Fall 2015

Your Guide To

Responsible Investing©

Invested in environmental, social and governance best practices

Nurturing an environment of responsible investing for 30 years

Why should investors care about climate risk

Award-contending Equity, Balanced and Fixed Income SRI Funds

PLUS:

A Directory of Responsible Investment Providers and Related Professionals

Do you **care** about…

… a clean environment for your children?

… the safety and fair treatment of workers?

… happy, healthy communities?

We do.

Responsible investing is part of a progressive movement to recognize that social and environmental risks are also business and investment risks. When you invest in the **IA Clarington Inhance SRI Funds**, you not only have an opportunity to express your values, you're also adding an additional level of risk management to your investments.

Talk to your advisor about IA Clarington Inhance SRI Funds – leading positive change.

Our funds

IA Clarington Inhance Monthly Income SRI Fund
IA Clarington Inhance Canadian Equity SRI Class
IA Clarington Inhance Global Equity SRI Class
IA Clarington Inhance Balanced SRI Portfolio
IA Clarington Inhance Conservative SRI Portfolio
IA Clarington Inhance Growth SRI Portfolio

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Guest Editorial

There has been a noticeable demand from foundations to align their investments to their mission statements and values. For example; environmental versus fossil fuel, human rights versus non fair trade investments, poverty reduction versus poor pay practices, religious morality versus pornography, alcohol, etc.

Foundations understand that the investments they make can influence environmental, social and governance issues. Foundations are using their conventional equity portfolios in ways that will reflect the values of the foundation. Methods being used are engagement, rather than divestment. The importance of influencing change when actively invested by employing fund managers that vote their proxies in accordance to the foundations values cannot be overstated.

Foundations have the ability to invest patient capital, money that can be invested for a longer time frame to allow investments to mature. The longer periods strengthen their ability to deliver greater social, economic and environmental benefits.

Foundations have also become leaders in impact investing. They have taken a shared value approach where they can invest in local social enterprises that can bring a financial and social change or even resolve an issue they have been addressing in their community.

There have been many thought leaders in this area; The J.W. McConnell Family Foundation, Vancity Foundation, Trico Foundation have taken the lead in many areas of non-conventional investing. The days of just writing a cheque or issuing a grant is waning. Foundations are looking at achieving greater community benefits by investing in the community longer term. Investing in systemic change rather than enabling an ongoing problem.

Many family foundations are going through an intergenerational changeover. The baby boomers and millennials are engaging in dialogue around family values and the values of their foundations. Redefining investment policy statements (IPS) that reflect the family and foundation values are often a result of these conversations. The IPS may incorporate mission focused financial returns. This does not necessarily mean lower returns than the market, rather it allows investments to be held for the long term and may eliminate the short-term approach.

Community foundations run by corporations have also taken a new approach to solving industry and community needs. Investing in education within a community to provide a skilled workforce, investing in low cost housing to enable employees' affordable housing. These are shared value approaches that benefit society rather than feel good investments such as one time donations.

Foundations now realize that they can have tremendous impact with their investment decisions by leveraging their values to advance their causes and to lead social change.

Patti Dolan, CFP, CIWM, FSCI

Patti Dolan is a Financial Advisor with Dolan Wealth Management of Raymond James Ltd. The views of the author do not necessarily reflect those of Raymond James. This article is for information only. Raymond James Ltd. member of Canadian Investor Protection Fund.

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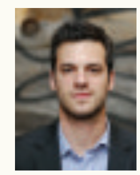

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We've been working on this article for 30 years

Robert Walker

The Ethical Funds were established in 1986 on the premise that an investment incorporating environmental, social and governance (ESG) factors would be superior to one narrowly focused on share price only. Yet such investments struggled to gain relevance with mainstream investors.

