



LEA 02	Disclosures Monetary	Reason for interaction	Principle PRI 1,2,3
Individual/ internal staff engagements	<input checked="" type="checkbox"/> To support investment decision-making in & company's interests <input checked="" type="checkbox"/> To influence corporate transition for identifying the need to invest in low carbon <input checked="" type="checkbox"/> To engage internal ESG issues <input checked="" type="checkbox"/> To engage internal ESG issues <input type="checkbox"/> Other: specify	<input type="checkbox"/> To support investment decision-making in & company's interests <input type="checkbox"/> To influence corporate transition for identifying the need to invest in low carbon <input type="checkbox"/> To engage internal ESG issues <input type="checkbox"/> To engage internal ESG issues <input type="checkbox"/> Other: specify	
Collaborative engagements	<input type="checkbox"/> To support investment decision-making in & company's interests <input type="checkbox"/> To influence corporate transition for identifying the need to invest in low carbon <input type="checkbox"/> To engage internal ESG issues <input type="checkbox"/> To engage internal ESG issues <input type="checkbox"/> Other: specify	<input type="checkbox"/> To support investment decision-making in & company's interests <input type="checkbox"/> To influence corporate transition for identifying the need to invest in low carbon <input type="checkbox"/> To engage internal ESG issues <input type="checkbox"/> To engage internal ESG issues <input type="checkbox"/> Other: specify	
Service provider engagements	<input type="checkbox"/> To support investment decision-making in & company's interests <input type="checkbox"/> To influence corporate transition for identifying the need to invest in low carbon <input type="checkbox"/> To engage internal ESG issues <input type="checkbox"/> To engage internal ESG issues <input type="checkbox"/> Other: specify	<input type="checkbox"/> To support investment decision-making in & company's interests <input type="checkbox"/> To influence corporate transition for identifying the need to invest in low carbon <input type="checkbox"/> To engage internal ESG issues <input type="checkbox"/> To engage internal ESG issues <input type="checkbox"/> Other: specify	

# RI TRANSPARENCY REPORT

## 2013/14

### NEI Investments

## About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2013-14 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

## Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six [Principles for Responsible Investment](#). It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted. This results in some Principles not being explicitly highlighted. For instance, Principle 1 and 2 cannot be implemented without implementing Principle 3, but there are cases when Principle 3 is not explicitly highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
Ⓜ	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

## PRI disclaimer

This document is based on information reported by signatories and responses have not been independently audited by the PRI Secretariat, PRI working groups, or any other third party. While this information is believed to be reliable, no representations or warranties are made as to its accuracy and no responsibility or liability can be accepted for any error or omission.

# Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	n/a							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Segregated mandates or pooled funds	✓	Private							✓
OO 08	Breakdown of AUM by market	✓	Private							✓
OO 09	Additional information about organisation	✓	Private							✓
OO 10	RI activities for listed equities	✓	Public							✓
OO 11	RI activities in other asset classes	✓	Public							✓
OO 12	Modules and sections required to complete	✓	Public							✓

Overarching Approach				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OA 01	RI policy and other guidance documents	✓	Public							✓
OA 02	Publicly available policies / documents	✓	Public						✓	
OA 03	Policy components and coverage	✓	Public	✓	✓					
OA 04	Conflicts of interest	✓	Public							✓
OA 05	RI goals and objectives	✓	Public							✓
OA 06	Main goals/objectives this year	✓	Public							✓
OA 07	Governance, management structures and RI processes	✓	Public							✓
OA 08	RI roles and responsibilities	✓	Public							✓
OA 09	RI in performance management, reward and/or personal development	✓	Private							✓
OA 10	Collaborative organisations / initiatives	✓	Public				✓	✓		
OA 11	Promoting RI independently	✓	Public				✓			
OA 12	Dialogue with public policy makers or standard setters	✓	Public				✓	✓	✓	
OA 13	ESG issues in strategic asset allocation	✓	Private	✓						
OA 14	Allocation of assets to environmental and social themed areas	✓	Private	✓						
OA 15	ESG issues for internally managed assets not reported in framework	🔒	n/a							✓
OA 16	ESG issues for externally managed assets not reported in framework	✓	Private							✓
OA 17	RI/ESG in execution and/or advisory services	🔒	n/a	✓	✓					
OA 18	Innovative features of approach to RI	✓	Public							✓
OA 19	Internal and external review and assurance of responses	✓	Private							✓

Indirect – Manager Selection, Appointment and Monitoring				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
SAM 01	Description of RI considerations	✓	Private	✓					✓	
SAM 02	Role of investment consultants	✓	Public				✓			
SAM 03	RI factors in selection, appointment and monitoring across asset classes	✓	Public							✓
SAM 04	Breakdown of passive, active quant and active fundamental	✓	Private							✓
SAM 05	ESG incorporation strategies	✓	Public	✓	✓					
SAM 06	Selection processes (listed assets)	✓	Public	✓						✓
SAM 07	Appointment considerations (listed assets)	✓	Private				✓			
SAM 08	Monitoring processes (listed assets)	✓	Public	✓						
SAM 09	Percentage of (proxy) votes cast	🔒	n/a		✓					
SAM 10	Selection processes (non-listed assets)	🔒	n/a	✓						✓
SAM 11	Appointment considerations (non-listed assets)	🔒	n/a				✓			
SAM 12	Monitoring processes (non-listed assets)	🔒	n/a	✓						✓
SAM 13	Description of RI considerations in 'other' asset classes	🔒	n/a	✓						✓
SAM 14	Percentage of externally managed assets managed by PRI signatories	✓	Private	✓						✓
SAM 15	Examples of ESG issues in selection, appointment and monitoring processes	✓	Private		✓					
SAM 16	Disclosure of RI considerations	✓	Public							✓

Direct - Listed Equity Active Ownership				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEA 01	Description of approach to engagement	✓	Public		✓					
LEA 02	Reasoning for interaction on ESG issues	✓	Public	✓	✓	✓				
LEA 03	Process for identifying and prioritising engagement activities	✓	Public		✓					
LEA 04	Objectives for engagement activities	✓	Public		✓					
LEA 05	Process for identifying and prioritising engagement activities	✓	Public		✓					
LEA 06	Objectives for engagement activities	✓	Public		✓					
LEA 07	Role in engagement process	🔒	n/a		✓		✓			
LEA 08	Monitor / discuss service provider information	🔒	n/a		✓				✓	
LEA 09	Share insights from engagements with internal/external managers	✓	Private	✓	✓					
LEA 10	Tracking number of engagements	✓	Public		✓					
LEA 11	Number of companies engaged with, intensity of engagement and effort	✓	Public		✓					
LEA 12	Engagements on E, S and/or G issues	✓	Private		✓					
LEA 13	Companies changing practices / behaviour following engagement	✓	Private		✓					
LEA 14	Examples of ESG engagements	✓	Public		✓					
LEA 15	Disclosure of approach to ESG engagements	✓	Public		✓				✓	
LEA 16	Description of approach to (proxy) voting	✓	Public		✓					
LEA 17	Typical approach to (proxy) voting decisions	✓	Public		✓					
LEA 18	Percentage of voting recommendations reviewed	🔒	n/a		✓					
LEA 19	Confirmation of votes	✓	Private		✓					
LEA 20	Securities lending programme	✓	Private		✓					
LEA 21	Informing companies of the rationale of abstaining/voting against management	✓	Public		✓					
LEA 22	Percentage of (proxy) votes cast	✓	Public		✓					
LEA 23	Proportion of ballot items that were for/against/abstentions	✓	Public		✓					
LEA 24	Shareholder resolutions	✓	Public		✓					
LEA 25	Examples of (proxy) voting activities	✓	Public		✓					
LEA 26	Disclosing voting activities	✓	Public		✓				✓	

# NEI Investments

## Reported Information

## Public version

## Organisational Overview

## PRI disclaimer

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## Basic Information

OO 01	Mandatory	Gateway/Peering	General
-------	-----------	-----------------	---------

OO 01.1 Select the services you offer.

