compensation linked to ESG performance • Board diversity disclosure	We voted against the compensation plan at the 2012 AGM and wrote to the board to explain our decision, encouraging the company to take further steps to integrate ESG metrics to compensation frameworks, including long-term incentives, and to phase out use of stock options. We received a reply from the board outlining its perspective on the issues raised. In the context of growing concerns about the economic and social risks of income inequality, in November 2012 we filed a shareholder proposal asking BNS to evaluate the use of horizontal comparisons with peer company executives, and vertical comparisons with other workers, in setting executive compensation. We filed similar proposals at each of Canada's Big Five banks on this systemic issue.

Company	Themes	Activity
		We met with representatives of the company in October and November 2012 and with the chair of the compensation committee of the board in December 2012, and had constructive discussions on our compensation concerns and the shareholder proposal. We withdrew the shareholder proposal when the company agreed to conduct a review of the issues raised. We provided input for the bank's research into pay quantum, internal pay equity and income inequality issues. Over the summer of 2013, six Canadian banks conducted joint research into the compensation questions raised in the shareholder proposal. We met with BNS in August 2013 to receive an update on progress the banks' research. We wrote to all the banks in August 2013, asking them to consider publishing the research findings to further understanding of this corporate governance topic. We will continue to follow up with BNS on the 2012 shareholder proposal in the coming year. We voted against the executive compensation plan at the 2013 AGM and wrote to the board in July 2013 to explain the rationale for our decision. We received a reply inviting further dialogue. In June 2013, we again participated in the stakeholder panel for the company's sustainability report. We continue to encourage the company to strengthen the links to core business and the stewardship role of banks in the economy.
⊙ **CIBC**	• Reasonable compensation linked to ESG performance	We voted against the compensation plan at the 2012 AGM, and wrote to the board in to explain this decision, encouraging CIBC to enhance disclosure on actual performance against ESG objectives included in the plan, and clarify the extent to which the board uses discretion in setting compensation. We received a reply and met with company representatives in September 2012 to discuss possible enhancements to the compensation framework and disclosure. In the context of growing concerns about the economic and social risks of income inequality, in November 2012 we filed a shareholder proposal asking CIBC to evaluate the use of horizontal comparisons with peer company executives, and vertical comparisons with other workers, in setting executive compensation. We filed similar proposals at each of Canada's Big Five banks on this systemic issue. We met with the chair of the board in January 2013 and with management in February 2013, and had constructive discussions on our compensation concerns and the shareholder proposal. We withdrew the shareholder proposal when the company agreed to conduct a review of the issues raised. We provided input for the bank's research into pay quantum, internal pay equity and income inequality issues. Over the summer of 2013, six Canadian banks conducted joint research into the compensation questions raised in the shareholder proposal. We wrote to all the banks in August 2013, asking them to consider publishing the research findings to further understanding of this corporate governance topic. We will continue to follow up on CIBC's response to the 2012 shareholder proposal in the coming year. We voted against the executive compensation plan at the 2013 AGM and wrote to the board in July 2013 to explain the rationale for our decision.
→ **Industrial Alliance**	• Enhanced ESG disclosure	In 2013, we followed up on our previous dialogue on ESG disclosure. We met with Industrial Alliance in August 2013 and provided feedback on the company's latest reporting. In September 2013, we wrote to the company, providing investor-perspective feedback on ESG disclosure needs. We voted against the executive compensation package at the 2013 AGM, and wrote to the board to explain our rationale. We received a response acknowledging our input.

ethical funds

Corporate Engagement Focus List

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↗ Positive Trend | → Neutral | ↘ Negative Trend | ⊙ On Target | × Divestment