Fast forward thirty years and more than 1,380 asset owners, investment managers and research firms with almost $78 trillion in assets under management globally are claiming adoption of responsible investment practices[1]. In Canada, responsible investing assets have increased from $600 billion to over $1 trillion, representing a 68 per cent increase between 2011 and 2013.[2] As the ethical investing philosophy migrates more and more into mainstream investing, it appears that Socially Responsible Investing (SRI) is poised for even greater growth and success. ***How did we get here?***

It wasn't exactly easy. Thirty years ago, Ethical Funds and a few other brave souls undertook the task of developing the market and the infrastructure necessary for screening, incorporating ESG factors into decision-making and, crucially, corporate engagement. That infrastructure took the form of what is now a global network of research firms selling profiles of the ESG performance of public companies, industry sector overviews, issue briefs and proxy information to help socially responsible investors analyze and vote on boards of directors, executive pay and shareholder proposals. This infrastructure would not have existed without the early demand from firms like Ethical Funds.

MAKING MONEY. MAKING A DIFFERENCE. FOR 30 YEARS.

Along this 30 year journey, Ethical Funds has accepted its SRI leadership status as a responsibility to move first and advocate for this growing industry. We were the first mutual fund family in Canada to disclose its Proxy Voting Guidelines and in 2002 took the world stage addressing the United Nations on socially responsible investing.

We could have not done this alone and have fostered partnerships along the way with organizations, such as the Responsible Investment Association, Shareholder Association for Research and Education (SHARE), the Boreal Leadership Council and Interfaith Center on Corporate Responsibility. Today, we can now see similar industry associations in every major market in the world.

Perhaps, our most impactful achievement over these 30 years has been the advancement of corporate engagement as a core responsible investment strategy. We were the first in Canada to build a large and comprehensive program designed to engage every company in our portfolio, with a special focus on our 50 most important holdings. It's where we continue to stand apart in this industry as we firmly believe that engagement is the most effective way for investors to influence public companies. Not only has it been an effective investment tool, but it has helped bring the important issues of society to the forefront. Issues such as excessive executive compensation, energy transition and corporate board diversity have become part of the public forum, where even the casual

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[1] According to UN Principles for Responsible Investment
[2] According to the Responsible Investment Association

Real Estate and ESG: Three Key Issues for Investors

Doug Morrow

Investment in real estate is booming. A recent survey of 231 institutional investors found an average target allocation to real estate of 9%, nearly double investors' historic exposure.[i] Investors are being drawn by real estate's stable cash flows, large upside potential and low correlation with other asset classes. These attributes have only been amplified in the low yield environment that has characterized the markets since the 2007-2008 financial crisis.

With more and more capital flooding into real estate, investors' interest in understanding the environmental, social and governance (ESG) performance of their properties is intensifying. This trend was demonstrated in October when Dutch pension giant PGGM announced that it will map the CO_2 footprint of its real estate portfolio.[ii]

At Sustainalytics, our assessment of the real estate industry's ESG performance gives rise to optimism (in the context of green building) but also underscores the scope of the challenge (in the context of energy efficiency and bribery and corruption).

Green Building

Green building, which centres on the design of structures with beyond-code resource efficiency, is going mainstream, with the market forecasted to grow 13% per year out to 2020.[iii] The main driver is economics: the cost premium of green building can be recouped 4-6 times over a 20 year period due to efficiency gains, better rents and higher sale prices. [iv] Recent research suggests that REITs with superior environmental performance also deliver better financial returns.[v] Real estate companies at the vanguard of the green building trend include France's Unibail-Rodamco and Sweden's Atrium Ljungberg.

Energy Efficiency

While we take a positive view of green building, we are less sanguine about the industry's approach to energy management within existing buildings. McKinsey famously referred to energy efficiency in the real estate industry as a market failure worth about $130bn per year in the US alone.[vii] The key hurdle is the split incentive problem – building owners are not going to invest in retrofit projects (such as upgrading light fixtures) if the financial benefits accrue to the occupant. We speculate that green leases and advances in big data could help real estate companies unlock economic value from energy efficiency. Real estate companies with a sophisticated grasp of energy management include India's Mahindra Lifespace Developers and British Land in the UK.

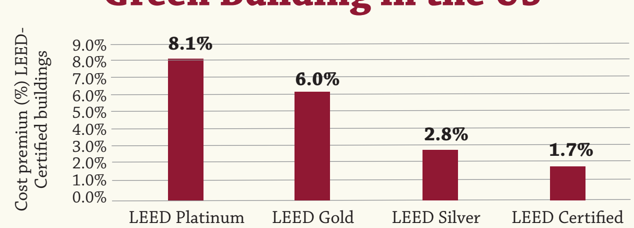
Bribery and Corruption

A final and often overlooked issue for investors to consider is bribery and corruption. Pressure for real estate companies to engage in bribery, corruption and other unethical practices is mounting. Several companies, including Chinese Estate Holdings and Sun Hung Kai Properties, have been caught up in damaging cases in recent years. In Canada, the federal government is auditing Vancouver's real estate market due to the underreporting of large cash transactions.