Fund management

% of assets under management (AUM) in ranges

<10%

10-50%

>50%

Fund of funds, manager of managers, sub-advised products

Other, specify

Execution and advisory only services

OO 02	Mandatory	Peering	General
-------	-----------	---------	---------

OO 02.1 Select the location of your organisation's headquarters.

Canada

OO 02.2 Indicate the number of countries in which you have offices (including your headquarters).

1

2-5

6-10

>10

OO 02.3 Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

FTE

90

OO 03	Mandatory	Descriptive	General
-------	-----------	-------------	---------

OO 03.1 Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

Yes

No

OO 04	Mandatory	Gateway/Peering	General
-------	-----------	-----------------	---------

**OO 04.1** | Indicate the year end date for your reporting year.

31/12/2013

**OO 04.2** | Indicate your total AUM at the end of your reporting year.

	trillions	billions	millions	thousands	hundreds
Total AUM		5	945	237	587
Currency	CAD				
Assets in USD		5	644	382	094

**OO 04.3** | Indicate the level of detail you would like to provide about your asset class mix.

- Approximate percentage breakdown to the nearest 5% (e.g. 45%)
- Broad ranges breakdown (i.e. <10%; 10-50%; >50%)

OO 06	Mandatory	Descriptive	General
-------	-----------	-------------	---------

**OO 06.1** | To contextualise your responses to the public, indicate how you would like to disclose your asset class mix.

- Publish our asset class mix as percentage breakdown

	Internally managed (%)	Externally managed (%)
Listed equity	0	66
Fixed income – corporate	0	20
Fixed income – government	0	14
Fixed income – other	0	0
Private debt	0	0
Private equity	0	0
Property	0	0
Infrastructure	0	0
Commodities	0	0
Hedge funds	0	0
Forestry	0	0



Farmland	0	0
Inclusive finance	0	0
Cash	0	0
Other (1), specify	0	0
Other (2), specify	0	0

Publish our asset class mix as broad ranges

Publish our asset class mix as per attached file (the following image formats can be uploaded: .jpg, .jpeg, .png, .bmp and .gif)

## Gateway asset class implementation indicators

OO 10	Mandatory	Gateway	General
-------	-----------	---------	---------

**OO 10.1** Select the responsible investment activities your organisation implemented, directly and/or indirectly, for listed equities in the reporting year.

- We address ESG incorporation, engagement and/or (proxy) voting in our external manager selection, appointment and/or monitoring processes
- We engage with companies on ESG issues via our staff, collaborations or service providers
- We cast our (proxy) votes directly or via service providers
- None of the above

OO 11	Mandatory	Gateway	General
-------	-----------	---------	---------

**OO 11.2** Indicate if in the reporting year you addressed ESG incorporation and/or active ownership in your external manager selection, appointment and/or monitoring processes in the following externally managed asset classes.

- Fixed income – corporate
- Fixed income – government
- None of the above

OO 12	Mandatory	Gateway	General
-------	-----------	---------	---------

**OO 12.1** The modules and sections that you will be required to complete are listed below. They are based on the percentages provided in your AUM breakdown and your responses to the gateway indicators. Note, you are only required to report on asset classes that represent 10% or more of your AUM. You may report voluntarily on any applicable modules or sections by selecting them from the list. Direct - Fixed Income and Infrastructure are always voluntary.

### Core modules

- Organisational Overview
- Overarching Approach (including assets which do not have a separate module)

**RI implementation directly or via service providers**

Direct - Listed Equity active ownership

- Engagements
- (Proxy) voting

**RI implementation via external managers**

Indirect - Selection, Appointment and Monitoring of External Managers

- Listed Equities
- Fixed Income - Corporate
- Fixed Income - Government

**Closing module**

- Closing module

**Note:** Please make sure your response to this indicator is complete and confirmed before you progress. Your response will determine which tailored modules and sections you will be presented with.

# NEI Investments

## Reported Information

## Public version

## Overarching Approach

## PRI disclaimer

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## Responsible investment policy

OA 01	Mandatory	Gateway/Core Assessed	General
-------	-----------	-----------------------	---------

**OA 01.1** Indicate if you have a responsible investment policy.

- Yes  
 No

**OA 01.2** Indicate if you have other guidance documents or more specific policies related to responsible investment.

- Yes  
 No

**OA 01.3** Provide a brief description of the key elements of your responsible investment policy or, if you do not have a policy, of your overall approach to responsible investment. [Optional]

Our ESG Investing Program is based on the thesis that companies integrating best environmental, social and governance (ESG) practices into their strategies and operations will build long-term sustainable value for all stakeholders and provide higher risk-adjusted returns to shareholders. The program incorporates the following elements:

- Evaluation of sectors and companies for material ESG risks.
- Corporate engagement on ESG issues with companies in our funds.
- Proxy voting based on ESG guidelines.
- Public policy and standards work to mitigate systemic ESG risks.
- Research on emerging ESG issues.

OA 02	Mandatory	Core Assessed	PRI 6
-------	-----------	---------------	-------

**OA 02.1** Indicate if your responsible investment policy is publicly available.

- Yes  
 No

**OA 02.3** Indicate if your other policies or guidance documents related to responsible investment are publicly available.

- Yes  
 Yes, all  
 Yes, some

**OA 02.4** List these other policies or guidance documents related to responsible investment that are publicly available and their URLs.

Policy or document name	URL
Proxy Voting Guidelines	<a href="http://www.neinvestments.com/Pages/ESGServices/EngagingCompanies/ProxyVoting.aspx">http://www.neinvestments.com/Pages/ESGServices/EngagingCompanies/ProxyVoting.aspx</a>
COC for Engaging External Parties	<a href="http://www.neinvestments.com/Documents/Accountability/3%20SI_Program_Code_of_Conduct%203.pdf">http://www.neinvestments.com/Documents/Accountability/3%20SI_Program_Code_of_Conduct%203.pdf</a>
Corporate Social Responsibility Policy	<a href="http://www.neinvestments.com/Documents/CSR/NEI%20CSR%20Policy.pdf">http://www.neinvestments.com/Documents/CSR/NEI%20CSR%20Policy.pdf</a>

No

OA 03	Mandatory	Core Assessed	PRI 1,2
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OA 03.1	Indicate the components/types and coverage of your responsible investment policy and guidance documents.
---------	----------------------------------------------------------------------------------------------------------

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> (Proxy) voting policy <input checked="" type="checkbox"/> Engagement/active ownership policy <input checked="" type="checkbox"/> Specific guidelines on corporate governance <input checked="" type="checkbox"/> Specific guidelines on environmental issues <input checked="" type="checkbox"/> Specific guidelines on social issues <input type="checkbox"/> Asset class-specific guidelines <input checked="" type="checkbox"/> Screening/exclusion policy <input type="checkbox"/> Other, specify <input type="checkbox"/> Other, specify	<input type="radio"/> Applicable policies cover all AUM <input checked="" type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

OA 03.2	Comment on any variations or exceptions in the coverage of your responsible investment policy. [Optional]
---------	-----------------------------------------------------------------------------------------------------------

All elements of the ESG Investing Program are applied to our Ethical and NEI fund families (representing approximately 60% of AUM). All elements of the program, except evaluation, research and corporate engagement, are applied to the Northwest Funds family.

OA 04	Mandatory	Core Assessed	General
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**OA 04.1** Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.