Company	Themes	Activity
↗ **Intact Financial**	• Enhanced ESG disclosure	In 2013, we followed up on our previous dialogue on ESG disclosure, providing feedback on Intact's latest reporting. We met with the company in June 2013, outlining where we had seen progress since the company began reporting on ESG matters some five years ago, and giving our perspective on investor disclosure needs. We also discussed Impact's efforts to promote the climate change adaptation agenda, and the linkage of climate change to business and reputational risks in the insurance sector. We voted against the compensation plan at the 2012 AGM and wrote to the board to explain our decision, encouraging Intact to enhance disclosure on performance metrics within the short-term incentive plan, and to integrate ESG metrics to the long-term incentive plan. We received a reply outlining the board's perspective. We voted against the compensation plan once again at the 2013 AGM, and wrote to the board in August 2013 to explain our rationale, and received a reply from the board.
⊙ **Laurentian Bank**	• Reasonable compensation linked to ESG performance	Our shareholder proposal on enhancing executive compensation metrics received 46% support at the March 2012 AGM. We also voted against the compensation plan, and wrote to the board to explain why. We met with representatives of Laurentian in August 2012 to provide more detail on our compensation concerns, and discuss next steps in the context of the significant support for our shareholder proposal. In November 2012 we had a further meeting with the compensation committee of the board. Based on these constructive discussions, we decided not to file a similar shareholder proposal for the 2013 AGM. The 2013 proxy circular disclosed a redesigned compensation plan which added a variety of financial and non-financial metrics. Through these changes the bank has responded significantly to the concerns we raised in the shareholder proposal last year. We were able to vote for the compensation plan at the 2013 AGM, and wrote to the board in July 2013 to explain our decision. In the context of our wider engagement with Canadian banks, we provided input to the company on our exploration of pay quantum, internal pay equity and income inequality issues.
↗ **Power Financial**	• Enhanced ESG disclosure	This was a new addition for the 2013 Focus List. We met with Power Financial representatives for the first time in June 2013 to discuss the Power group's recent efforts to enhance disclosure on ESG issues. Power Financial sees the indirect impacts of its investment portfolios as the primary area of ESG risk and opportunity for the company. Following the group response to the CDP carbon disclosure request, Power Financial will be responding on an individual company basis in future. We congratulated the Power group on achieving a relatively high disclosure score in its first CDP response.
⊙ **Royal Bank of Canada**	• Reasonable compensation linked to ESG performance • Board diversity disclosure	In recognition of enhancements to compensation disclosure, we voted for the compensation plan at the 2012 AGM. We wrote to the board to highlight areas for further improvement, and received a reply outlining the board's perspective. In the context of growing concerns about the economic and social risks of income inequality, in October 2012 we filed a shareholder proposal asking RBC to evaluate the use of horizontal comparisons with peer company executives, and vertical comparisons with other workers, in setting executive compensation. We filed similar proposals at each of Canada's Big Five banks on this systemic issue. We met with representatives of the company in October and December 2012 and January 2013, and had constructive discussions on our compensation concerns and the shareholder proposal. We withdrew the shareholder proposal when the company agreed to conduct a review of the issues raised.

Company	Themes	Activity
		We attended the company AGM in February 2013 to present to shareholders on the status of the dialogue. We provided input for the bank's research into pay quantum, internal pay equity and income inequality issues. Over the summer of 2013, six Canadian banks conducted joint research into the compensation questions raised in the shareholder proposal. We wrote to all the banks in August 2013, asking them to consider publishing the findings to further understanding of this corporate governance topic. We met with the company in June and September 2013 to receive updates on the progress of the pay quantum research. We will continue to follow up on RBC's response to the 2012 shareholder proposal in the coming year. The 2013 proxy circular disclosed further enhancements to the compensation plan, including improved disclosure of performance targets and the rationale for use of discretion. Through these changes the bank continues to respond to concerns we raised in the shareholder proposal filed in 2011. However, we voted against the compensation plan because of heightened attention for potentially excessive compensation levels within our proxy voting approach. We wrote to the board to explain our decision, and received a reply inviting further dialogue.
⦿ **TD Bank**	• Reasonable compensation linked to ESG performance • Board diversity disclosure	We voted against the compensation plan at the 2012 AGM and wrote to the board to explain our decision, asking for further disclosure on how ESG metrics are imbedded into compensation. In the context of growing concerns about the economic and social risks of income inequality, in November 2012 we filed a shareholder proposal asking TD Bank to evaluate the use of horizontal comparisons with peer company executives, and vertical comparisons with other workers, in setting executive compensation. We filed similar proposals at each of Canada's Big Five banks on this systemic issue. We met with representatives of the company in November 2012 and January 2013, and had constructive discussions on our compensation concerns and the shareholder proposal. We withdrew the shareholder proposal when the company agreed to conduct a review of the issues raised. We attended the company AGM in April 2013 to present to shareholders on the status of the dialogue. We provided input for the bank's research into pay quantum, internal pay equity and income inequality issues. Over the summer of 2013, six Canadian banks conducted joint research into the compensation questions raised in the shareholder proposal. We met with the company in August 2013 to receive an update on the progress of the pay quantum research. We wrote to all the banks in August 2013, asking them to consider publishing the research findings to further understanding of this corporate governance topic. The 2013 proxy circular demonstrated TD's continuing strength in compensation plan structure and disclosure. On this basis, we were able to vote for the compensation plan, and wrote to the board in July 2013 to explain our decision.