Real estate companies have been slow to respond to these risks. Only 12% of real estate companies have a detailed bribery and corruption policy and only 18% offer their shareholders a statement on money laundering.

Investors are likely to face a proliferation of green building investment opportunities in the coming years, but concerns about the industry's approach to the energy management of existing stock and corruption issues could leave financial value on the table. While solutions are complex, investors could benefit from a spur of innovation in both areas.

Average Cost Premium of Green Building in the US



Source: World Green Building Council[vi]

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Sustainalytics is an independent environmental, social, governance (ESG) and corporate governance research firm that helps global investors develop and implement their responsible investment strategies. Doug conducts investor-focused research on a range of thematic topics and provides insights on ESG materiality and impact for investors. He contributes significantly to Sustainalytics' series of sector research reports and is regularly invited to publish research summaries for industry publications.
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[i] http://baker.realestate.cornell.edu/EE/images/uploads/publication/2014_Alloc_Monitor.pdf
[ii] http://realestate.ipe.com/news/sustainability/pggm-to-measure-carbon-footprint-of-entire-real-estate-portfolio/10010385.fullarticle
[iii] http://www.environmentalleader.com/2015/02/17/green-building-market-to-experience-13-growth-rate-through-2020/
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Building a prosperous future, in more ways than one

Meet two fund managers who have proven that a smart and environmentally sensitive investment approach can complement an investor's desire for competitive returns

Andrew Simpson

Dermot Foley

Andrew Simpson and Dermot Foley are part of the Vancity Investment Management team, a sub-advisor for IA Clarington Investments. They know a lot about the risks faced by fossil-fuel-related companies. After all, Vancity was among the original supporters of the Carbon Disclosure Project (CDP), an investor-led initiative that gets companies to state their environmental policies and how they plan to address climate change in their regulatory filings. As engaged managers, environmental considerations form the core of much of the work Simpson and Foley have done in managing investments for their clients.

Vancity Investment Management

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Why should investors care about climate risk?

Simpson and Foley believe climate change is emerging as a key risk that could add significant uncertainty to investment portfolios. On the most basic level, if trends in fossil fuel use continue, there is ample evidence this will lead to dangerous interference with the global climate system. Governments have agreed that going beyond a two degree Celsius (3.6 degree Fahrenheit) increase in the global average surface temperature – above its preindustrial level – is dangerous for the environment and the economy.

According to the International Energy Agency, to meet the goal of limiting the rise in the average global temperature to two degrees, no more than one-third of proven reserves of fossil fuels can be used over the next 35 years. As such, if governments adhere to their environmental commitments, significant volumes of oil, gas and coal could remain undeveloped and may never reach the market. In addition, fossil fuel demand should decrease as carbon pricing becomes a reality, making these fuel types increasingly expensive to bring to market, as well as to buy. Over 85% of Canada's gross domestic product will soon be covered by some form of carbon pricing mechanism. These added costs will likely make companies producing or distributing fossil fuels less attractive investment options.

"We believe that over the next five years, emission reduction targets, regulations and carbon taxes will become increasingly common throughout the global economy," says Foley. This means that the cost of production will likely rise significantly as fossil-fuel-related companies work to meet global emission targets, and those added costs could impair these companies' finances over the longer term.

"Keeping in mind the need to deliver competitive returns with an appropriate level of risk, we've developed and implemented a four part strategy to prudently address the risks associated with climate change," says Simpson. "Our strategy is based on divestment, de-carbonization, re-investment and engagement. Where appropriate, we divest from fossil fuel companies and re-invest the proceeds in estab-

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Building a prosperous future, in more ways than one

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lished, profitable companies that we believe may be net beneficiaries."