Yes

**OA 04.2** Describe your policy on managing potential conflicts of interest in the investment process. [Optional]

Our conflicts of interest policy describes situations in which a conflict of interest may exist and sets out procedures and requirements related to, among other things, disclosure, prohibited activities, resolution of conflicts of interest and consequences of unresolved conflicts.

No

## Objectives and strategies

OA 05	Mandatory	Gateway/Core Assessed	General
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**OA 05.1** Indicate if your organisation sets objectives for its responsible investment activities.

Yes

**OA 05.2** Indicate how frequently your organisation sets or revises objectives for responsible investment.

- At least once per year
- Less than once per year

**OA 05.3** Indicate how frequently your organisation formally reviews performance against its objectives for responsible investment.

- Quarterly
  - Biannually
  - Annually
  - Every two years or less
  - It is not reviewed
- No

**OA 05.4** Additional information. [Optional]

The centrepiece of our corporate engagement strategy is the Focus List - an annual program of targeted, in-depth dialogues on specific environmental, social and governance (ESG) topics. Each year, we target around 50 companies, representing at least 25% of Ethical Funds' assets under management. We announce strategic dialogues with 30 selected companies in the fall and launch additional tactical dialogues during the year in response to emerging risks and opportunities.

We publish our Focus List at the start of the dialogue cycle and provide quarterly and annual reporting on progress.

<b>OA 06</b>	<b>Voluntary</b>	<b>Descriptive</b>	<b>General</b>
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**OA 06.1** List your three main responsible investment objectives you had set for the reporting year. For each, indicate any key performance indicators you set to measure your progress and also indicate your progress towards achieving your objectives.

Add responsible investment objective 1

Objective 1	Engage in targeted, in-depth dialogues with around 50 Canadian and international corporations, representing at least 25% of aum.
Key performance indicators	Number of companies engaged. Progress toward objectives.
Describe the progress achieved	Engaged in 47 strategic and 16 tactical dialogues with companies. Achieved positive or progressive results in 33 of the strategic dialogues.

Add responsible investment objective 2

Objective 2	Provide constructive criticism to companies where we voted against the compensation framework through our "Feedback on Pay" campaign.
Key performance indicators	Number of letters written. Response rate. Level of commitment to improvement.
Describe the progress achieved	Twenty five letters sent. Eleven replies from target companies.

Add responsible investment objective 3

**OA 06.2** List your three main objectives for responsible investment implementation for the next reporting year and indicate any key performance indicators you intend to use to measure your progress.

Add responsible investment objective 1 for the next reporting year

Objective 1 for the next reporting year	Engage in strategic dialogues with around 30 Canadian and international corporations.
Key performance indicators	Number of companies engaged. Progress toward objectives.

Add responsible investment objective 2 for the next reporting year

Objective 2 for the next reporting year	Engage in tactical dialogues with around 20 Canadian and international corporations.
Key performance indicators	Number of companies engaged. Progress toward objectives.

Add responsible investment objective 3 for the next reporting year

Objective 3 for the next reporting year	Provide constructive criticism to companies where we voted against the compensation framework through our "Feedback on Pay" campaign.
Key performance indicators	Number of letters written. Response rate. Level of commitment to improvement.

## Governance and human resources

OA 07	Voluntary	Descriptive	General
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**OA 07.1**

Provide a brief description of your organisation's governance, management structures and processes related to responsible investment.

Our ESG Investing Program is based on the thesis that companies integrating best environmental, social and governance (ESG) practices into their strategies and operations will build long-term sustainable value for all stakeholders and provide higher risk-adjusted returns to shareholders. The program incorporates the following elements:

- Evaluation of sectors and companies for material ESG risks.
- Corporate engagement on ESG issues with companies in our funds.
- Proxy voting based on ESG guidelines.
- Public policy and standards work to mitigate systemic ESG risks.
- Research on emerging environmental, social and governance issues.

All elements of the Program are applied to our Ethical and NEI funds families. All elements of the program, except evaluation, research and corporate engagement, are applied to the Northwest Funds family.

To support the implementation of our ESG Investing Program, our ESG Services Team is bound by a Code of Conduct for Engaging External Parties.

Organizational responsibility for our Product and Service Impact falls to:

- Chief Investment Officer (regarding Portfolio Management)
- Vice President, Ethical Funds & ESG Services (regarding ESG Investing Program)

To ensure that the financial and non-financial processes are integrated, ESG Services and the Ethical Funds portfolio managers communicate regularly.

ESG Services is responsible for implementation and ongoing monitoring of the ESG Investing Program. Monitoring of the ESG Investing Program consists of:

- Continuous examination of risk associated with holdings of the Ethical Funds' portfolio in order to ensure that companies remain eligible for the portfolio.
- An annual review of our corporate engagement priorities.
- An annual review of our research priorities.
- A biennial review of our Proxy Voting Guidelines.
- A review of our exclusionary screens as required.

I would like to attach an organisation chart (the following image formats can be uploaded: .jpg, .jpeg, .png, .bmp and .gif)

OA 08	Mandatory	Gateway/Core Assessed	General
<b>OA 08.1</b>	Indicate the roles present in your organisation and for each, indicate whether they have oversight and/or implementation responsibilities for responsible investment.		

## Roles present in your organisation

- Board members or trustees
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Other Chief-level staff or head of department, specify  
**Robert Walker, VP ESG Services**
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Portfolio managers
- Investment analysts
- Dedicated responsible investment staff
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- External managers or service providers
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Other role, specify
- Other role, specify

**OA 08.2**

Indicate the number of dedicated responsible investment staff your organisation has. [Optional]

Number

8

## Promoting responsible investment

**OA 10**

**Mandatory**

**Core Assessed**

**PRI 4,5**

**OA 10.1**

Indicate if your organisation is a member of and/or participant in any collaborative organisation or initiatives that promote responsible investment.

Yes

**OA 10.2**

Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.

**Select all that apply**

- Asian Corporate Governance Association
- Association for Sustainable & Responsible Investment in Asia
- Australian Council of Superannuation Investors
- CDP Climate Change

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced

- CDP Forests

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced

- CDP Water

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced

- CFA Institute Centre for Financial Market Integrity
- Council of Institutional Investors (CII)
- Eumedion
- Extractive Industries Transparency Initiative (EITI)

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced

- Global Investors Governance Network (GIGN)
- Global Real Estate Sustainability Benchmark (GRESB)
- Institutional Investors Group on Climate Change (IIGCC)
- Interfaith Center on Corporate Responsibility (ICCR)

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced

- International Corporate Governance Network (ICGN)
- Investor Group on Climate Change, Australia/New Zealand (IGCC)
- Investor Network on Climate Risk (INCR)/CERES
- Local Authority Pension Fund Forum
- Principles for Responsible Investment

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced

- Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify

Responsible Investment Association (Canada)

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced

- Shareholder Association for Research and Education (Share)
- United Nations Environmental Program Finance Initiative (UNEP FI)

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced

- United Nations Global Compact

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced

- Other collaborative organisation/initiative, specify

Global Reporting Initiative (GRI)

Your organisation's role in the initiative during the reporting year (see definitions)

- Basic
- Moderate
- Advanced

Other collaborative organisation/initiative, specify

Canadian Boreal Initiative / Boreal Leadership Council

Your organisation's role in the initiative during the reporting year (see definitions)

- Basic
- Moderate
- Advanced

Other collaborative organisation/initiative, specify

Forest Stewardship Council

Your organisation's role in the initiative during the reporting year (see definitions)

- Basic
- Moderate
- Advanced

Other collaborative organisation/initiative, specify

No

OA 11	Mandatory	Core Assessed	PRI 4
-------	-----------	---------------	-------

**OA 11.1** Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.

Yes

**OA 11.2** Indicate which of the following actions your organisation has taken to promote responsible investment, independently of collaborative initiatives.