Tactical Engagement Opportunities

Company	Activity
Oil & Gas	
MEG Energy	We met with MEG Energy in March 2013 to discuss the company's approach to managing GHG emissions and boosting innovation. We were encouraged by the company's focus on innovation to reduce GHG emissions, and urged the company to continue to improve disclosure and set targets for reductions.
Statoil	In December 2012 we were invited to take part in Statoil's stakeholder consultation process. We used the opportunity to encourage the company to show more leadership on issues such as managing cumulative effects, responsible climate change policy lobbying, and caribou management.
Mining, Forestry & Materials	
Hudbay Minerals	In November 2012 we met with Hudbay Minerals to discuss headline risk created by litigation relating to past incidents at a mine that the company formerly owned in Guatemala. We also discussed the company's commitment to human rights and appropriate security protocols for all its operations. We encouraged the company to maintain and enhance disclosure on its commitments and to continue engagement with stakeholders on these topics. In January 2013 we met with the company executives to discuss the company's CSR program. The company described the positive progress at its Peruvian site, and how it is working with artisanal miners. We encouraged Hudbay to support endeavours to encourage better environmental practice among artisanal miners. We also urged the company to keep stakeholders informed about legal developments relating to past issues in Guatemala.
Teck Resources	In February 2013 we participated in Teck's stakeholder panel to provide input on the company's CSR reporting priorities for next year. The company was receptive to our comments on disclosing more information about mine closure and considering stakeholder perspectives when determining CSR project objectives.
Healthcare & Pharmaceuticals	
Pfizer	In November 2012, we wrote to the Pfizer board to explain our reasons for voting against the company's executive compensation plan at the 2012 AGM. In December 2012, we met with company representatives responsible for compensation and corporate governance issues to express our concerns, calling for integration of product safety and compliance performance metrics to the company's compensation plan. In March 2013 we wrote to Pfizer's board to express our concerns and question the rationale for recombining the roles of CEO and chair of the board. The company acknowledged the letter but did not provide a response to our concerns.
IT & Telecom	
EMC Corporation	In November 2012 we wrote to the EMC Corporation board, explaining our rationale for voting against the executive compensation plan at the 2012 AGM. EMC met with us in January 2013. The company has a progressive approach to sustainability issues, but this is not reflected in the compensation plan. We encouraged the company to create clearer linkages between executive compensation and achievement of key ESG objectives. On the basis of the disclosure in the latest proxy circular, we were able to vote for the compensation plan at the 2013 AGM.

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Consumer Products & Retail	
Adidas	Continuing to follow up on the Rana Plaza garment factory tragedy, we joined an ICCR collaborative engagement urging Adidas to sign up to the Bangladesh Accord on Fire and Building Safety.
Gildan	In February 2013 we met with Gildan for an update on a range of corporate responsibility initiatives. The company has disclosed targets for reduction of greenhouse gas emissions and water use intensity, and for diversion of waste from landfill. It continues to roll out certification of environmental management systems to the ISO 14001 standard across its facilities.
Loblaw	In 2012 we began a dialogue with Loblaw about supply chain management disclosure and compliance for its Joe Fresh clothing brand. Joe Fresh was one of the brands supplied by garment workers killed and injured in the Rana Plaza factory building disaster in April 2013. In May we wrote to Loblaw, asking the company to sign the Accord on Fire and Building Safety in Bangladesh, a multi-stakeholder agreement to promote safer factory buildings. Loblaw has now signed the agreement, becoming the first Canadian corporate participant. We will continue to engage Loblaw on supply chain issues in the coming year.
Lululemon Athletica	Continuing to follow up on the Rana Plaza garment factory tragedy, we joined an ICCR collaborative engagement urging Lululemon to sign up to the Bangladesh Accord on Fire and Building Safety. We will lead this engagement on behalf of ICCR.
Richemont	Continuing to follow up on the Rana Plaza garment factory tragedy, we joined an ICCR collaborative engagement urging Richemont to sign up to the Bangladesh Accord on Fire and Building Safety.
Industrial Production & Transportation	
Canadian Pacific	We wrote to the Canadian Pacific board in July 2013 to express concern that based on the most recent proxy circular, safety metrics appeared to have been dropped from the executive compensation framework. We outlined our perspective on the importance of linking pay to ESG indicators of long-term value, and asked the board to reconsider this decision in the light of increasing public scrutiny of rail safety and the transportation of oil by rail. The dialogue was paused when the portfolio manager sold the holding.
Vesuvius	We met with Vesuvius in June 2013 to discuss the company's human rights due diligence processes and encourage it to develop a human rights policy statement. The company was receptive to this input. We suggested a variety of tools that the company could explore for implementation of the UN Guiding Principles on Business and Human Rights.
Financials	
Canadian Western Bank	We wrote to the board of Canadian Western Bank to explain our vote against the compensation plan at the 2013 AGM.
HSBC	As part of a management breach investigation, we wrote to HSBC in September 2013 asking for detailed disclosure on compliance enhancements following record fines for breaching anti-money laundering regulations.

National Bank of Canada	In August 2012, we wrote to the National Bank of Canada board to explain our reasons for voting for the company's executive compensation plan at the 2012 AGM, and areas for further enhancement of compensation disclosure. We received a reply from the board, and in February 2013, we met with company representatives responsible for compensation and corporate governance issues. We discussed our perspectives on inclusion of ESG metrics in compensation frameworks and on approaches to setting compensation quantum. In the context of our wider engagement with Canadian banks, we provided input to the company on our exploration of pay quantum, internal pay equity and income inequality issues. On its own initiative, National Bank joined a group of Canadian banks conducting joint research into the compensation questions raised in shareholder proposals we filed at five of the banks in 2012. We wrote to all the banks in August 2013, asking them to consider publishing the findings to further understanding of this corporate governance topic. We will follow up with National Bank on this issue in the coming year. On the basis of the latest proxy circular, we were able once again to vote for the company's executive compensation plan at the 2013 AGM. We wrote to the board to explain the rationale for our decision.