"Even in largely resource-based economies like Canada's, where the energy sector is a large part of the market, we can reduce our climate risk by using what we call a de-carbonization approach," says Foley. "This means divesting from heavy oil sands producers and re-investing those proceeds in companies that have less of an environmental impact. For example, natural gas is a lower carbon fuel and, therefore, natural gas producers and distributors won't be as heavily affected by carbon taxes, etc."

Engagement through shareholder activism

"Right now in Canada, it's very difficult to completely avoid investment in energy companies or the banks, insurance or other companies that do business with these producers," says Foley. "But what we can do is use our rights as shareholders to engage with any companies we do invest in, to make sure they are aware of and taking measures to address climate risk. It's that activist approach that we believe sets us apart from conventional managers."

Back to the bottom line

Beyond their focus on fossil-fuel-reduction strategies, Simpson and Foley are always looking for alternative energy companies or others that are benefiting from technological advancements that make alternative energy solutions more competitive. And Simpson and Foley aren't just focused on investing in one renewable energy source, but are instead looking at companies across a variety of diverse alternative-energy-related industries.

As government policy also helps to increasingly stimulate advancements in the renewable energy sector, the strongest and most innovative companies in that sector should continue to perform well. "A company like Vestas Wind Systems, the largest manufacturer, seller, installer and servicer of wind turbines in the world, is frequently in the running for the growing number of production contracts," says Simpson. "Renewable energy is no longer a fringe industry. Many of the largest companies in the world are taking notice of this sector and working with these providers. In fact, Schneider Electric, a large and global energy management company with operations in more than 100 countries, has installed over five gigawatts of solar power for industry and commercial development."

Clearly, companies producing fossil fuels today – as well as those that are not prepared for the economic consequences of using these types of fuel – may be facing difficult times ahead. Simpson's and Foley's unique four-part investment strategy, however, has shown that companies with sound plans for tackling one of the biggest challenges of our time are also the companies that increasingly have the potential to offer investors the attractive returns they seek.

For more information visit www.iaclarington.com

We've been working on this article for 30 years

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observer now knows about them.

Next year marks the 30th anniversary for Ethical Funds. *What's next?*

Looking ahead it's impossible to avoid the challenges of climate change and the need for a transition to a new, low carbon energy system. So far, Ethical Funds has been at the forefront of this effort, divesting from the climate change deniers and the least progressive companies and industries, engaging with the supply and demand side of the energy equation and working to advance a price on carbon with provincial and federal government as well as international agencies. This work will continue, down the road, with a heavier emphasis on investing in companies working directly on clean energy solutions as well as technologies designed to reduce and eliminate adverse environmental impacts in water, waste and food industries. This is the future of responsible investment. ***Won't you join us?***

Robert Walker

Vice President, Ethical Funds and Environmental, Social and Governance (ESG) Services

NEI Investments

Bob leads Canada's largest in-house team of ESG analysts to support NEI's Ethical Funds ESG Investing Program. He has been instrumental in the market education and awareness of socially responsible investments (SRI) globally. Bob is Chair of the Boreal Leadership Council, part of the Advisory Group for the Canadian Association of Petroleum Producers' Responsible Canadian Energy program and a former executive director of the Responsible Investment Association. He speaks widely on the role of the investor in sustainable value creation and has participated in several United Nations, Government of Canada, and multi-stakeholder initiatives in support of enhanced ESG performance among publicly-traded corporations.

www.NEIinvestments.com

How to Invest for Impact

Whether you realize it or not, your existing investment portfolio is having some type of impact on the causes that matter to you. Impact investing is an approach that brings intentionality to how you align profit and purpose

Karim Harji

Assaf Weisz

While foundations, governments and high net worth individuals are often the most prominent examples of impact investors, there is increasing appetite and demand from the average retail investor seeking to align their assets with their values, and more and more opportunities – from community bonds to crowd-funding – are being created to satisfy this demand, in effect democratizing the investment landscape.

Here are a few points to consider as you explore how to invest with impact.