- Provided or supported education or training programmes for clients, investment managers, broker/dealers, investment consultants, legal advisers or other investment organisations
- Provided financial support for academic or industry research on responsible investment
- Encouraged better transparency and disclosure of responsible investment practices across the investment industry
- Spoke publicly at events and conferences to promote responsible investment
- Wrote and published in-house research papers on responsible investment
- Encouraged the adoption of the PRI
- Other, specify

No

OA 12	Voluntary	Additional Assessed	PRI 4,5,6
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**OA 12.1** Indicate if your organisation - individually or in collaboration with others - conducted dialogue with public policy makers or standard-setters in support of responsible investment in the reporting year.

- Yes
  - Yes, individually
  - Yes, in collaboration with others

**OA 12.2** Select the methods you have used.

- Endorsed written submissions to governments, regulators or standard-setters developed by others
- Drafted your own written submissions to governments, regulators or standard-setters
- Participated in face-to-face meetings with government members or officials to discuss policy
- Other, specify

**OA 12.3** Where you have made written submissions (individually or collaboratively) to governments and regulatory authorities, indicate if these are publicly available.

- Yes, publicly available

provide URL

<http://www.neiinvestments.com/Pages/ESGServices/PublicPolicyAndStandards.aspx>

- No

**Innovation**

OA 18	Voluntary	Descriptive	General
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**OA 18.1**

Describe any specific features of your approach to responsible investment that you believe are particularly innovative.

Our approach to evaluation focuses on the identification of sector-specific material ESG risks. For each sector, we establish 'baseline expectations': measures that companies in this sector must fulfill in order to satisfy us that they are managing material ESG risks appropriately. Companies must satisfy baseline expectations in order to be included in the Ethical Funds branded portfolio.

We are committed to using the special rights that come with shareholder status to create positive change on behalf of our investors. We believe it is more effective to advance sustainability through corporate engagement than through exclusion and divestment alone. The centrepiece of our corporate engagement strategy is the Focus List - an annual program of targeted, in-depth dialogues on specific ESG topics. Focus List companies include sector leaders capable of breakthroughs in corporate sustainability practice and disclosure, sector laggards that need to catch up with the leaders, and companies facing major sustainability challenges that are under special observation for continuing inclusion in Ethical Funds.

ESG Services has implemented a Code of Conduct for Engaging External Parties. The Code is signed annually by all members of the ESG Services team and is intended to establish industry-leading standards of integrity, responsibility and accountability for our socially responsible investing program. We believe this Code is unique within the investment industry in Canada.

# NEI Investments

## Reported Information

### Public version

#### Indirect – Manager Selection, Appointment and Monitoring

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.



## Overview

**SAM 02**

**Mandatory**

**Core Assessed**

**PRI 4**

**SAM 02.1**

Indicate if your organisation uses investment consultants and/or fiduciary managers in the selection, appointment and/or monitoring of external managers.

Yes

No

**SAM 03**

**Mandatory**

**Gateway**

**General**

**SAM 03.1**

Indicate for which of the following externally managed asset classes your organisation, and/or your investment consultants, consider responsible investment factors in investment manager: (a) Selection, (b) Appointment (investment management agreements/contracts), and (c) Monitoring

Select all that apply

Asset classes	(a) Selection	(b) Appointment	(c) Monitoring
Listed equity	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Fixed income - corporate	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

## Listed equity (LE), fixed income corporate (FIC) and fixed income government (FIG)

## Overview

**SAM 05**

**Mandatory**

**Gateway**

**PRI 1,2**

**SAM 05.1**

Indicate which of the following ESG incorporation strategies you encourage or require your external manager(s) to implement on your behalf:

Active investment strategies

Active investment strategies	LE	FIC	
Screening	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Thematic	<input type="checkbox"/>	<input type="checkbox"/>	
Integration	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	

**SAM 05.2**

Indicate if - on your externally managed assets - you engage directly, via service providers, or via your external manager.

	LE	FIC
We engage directly or via service providers on our externally managed assets	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
We require our external managers to engage on our behalf	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>

**SAM 05.3**

Indicate if - on your externally managed listed equities - you cast your (proxy) votes directly, via service providers, or via your external manager.

	LE
We cast our (proxy) votes directly or via service providers on our externally managed assets	<input checked="" type="checkbox"/>
We require our external managers to cast our (proxy) votes on our behalf	<input type="checkbox"/>
None of the above	<input type="checkbox"/>

## Selection

**SAM 06**

**Mandatory**

**Core Assessed**

**PRI 1-6**

**SAM 06.1**

Indicate whether your organisation, and/or your investment consultant, in the manager selection process for listed assets, typically do any of the following:

General

	LE	FIC	
Review the manager's responsible investment policies	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Discuss managers' governance and management of responsible investment activities	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Meet staff with responsible investment responsibilities to assess their skills and competence	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Discuss minimum responsible investment expectations that managers must meet	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Discuss the role managers have played in collaborative initiatives	<input type="checkbox"/>	<input type="checkbox"/>	
Ask whether the organisation is a signatory to the PRI and/or other relevant organisations	<input type="checkbox"/>	<input type="checkbox"/>	
Review the manager's responsible investment reporting to clients and/or the public, including PRI reporting	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Discuss the type of ESG reporting you expect	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Assign specific weighting to ESG factors in your manager evaluation	<input type="checkbox"/>	<input type="checkbox"/>	
Other general aspects in your selection process, specify	<input type="checkbox"/>	<input type="checkbox"/>	
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	

ESG incorporation

	LE	FIC	
Evaluate the quality and coverage of ESG research used by managers	<input type="checkbox"/>	<input type="checkbox"/>	
Assess how the manager incentivises brokers to provide ESG research	<input type="checkbox"/>	n/a	
Assess managers' ESG incorporation strategies and ability to identify and manage ESG issues	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Discuss with managers how ESG issues have impacted specific investment decisions and, where relevant, stock or portfolio performance	<input type="checkbox"/>	<input type="checkbox"/>	
Other ESG incorporation issues in your selection process, specify	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	

If you select any 'Other' option(s), specify

Discuss with managers our expectations for communication and coordination with our ESG Services team.

## Monitoring

<b>SAM 08</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 1</b>
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**SAM 08.1** Indicate whether your organisation, and/or your investment consultant, in the dialogue and monitoring of your external manager typically do any of the following:

General

	LE	FIC	
Include responsible investment as a standard agenda item at performance review meetings	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Highlight examples of good responsible investment practice by other managers	<input type="checkbox"/>	<input type="checkbox"/>	
Review the manager's responsible investment reporting, for example PRI-generated responsible investment reports	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Encourage your managers to consider joining responsible investment initiatives/organisations or participate in collaborative projects with other investors	<input type="checkbox"/>	<input type="checkbox"/>	
Include responsible investment criteria as a formal component of overall manager performance evaluation	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Other general aspects of your monitoring, specify	<input type="checkbox"/>	<input type="checkbox"/>	
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	

### ESG incorporation

	LE	FIC	
Request information on ESG incorporation in specific investment decisions	<input type="checkbox"/>	<input type="checkbox"/>	
Other ways you monitor ESG incorporation, specify	<input type="checkbox"/>	<input type="checkbox"/>	
None of the above	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	

**SAM 08.2** Provide additional information relevant to your organisation's dialogue and monitoring of external managers. [Optional]

ESG evaluations are conducted by our team of in-house socially responsible investment professionals within our ESG Services department. All decisions about the eligibility of companies for the Ethical Funds portfolio are made by the ESG team.