1. Know Yourself

The financial industry uses the phrase "Know Your Client" to describe the set of processes to capture the preferences of their clients, such as risk tolerance, investment horizon, etc. For your own impact investing, this concept also implies understanding what you care about, including the issues, sectors, geographies and target populations that are most aligned with your values. For example, what impact are you most interested in, and what goals would you want to target? Some sectors, such as affordable housing and primary health care, offer multiple pathways for impact on individuals, families and communities. How much do you know about the targeted issue or sector, and what is the best way to improve your knowledge of the critical needs and opportunities? As you build an

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How to Invest for Impact

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informed strategy, working through these types of questions in a systematic and diligent way can help guide your choices.

2. Know Your Portfolio

One of the easiest ways to get started is to find out what's in your portfolio today. Your advisor or financial institution should be able to provide this information, so ask them! Specifically, ask about the environmental, Social and Governance (ESG) data for your specific investment holdings. Whether you realize it or not, your investments already have some type of impact on the issues that matter to you, whether it's positive, neutral or negative. This assessment of what your money is already doing will undoubtedly raise some questions and issues to consider. For example, are you opposed to investing in any companies in the resource extraction sector, or would you consider those that are leading the way in sustainability efforts? A guiding principle is to ensure that you are "doing no harm," meaning that your money is not currently harming causes close to your heart. A common strategy is to exclude any companies that that are making the world less healthy (alcohol and tobacco producers) or less secure (weapons manufacturers).

3. Use a Portfolio Perspective

As an investment approach, impact investing can be applied across a range of asset classes, sectors and regions. Just as in conventional investing, there will not be one "perfect" impact investment that will check off all your boxes with regards to your beliefs and the financial return/risk profile you seek. Having the right mix of investments to balance your specific risk/return/impact factors requires an iterative and informed approach. Recently, divestment from oil and gas holdings to create a "fossil-fuel free" portfolio has become a popular strategy for the "do no harm" camp. Beyond doing no harm, your investments can also be intentionally deployed towards creating social impact in the areas you care about most. Popular examples include the Calvert Community Investment Note (U.S.) or Centre for Social Innovation's Community bond (Canada). The goal is, over time, to get closer to your ideal asset mix at the portfolio level, and everyone has to consider their unique circumstances around how to best do this.

4. Be Informed

As a relatively new field, impact investing is still dealing with some challenges around improving the range of opportunities, availability of data, and how to measure impact. There are a number of structural barriers and myths that continue to persist, such as the notion that adding impact to the traditional risk/return equation will require sacrificing some financial returns. There is now a range of academic and market data to show that this simply isn't true. On the contrary, there is some evidence that business models that integrate a broader range of social and environmental considerations can be better businesses relative to their peers, and less prone to the volatility of traditional markets. Whether you are keen to get started or just to learn more, sites such as the Responsible Investment Association, the U.S. Social Investment Forum, the Global Impact Investing Network, and SocialFinance.ca all offer a wealth of information and guidance.

Whether you realize it or not, your existing investment portfolio is having some type of impact on the causes that matter to you. You're likely already spending a significant amount of time and effort in deploying your time, knowledge and experience towards the issues you care about most. Impact investing is an approach that brings intentionality to how you align profit and purpose. So the next time you walk into your financial institution or sit down with your investment advisor, ask them how you can put your capital to work in a way that considers people, planet and profit.

Karim Harji

Karim Harji is a Co-Founder and Director at Purpose Capital, and leads the Impact Advisory Practice. He is the co-author of 'Accelerating Impact: Achievements, Challenges and What's Next in Building the Impact Investing Industry' (2012) and 'Impact Investing in Canada: State of the Nation' (2014).

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Fundata SRI A+ Award contenders for 2015

John Krisko

Now in its fourth year, the Fundata FundGrade® A+ Award™ is quickly becoming the gold-standard measure of Canadian mutual fund excellence. The A+ Award represents the culmination of years of achievement and high level performance for the winning funds. And funds with a socially-responsible mandate are no exception. Here's a look at three socially-responsible funds that are contenders for the 2015 Fundata A+ Award.

The Fundata FundGrade is a measure of relative risk-adjusted performance for Canadian mutual funds. Funds with at least two years of history are assigned grades from A to E based on a combination of their Sharpe, Information, and Sortino Ratios in relation to their peers within their respective Canadian Investment Funds Standards Committee (CIFSC) categories.