## Communication

**SAM 16**

**Mandatory**

**Core Assessed**

**PRI 6**

<b>SAM 16.1</b>	Indicate if your organisation proactively discloses any information about responsible investment considerations in your indirect investments.
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Yes, we disclose information publicly

provide URL
-------------

<http://www.neiinvestments.com/Pages/ESGServices/howwework.aspx>

<b>SAM 16.2</b>	Indicate if the level of information you disclose to the public is the same as that disclosed to clients and/or beneficiaries.
---------------------	--------------------------------------------------------------------------------------------------------------------------------

Yes

<b>SAM 16.3</b>	Indicate what type of information your organisation proactively discloses to the public and clients and/or beneficiaries about your indirect investments.
---------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------

- How responsible investment considerations are included in manager selection, appointment and monitoring processes
- Details of the responsible investment activities carried out by managers on your behalf
- E, S and/or G impacts and outcomes that have resulted from your managers' investments and active ownership
- Other, specify

No

Yes, we disclose information to clients/beneficiaries only

We do not proactively disclose information to the public and/or clients/beneficiaries

<b>SAM 16.4</b>	Additional information. [Optional]
---------------------	------------------------------------

ESG evaluations are conducted by our team of in-house socially responsible investment professionals within our ESG Services department. All decisions about the eligibility of companies for the Ethical Funds portfolio are made by the ESG team.

We report extensively about all aspects of our ESG investing program on our website, at the URL provided above.

# NEI Investments

## Reported Information

### Public version

#### Direct - Listed Equity Active Ownership

## PRI disclaimer

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## Engagement

## Overview

LEA 01	Voluntary	Descriptive	PRI 2
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We are committed to using the special rights that come with shareholder status to create positive change on behalf of our investors. Our objective is to reduce risk to the long-term investment value of companies from ESG challenges, while helping to build an economy that works for people and the environment. We believe it is more effective to advance sustainability through corporate engagement than through exclusion and divestment alone: you can't change a company you don't have a stake in.

Our comprehensive corporate engagement strategy covers all companies held in NEI Ethical Funds.

- Targeted, in-depth dialogues with selected companies each year - the Focus List.
- Engaged proxy voting according to detailed guidelines promoting sustainability and good governance, with outstanding disclosure of voting records.
- Providing constructive criticism to companies where we voted against the compensation framework through our "Feedback on Pay" campaign.
- Responding to proactive requests from leading companies and industry associations for an investor perspective on sustainability initiatives and reporting.
- Public policy engagement on corporate regulations and standards to create sector- and economy-wide change.
- Participation in multi-stakeholder initiatives to find practical solutions to sustainability problems.

Where the assets of NEI Ethical Funds overlap with those of other funds we manage, engagement activity will recruit all our assets to increase our leverage.

The centrepiece of our corporate engagement strategy is the Focus List - an annual program of targeted, in-depth dialogues on specific ESG topics. Focus List companies include sector leaders capable of breakthroughs in corporate sustainability practice and disclosure, sector laggards that need to catch up with the leaders, and companies facing major sustainability challenges that are under special observation for continuing inclusion in NEI Ethical Funds.

- Extensive reach:
  - o Around 50 companies each year, representing at least 25% of NEI Ethical Funds assets.
  - o Strategic dialogues with 30 selected companies, announced in the fall.
  - o Additional tactical dialogues launched during the year in response to emerging risks and opportunities.
- Multi-factor selection criteria:
  - o Investment exposure - the scale of holdings within our funds.
  - o Risk exposure - the significance of our ESG concerns within the company.
  - o Impact potential - where our intervention is most likely to result in change.
- Dynamic response:
  - o Integrated in-house ESG team allows rapid corporate engagement response where risks and opportunities are identified through on-going monitoring of holdings.
  - o Flexibility to adapt engagement strategy to changing circumstances.
- Transparency:
  - o Focus List published in the fall.
  - o Quarterly and annual reporting on progress.

LEA 02	Mandatory	Gateway	PRI 1,2,3
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<b>LEA 02.1</b>	Indicate your reasons for interacting with companies on ESG issues and indicate who carries out these interactions.
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Type of engagement	Reason for interaction
<b>Individual/Internal staff engagements</b>	<input checked="" type="checkbox"/> To support investment decision-making (e.g. company research) <input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via internal staff
<b>Collaborative engagements</b>	<input type="checkbox"/> To support investment decision-making (e.g. company research) <input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via collaborative engagements
<b>Service provider engagements</b>	<input type="checkbox"/> To support investment decision-making (e.g. company research) <input type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input checked="" type="checkbox"/> We do not engage via service providers

## Process

### Process for engagements run internally

LEA 03	Mandatory	Core Assessed	PRI 2
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<b>LEA 03.1</b>	Indicate whether your organisation has a formal process for identifying and prioritising engagement activities carried out by internal staff.
-----------------	-----------------------------------------------------------------------------------------------------------------------------------------------

☉ Yes

LEA  
03.2

Describe how you identify and prioritise engagements.

Focus List companies include sector leaders capable of breakthroughs in corporate sustainability practice and disclosure, sector laggards that need to catch up with the leaders, and companies facing major sustainability challenges that are under special observation for continuing inclusion in NEI Ethical Funds.

Around 50 companies each year, representing at least 25% of NEI Ethical Funds assets, are targeted for engagement. Strategic dialogues with 30 selected companies are announced in the fall. Additional tactical dialogues are launched during the year in response to emerging risks and opportunities.

We employ a multi-factor selection criteria:

- o Investment exposure - the scale of holdings within our funds.
- o Risk exposure - the significance of our ESG concerns within the company.
- o Impact potential - where our intervention is most likely to result in change.

We publish our Focus List each fall and report quarterly and annually on progress.

No

LEA 04

Mandatory

Core Assessed

PRI 2

LEA  
04.1

Indicate if you define specific objectives for your engagement activities.

- Yes
- Yes, for all engagement activities
  - Yes, for the majority of engagement activities
  - Yes, for a minority of engagement activities
- No

LEA  
04.2

Indicate if you monitor the actions that companies take following your engagements.

- Yes
- Yes, in all cases
  - Yes, in the majority of cases
  - Yes, in the minority of cases

<b>LEA 04.3</b>	Describe how you monitor and evaluate the progress of your engagement activities.
-----------------	-----------------------------------------------------------------------------------

We continuously track the progress of our engagements through the use of detailed briefing and meeting notes and an engagement tracking report, which contains information about engagement themes, activities and progress, as well as holdings, key dates and other information. We report publicly on the progress of our engagements on a quarterly and annual basis.

No

**Process for engagements conducted via collaborations**

<b>LEA 05</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 2</b>
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<b>LEA 05.1</b>	Indicate whether your organisation has a formal process for identifying and prioritising collaborative engagements.
-----------------	---------------------------------------------------------------------------------------------------------------------

- Yes
- No

<b>LEA 06</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 2</b>
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<b>LEA 06.1</b>	Indicate if the collaborative engagements in which you are involved have defined objectives.
-----------------	----------------------------------------------------------------------------------------------

- Yes
  - Yes, for all collaborative engagement activities
  - Yes, for the majority of collaborative engagement activities
  - Yes, for a minority of collaborative engagement activities
- No

<b>LEA 06.2</b>	Indicate if you monitor the actions companies take following your collaborative engagements.
-----------------	----------------------------------------------------------------------------------------------

- Yes
  - Yes, in all cases
  - Yes, in the majority of cases
  - Yes, in the minority of cases

<b>LEA 06.3</b>	Describe how you monitor and evaluate the progress of your collaborative engagement activities.
-----------------	-------------------------------------------------------------------------------------------------

We continuously track the progress of all engagements, including collaborative engagements, through the use of detailed briefing and meeting notes and an engagement tracking report, which contains information about engagement themes, activities and progress, as well as holdings, key dates and other information.

No

**General processes for all three groups of engagers**

<b>LEA 10</b>	<b>Mandatory</b>	<b>Gateway/Core Assessed</b>	<b>PRI 2</b>
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<b>LEA 10.1</b>	Indicate if you track the number of companies you engage with.
-----------------	----------------------------------------------------------------

Type of engagement	Tracking engagements
<b>Individual / Internal staff engagements</b>	<input checked="" type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers <input type="radio"/> No, we do not track and cannot estimate our engagements
<b>Collaborative engagements</b>	<input checked="" type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers <input type="radio"/> No, we do not track and cannot estimate our engagements

**Outputs and outcomes**

<b>LEA 11</b>	<b>Mandatory to Report Voluntary to Disclose</b>	<b>Core Assessed</b>	<b>PRI 2</b>
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<b>LEA 11.1</b>	Indicate the number of companies with which your organisation engaged during the reporting year.
-----------------	--------------------------------------------------------------------------------------------------

	<b>Number of companies engaged</b> (avoid double counting, see explanatory notes)
Individual / Internal staff engagements	63
Collaborative engagements	8

**LEA 11.2** Indicate what percentage of your engagements were comprehensive during the reporting year. [Optional]

Type of engagement	% Comprehensive engagements
Individual / Internal staff engagements	<input checked="" type="radio"/> > 50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> None
Collaborative engagements	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> None

**LEA 11.3** Indicate what percentage of your collaborative engagements you were a leading organisation during the reporting year. [Optional]

Type of engagement	% Leading role
Collaborative engagements	<input type="radio"/> >50% <input checked="" type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> None

**LEA 14** Voluntary Descriptive **PRI 2**

**LEA 14.1** Provide examples of the engagements that your organisation carried out during the reporting year.

Add Example 1

Topic or ESG issue	Oil & Gas
Conducted by	<input checked="" type="checkbox"/> Individual / Internal <input type="checkbox"/> Collaborative
Objectives	Improving performance in addressing a variety of environmental and social risks.
Scope and Process	<p>Although a transition to renewable and low-carbon energy is essential, for the time being fossil fuels continue to play a vital role in the global energy system. As conventional sources become less accessible, increasingly publicly traded oil and gas companies are relying on unconventional reserves including oil sands, and shale deposits where production relies on hydraulic fracturing (fracking). In this context, we continued to focus our engagement efforts on unconventional oil and gas during 2013.</p> <p>We continued to engage oil sands companies, including Suncor Energy, Canadian Natural Resources Ltd, Cenovus Energy, Statoil and MEG Energy to improve performance in addressing a variety of environmental and social risks.</p> <p>We engaged ARC Resources, Encana Corporation, Talisman Energy and Shell Canada on risks associated with fracking. Topics included community engagement, impacts to water and air, implementing best practices, and addressing cumulative impacts.</p> <p>Oil and gas companies are not only exploiting unconventional reserves with heavier potential environmental impacts, they are also venturing into regions of increased social and political risk. This forms a further focus for our engagement work: for example, we met with BG to verify that the company is aligning its practices with the UN Guiding Principles on Business and Human Rights.</p> <p>We also engaged the boards of Apache Corporation, Canadian Natural Resources Ltd, Encana Corporation, Suncor Energy and Talisman Energy on the inclusion of ESG metrics as performance criteria in executive compensation packages, as we believe this is an effective way to advance environmental and social responsibility across this high-risk sector. Proxy disclosure for 2013 revealed progress in this area at Encana, Suncor and Talisman, but we will continue to push for further enhancement in 2014.</p>
Outcomes	

Add Example 2

Topic or ESG issue	Mining & Forestry
Conducted by	<input checked="" type="checkbox"/> Individual / Internal <input type="checkbox"/> Collaborative
Objectives	Improving performance related to the social licence to operate, including respect for human rights and free, prior and informed consent of indigenous peoples.
Scope and Process	<p>Financially, 2013 was a tough year for the Canadian mining industry. A number of planned dialogues with mining companies were put on hold during the year because of changes in our holdings.</p> <p>We continued to focus engagement with mining companies on issues relating to the social licence to operate, including respect for human rights and free, prior and informed consent of indigenous peoples.</p> <p>Since 2006, we have been engaging Goldcorp on community relations challenges associated with the Marlin mine in Guatemala, notably through our involvement in a human rights impact assessment (HRIA), the results of which were published in 2010. Goldcorp's responsiveness to the HRIA findings has positively impacted the company's reputation, and it is interesting to note that observers who criticized our continuing engagement with Goldcorp over this period have now begun to utilize and quote from the HRIA report. This year, Goldcorp has voluntarily increased the level of royalties paid to communities impacted by Marlin. We believe that enhancing the diversity of company boards can contribute to better corporate and ESG performance so we were encouraged to see the company recruit a female director from Mexico in 2012. Also during 2012, we met with both senior management and board representatives to learn more about how corporate responsibility is being integrated into company strategy.</p> <p>Barrick Gold, which has faced significant challenges on human rights and security issues, took some positive steps to enhance ESG performance in 2012. It is rolling out a human rights impact assessment program across its operations, and we have been encouraging the company to make this process transparent to communities. It also established a CSR Advisory Panel of leading experts on environmental and social issues, and engaged the former UN Special Representative for Business and Human Rights, John Ruggie, as a CSR consultant to the board. Following the CEO change mid-year, we sought and received confirmation that corporate responsibility would remain a key focus under the revised company strategy.</p> <p>We have been discussing with Hudbay Minerals the implementation of the company's new human rights policy, and specifically the steps it has taken to maintain social licence at its Constantia site in Peru against a background of mining-related protests across the country.</p> <p>Our conversations with Teck have covered a range of issues, including the update of its indigenous peoples' policy - the company has some leadership practices in this area but has not yet committed to a policy of free, prior and informed consent.</p> <p>We discussed water strategy with Potash Corporation, which was an early responder to the CDP Water initiative and has undertaken water balance assessments for its sites. We also raised the issue of mitigating risks relating</p>



	to the export of resources from the disputed territory of Western Sahara, following the divestment by the Norwegian Pension Fund Global. We are encouraging the company to explore opportunities to extend benefits derived from phosphate exports to displaced members of the Saharawi community and to implement human rights due diligence in accordance with the UN Guiding Principles.
Outcomes	

Add Example 3

Topic or ESG issue	Consumer Products & Retail
Conducted by	<input checked="" type="checkbox"/> Individual / Internal <input type="checkbox"/> Collaborative
Objectives	Minimizing reputational and litigation risks associated with global supply chains.
Scope and Process	<p>In the consumer sectors, we continue to focus engagement on minimizing reputational and litigation risks associated with global supply chains; including product quality and safety, factory conditions and the environmental impacts of commodities. We encourage companies to address these risks by developing and disclosing a code of conduct for their suppliers, by rigorous auditing of compliance with the code and by public reporting on the results.</p> <p>We consider Gildan to be a Canadian leader in supply chain management, verification and disclosure. We met with the company to learn more about the integration of recent acquisitions to Gildan's supply chain management system. The company appears to have robust systems for conducting CSR due diligence and integrating acquisitions to its own supply chain system. By contrast, supply chain management at Dollarama was a cause for concern because the company provided little disclosure on this topic. Our discussions suggested that Dollarama was more active on sustainability issues than was apparent, and we encouraged the company to begin reporting in this area for the benefit of investors and other stakeholders. In June 2012, it published its first sustainability summary, with basic information on product safety, vendor compliance and energy efficiency efforts.</p> <p>During the year a specific focus for engagement on supply chain issues was the forest footprint of consumer companies, including deforestation risks associated with cultivation of palm oil, a commodity that appears in a multitude of food and personal care products.</p> <p>Tim Horton continues to roll out the implementation of its supply chain management system. It is already taking steps to address impacts associated with its most-used forest products such as coffee and paper cups. Heinz provided additional information about its plans to source responsibly-produced palm oil, and also responded to the Forest Footprint Disclosure project. With Loblaw, we discussed the company's plans to source sustainable palm oil for its own brands, as well as supply chain management in the Joe Fresh clothing line.</p> <p>Coca-Cola is demonstrating sustainability leadership in areas such as strategic management of water risk, so we were surprised to note that the 2011 compensation plan did not incorporate ESG metrics. We filed a shareholder proposal asking the company to explain its rationale, but withdrew it when Coca-Cola committed to clarifying the linkage of ESG to compensation. The 2012 proxy circular showed some improvement in compensation disclosure but we will follow up to press for further enhancement of the ESG linkage.</p>
Outcomes	