FUNDGRADE® A+ ACHIEVED FOR THE YEAR

To recognize exceptional funds with a socially responsible mandate, an A+ Award is given to the top fund with a socially responsible mandate within each of three fund classes: equity, balanced, and fixed income. The universe of eligible SRI funds is determined by the list of funds identified as Canadian responsible investment funds by the Responsible Investment Association (RIA).

While there are some familiar names in the running, the current leaders are new for 2015. The universe of SRI funds in each of the three classes is presented in the accompanying graph, with the prospective A+ funds highlighted.

Let's take a look at the potential winners

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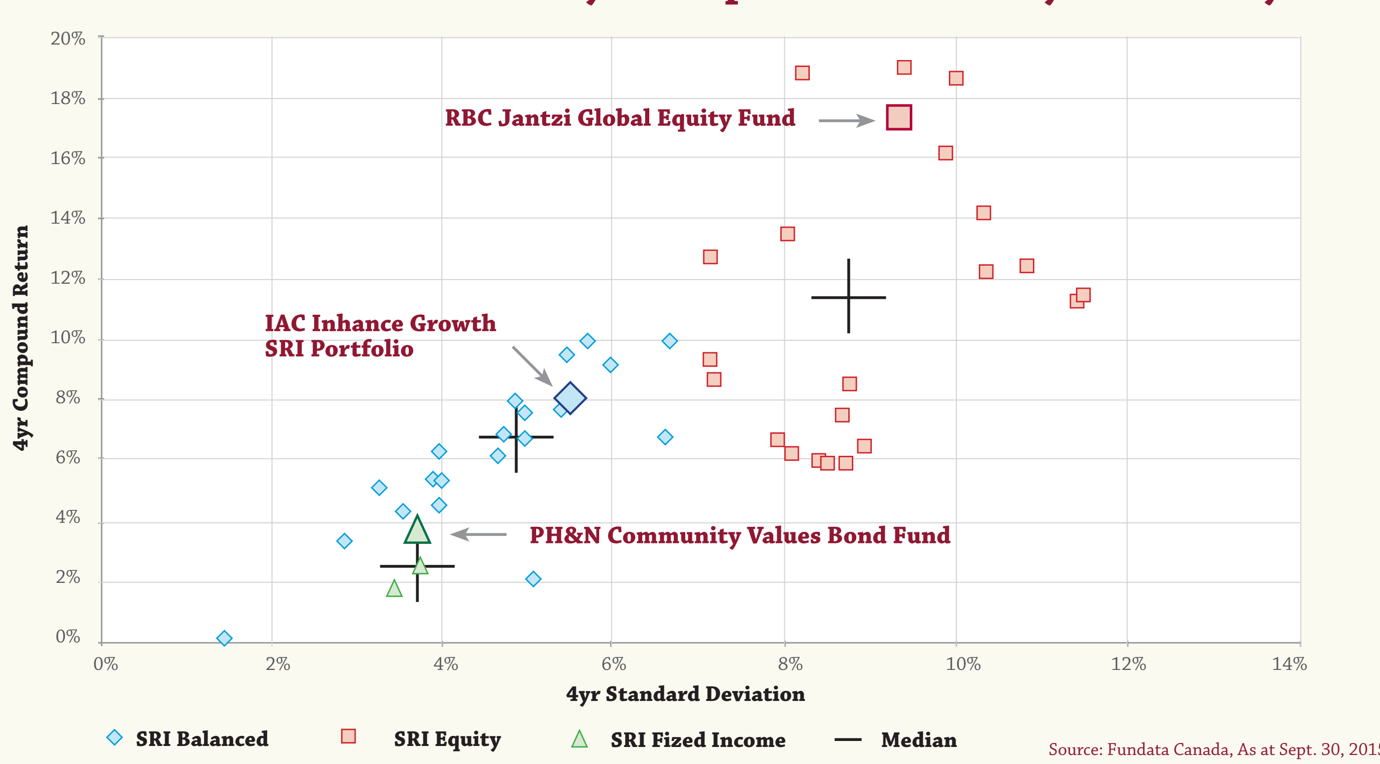
SRI Universe of Funds - 4yr Compound Return/4yr Volatility



Source: Fundata Canada, As at Sept. 30, 2015

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SRI EQUITY

The **RBC Jantzi Global Equity Fund** is the current leader in the SRI Equity category. With a four-year average annual compounded return of 17% this fund delivers a return that is significantly higher than almost every other fund in its class. According to portfolio manager RBC Global Asset Management, returns this year are driven by beneficial investments in health care and financials. This return does not come without risk, however, as reflected in the fund's four year volatility ranking, which at 9.4% places it in the upper range of SRI Equity funds.