Add Example 4

Topic or ESG issue	Industrials & Transportation
Conducted by	<input checked="" type="checkbox"/> Individual / Internal <input type="checkbox"/> Collaborative
Objectives	Linking compensation to ESG metrics
Scope and Process	<p>Our work towards linkage of compensation to ESG metrics began over five years ago when we engaged CN Rail on safety issues. Since that time, the company has enhanced performance and disclosure in this area, but although safety was mentioned in the compensation discussion in the 2011 proxy circular, there was limited detail. We met with the company in December 2011 to discuss possibilities for enhancing the linkage. Based on the subsequent proxy circular, we voted for the compensation plan at the 2012 AGM - one of the few companies for which we were able to do so. CN Rail won a 2012 Canadian Coalition for Good Governance award for its compensation disclosure.</p> <p>The debate on conflict minerals often focuses on the electronics supply chain, but the issue is also relevant for other hi-tech industries, including the aerospace and automotive sectors. Bombardier is moving to the stage of verifying supplier self-assessments of compliance with its supply chain policy, and expects to enhance disclosure on compliance in future. The conflict minerals issue, which we raised with the company in 2011, is being integrated within its wider supply chain work.</p> <p>We discussed with Finning the company's plans to improve the coordination of its sustainability activities and enhance its ESG disclosure, including its carbon disclosure. Finning enhanced the scope of its greenhouse gas (GHG) emissions disclosure in its 2012 submission to CDP, although there is room for further improvement. At Ryanair, our engagement focused on reputational risks posed by reports of the CEO's controversial statements on climate change and other issues. We met with the CEO to seek clarification on how the company manages communications risk, learning more about the role of media controversy in Ryanair marketing, and urged the company to enhance disclosure on key ESG issues such as fuel efficiency strategy and emissions management.</p>
Outcomes	

Add Example 5

Topic or ESG issue	Financials
Conducted by	<input checked="" type="checkbox"/> Individual / Internal <input type="checkbox"/> Collaborative
Objectives	<p>Enhancing disclosure of performance targets and linkage of compensation to long-term value drivers.</p> <p>Addressing the widening gap between the compensation of top executives and other workers.</p>
Scope and Process	<p>We continued to focus on compensation issues in our engagement with the Big 5 banks: Royal Bank of Canada (RBC), TD Bank, Bank of Nova Scotia, Canadian Imperial Bank of Canada (CIBC) and Bank of Montreal (BMO). We engaged with each bank on enhancing disclosure of performance targets and linkage of compensation to long-term value drivers such as client satisfaction and employee engagement.</p> <p>In fall 2011, we had filed a shareholder proposal asking RBC to be more transparent about targets for short-, medium- and long-term compensation, as well as to incorporate non-financial performance metrics. We withdrew the proposal when RBC committed to provide more detailed disclosure on compensation structure and the use of discretion. The 2012 proxy circular had addressed some of our concerns and in the 2013 proxy RBC took further steps to address the concerns in the proposal. Our main concern now relates to quantum of compensation, and how this influences compensation at the other large banks.</p> <p>Based on the 2012 proxy circular, Bank of Nova Scotia had made progress in linking pay to performance since 2011, when our shareholder proposal on disclosure of targets achieved 35% support. We have continued discussions with board and management representatives on ESG metrics and reduction of use of stock options. In ** 2013, we also participated in Bank of Nova Scotia's sustainability report stakeholder panel. We encouraged the company to enhance disclosure of the linkages between sustainability initiatives and strategic business objectives.</p> <p>TD Bank has been responsive to our previous engagements on executive pay and has shown leadership among its peers with regard to compensation disclosure. However, based on the proxy circular we nevertheless voted against the compensation plan at the 2012 AGM, as we also did at BMO and CIBC. We have been urging all three banks to take further steps to ensure compensation reflects performance and utilizes non-financial performance metrics. Although we are still voting against the vast majority of compensation packages, based on improvements in structure and disclosure since we first began or engagements, in 2012 we were able to vote "for" the packages at RBC and National Bank of Canada.</p> <p>At the 2011 Laurentian AGM, our shareholder proposal on executive compensation metrics received 27% support. We filed a similar proposal for the 2012 AGM asking Laurentian to consider using a basket of metrics for determining compensation, including non-financial metrics. We could not reach an agreement on withdrawal, so the proposal went to a vote and received 46% support. We had productive engagement with management and the compensation committee of the board following up on this high result. The 2013 proxy introduced a new compensation framework integrating a variety of</p>

	<p>financial and non-financial metrics, which allowed us to vote for the package.</p> <p>In fall 2012, we began work challenging the Big Five banks on the widening gap between the compensation of top executives and other workers. We filed shareholder proposals asking the banks to explore the risks associated with the general practice of basing total compensation for top executives on horizontal comparisons with peers at other companies, and the possibility of integrating vertical metrics of comparison with pay of workers at other levels. We have subsequently been able to withdraw these proposals as all five banks agreed to work on the issue. We will report in more detail on this work in our next Annual Report.</p> <p>Disclosure on wider environmental and social questions is reasonably strong at most banks, but this is not necessarily the case for all financial services companies. In 2012, we engaged with Industrial Alliance and Intact Financial on sustainability reporting, providing feedback on current reporting and learning more about the company's plans for future disclosure enhancements.</p>
Outcomes	

- Add Example 6
- Add Example 7
- Add Example 8
- Add Example 9
- Add Example 10

## Communication

LEA 15	Mandatory	Core Assessed	PRI 2,6
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<b>LEA 15.1</b>	Indicate whether your organisation proactively discloses information on its engagements.
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- We disclose it publicly

	please provide URL
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<http://www.neinvestments.com/Pages/ESGServices/EngagingCompanies.aspx>

	please provide URL
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<http://www.neinvestments.com/Pages/ESGServices/EngagingCompanies/FocusList.aspx>

<b>LEA 15.2</b>	Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.
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- Yes

**LEA 15.3** Indicate what engagement information your organisation proactively discloses to clients/beneficiaries and/or the public.

**Engagement information disclosed**

- Details of the selections, priorities and specific goals of engagement
- Number of engagements
- Breakdown of engagements by type/topic
- Breakdown of engagements by region
- An assessment of the current status of the engagement
- Outcomes that have been achieved from the engagement
- Other information

**LEA 15.4** Indicate how frequently you typically report engagements information.

- Disclosed continuously (prior and post engagements)
  - Disclosed quarterly
  - Disclosed annually
  - Disclosed every two years or less
  - Other, specify
- No
- We disclose it to clients and/or beneficiaries only
  - We do not proactively disclose it to the public and/or clients/beneficiaries.

**(Proxy) voting and shareholder resolutions**

**Overview**

<b>LEA 16</b>	<b>Voluntary</b>	<b>Descriptive</b>	<b>PRI 2</b>
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<b>LEA 16.1</b>	Provide a brief overview of your organisation's approach to (proxy) voting (including the filing and/or co-filing of shareholder resolutions if applicable).
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NEI Investments' approach to investing incorporates the thesis that companies integrating best environmental, social and governance (ESG) practices into their strategy and operations will build long-term sustainable value for all stakeholders, and provide higher risk-adjusted returns. NEI believes that stakeholder theory of the firm best articulates the purpose of modern public corporations: to benefit not only shareholders, but also key stakeholders such as employees, customers, communities, bondholders, and society more generally.

As the owners of common stock, shareholders have the right to propose and vote on a wide variety of company policies and practices. Shareholder votes on these policies are conveyed directly to the highest levels of the company: its board of directors.

We devote a great deal of effort to ensuring that the proxies owned by NEI investors are voted in accordance with our detailed Proxy Voting Guidelines, which provide guidance on variety of ESG issues.

Ethical Funds was the first mutual fund family in Canada to disclose its Proxy Voting Guidelines and activities - long before this was made compulsory. Our Ethical Funds and Northwest Funds Proxy Voting Activity Reports detail how proxies were voted for each company in our portfolios - and why. The NEI Proxy Voting Guidelines are applied to both the Northwest and Ethical fund families.

Every vote associated with our investments is overseen by in-house proxy voting analysts on the ESG Services Team.

## Process

<b>LEA 17</b>	<b>Mandatory</b>	<b>Descriptive</b>	<b>PRI 2</b>
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<b>LEA 17.1</b>	Indicate how you typically make your (proxy) voting decisions and what this approach is based on.
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Approach
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- We use our own research or voting team and make our own voting decisions without the use of service providers.
- We hire service provider(s) which make voting recommendations or provide research that we use to inform our voting decisions.

Based primarily on

- the service provider voting policy signed off by us
- our own voting policy
- our clients requests or policy
- other, explain

We hire service provider(s) which make voting decisions on our behalf, except for some pre-defined scenarios for which we review and make voting decisions.

We hire service provider(s) which make voting decisions on our behalf.

LEA 21	Mandatory	Core Assessed	PRI 2
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**LEA 21.1** Indicate if you ensure that companies are informed of the rationale when you and/or the service providers acting on your behalf abstain or vote against management recommendations.

- Yes, in most cases
- Sometimes, in the following cases:
  - votes in selected markets
  - votes on certain issues (all markets)
  - votes for significant shareholdings (all markets)
  - other, explain
- No
- Not applicable as we and/or our service providers do not abstain or vote against management recommendations

**Outputs and outcomes**

LEA 22	Mandatory	Core Assessed	PRI 2
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**LEA 22.1** For listed equities where you and/or your service provider has the mandate to issue (proxy) voting instructions, indicate the percentage of votes cast during the reporting year.

- We do track or collect this information

Votes cast (to the nearest 1%)

%

100

Specify the basis on which this percentage is calculated

- of the total number of ballot items on which you could have issued instructions
- of the total number of company meetings at which you could have voted
- of the total value of your listed equity holdings on which you could have voted
- We do not track or collect this information






<b>LEA 23</b>	<b>Voluntary</b>	<b>Descriptive</b>	<b>PRI 2</b>
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**LEA 23.1** Indicate if you track the voting instructions that you and/or your third party have issued on your behalf.

Yes, we track this information

**LEA 23.2** Of the voting instructions that you and/or third parties have issued on your behalf, indicate the proportion of ballot items that were:

Voting instructions	Breakdown as percentage of votes cast
For (supporting) management proposals	 49.62
Against (opposing) management proposals	 49.96
Abstentions	 0.42

100%

No, we do not track this information

<b>LEA 24</b>	<b>Voluntary</b>	<b>Descriptive</b>	<b>PRI 2</b>
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**LEA 24.1** Indicate if your organisation directly or via a service provider filed or co-filed any shareholder resolutions during the reporting year.

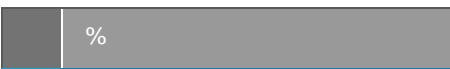
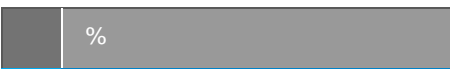

Yes

**LEA 24.2** Indicate the number of ESG shareholder resolutions you filed or co-filed.

Total number

5

**LEA 24.3** Indicate what percentage of these ESG shareholder resolutions.

Went to vote	 0
Were withdrawn due to changes at company and/or negotiations with the company	 100
Were withdrawn for other reasons	 0

 Total

100%

No

<b>LEA 25</b>	<b>Voluntary</b>	<b>Descriptive</b>	<b>PRI 2</b>
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<b>LEA 25.1</b>	Provide examples of the (proxy) voting activities that your organisation and/or service provider carried out during the reporting year.
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Add Example 1

Topic or ESG issue	proxy advisors' best practices
Decision made by	<input checked="" type="checkbox"/> Internal staff <input type="checkbox"/> Service provider
Objectives	Contribute to the development of a code of conduct for proxy advisory firms.
Scope and Process	We provided a submission to proxy research providers' Best Practice Principles Group in the EU, which stemmed from the European Securities & Markets Authority's recommendation for proxy research providers to develop such a code of conduct. We provided our perspective on how to ensure high quality research services, effective disclosures on conflict of management processes and reasonable parameters on market communications. We submitted our eight page letter in December 2013 along with 45 others.
Outcomes	The Best Practice Principles were published in March 2014 and included most of our suggestions.

Add Example 2

Topic or ESG issue	reform of the proxy voting infrastructure
Decision made by	<input checked="" type="checkbox"/> Internal staff <input type="checkbox"/> Service provider
Objectives	Improved proxy voting infrastructure.
Scope and Process	We provided a response to the Canadian Securities Administrators' (CSA) consultation paper regarding the possible reform of the proxy voting infrastructure. We provided our perspective on various issues, including beneficial ownership status, share-lending and over-voting. We submitted our five page letter in November 2013.  We also attended a roundtable hosted by the Canadian Society of Corporate Secretaries to discuss the consultation paper. We exchanged views with other stakeholders and provided our perspective on various issues, including beneficial ownership status, share-lending and over-voting.
Outcomes	The CSA consultation process continued into 2014 and NEI Investments was invited to attend the BCSC roundtable in March 2014.

- Add Example 3
- Add Example 4
- Add Example 5
- Add Example 6
- Add Example 7
- Add Example 8
- Add Example 9
- Add Example 10

## Communication

LEA 26	Mandatory	Core Assessed	PRI 2,6
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<b>LEA 26.1</b>	Indicate if your organisation proactively discloses information on your voting activities.
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We disclose it publicly

	provide URL
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<http://vds.issproxy.com/SearchPage.php?CustomerID=8272>

**LEA  
26.2**

Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

- Yes

**LEA  
26.3**

Indicate the voting information your organisation proactively discloses to the public and/or to clients/beneficiaries.

Indicate how much of your voting record you disclose

- All voting decisions  
 Some voting decisions  
 Only abstentions and opposing vote decisions  
 Summary of votes only

Indicate what level of explanation you provide

- Explain all voting decisions  
 Explain some voting decisions  
 Only explain abstentions and votes against management  
 No explanations provided

**LEA  
26.4**

Indicate how frequently you typically report voting information.

- Continuously (primarily before meetings)  
 Continuously (soon after votes are cast)  
 Quarterly or more frequently  
 Between quarterly and annually  
 Less frequently than annually  
 Other, specify

- No

- We disclose it to clients/beneficiaries only  
 We do not proactively disclose our voting activities to the public and/or to clients/beneficiaries