The fund has retained global responsible investment research firm Sustainalytics to assist with the fund's SRI mandate. The fund benefits from stock selection using the Sustainalytics proprietary methodology, which compares companies based on best-practices within their respective industries. In addition, Sustainalytics completes a semi-annual review of the fund's portfolio using environmental, social and governance (ESG) criteria developed for the Jantzi Social Index. As of June 30, three companies were removed from the fund's portfolio for failing the most recent ESG review.

SRI BALANCED

In the SRI Balanced category, another new face leads the pack in risk-adjusted performance: the **IA Clarington Inhance Growth SRI Portfolio**. Set in the Canadian Equity Balanced category, this fund of funds invests primarily in other IA Clarington Inhance funds with an SRI mandate. Portfolio sub-advisor Vancity Investment Management of Vancouver, BC, handles the ESG screening for the fund. Most recently, Vancity has taken steps in the underlying portfolios to reduce exposure to, and in some cases completely divest, investments in the oil-and-gas industry, including companies with significant operations in the oil sands. Growing financial and regulatory pressure, in addition to existing concerns about the impact on the global climate and environment, are cited as the main reasons.

The fund invests with a bias towards Canadian equity (36% according to recent semi-annual data). The fund, however, has managed to perform well despite weakness in the Canadian economy throughout the year, principally due to the performance of the underlying IA Clarington Inhance Global Equity SRI Class. Manager Industrial Alliance Investment Management notes that the fund "… had by far the highest individual fund return, reflecting strong gains in global stock markets, augmented by … being currency unhedged, and so fully capturing the return from the depreciation of the Canadian dollar."

IA Clarington Inhance Growth SRI Holdings

Underlying Fund	
IA Clarington Inhance Global Equity SRI Class	30.6%
IA Clarington Inhance Canadian Equity SRI Class	27.6%
IA Clarington Bond Fund	26.7%
IA Clarington Inhance Monthly Income SRI Fund	14.1%
Cash	1.0%

Source: Fundata Canada, As at Sept. 30, 2015

SRI FIXED INCOME

The number of funds with an SRI mandate and a focus on fixed-income investment is low enough that a casual observer might think SRI Fixed Income is a specialty investment class. Of course, just as fixed income plays an integral part in most well-rounded portfolios, so too SRI Fixed Income plays an important role in the portfolio of the socially conscious investor. The lack of competition only serves to make the potential winner in this category all the more apparent. **The Phillips, Hager & North Community Values Bond Fund** is a clear standout in 2015. The fund, which boasts a yield to maturity of 2.4% and an S&P equivalent credit rating of AA-based on recent data, invests primarily in Canadian government entities and corporations that operate in an ethical and responsible manner.

The fund has a four-year average annual compounded return of 3.7% to match its 3.7% volatility. It is modeled after the PH&N core fixed income fund with a secondary process where, according to PH&N, the environmental and social records of component issuers are formally screened before inclusion in the portfolio.

The future cannot look like the past

Jamie Bonham

All eyes are on Paris as leaders gather to address the globe's most complex and difficult problems: how to shift from carbon-intensive fossil fuels to a low-carbon energy system.

That there is a need to do so is now broadly accepted. Atmospheric concentrations of greenhouse gases have increased by about 40% since the dawn of the industrial revolution[1]. This increase comes from the combustion of carbon-based fuels principally from coal, oil and natural gas. Deforestation has also played a large role releasing vast stores of carbon more naturally locked up in trees and forest soils. As atmospheric concentrations have increased, so too has the increase in global temperatures. This increase has warmed and acidified the ocean, melted glaciers, contributed to storm violence, prolonged and deepened droughts, threatened food security and human health and forced the abandonment of populated areas due to flooding. The adverse impacts of climate change do not lie in some distant future: they are here. Without concerted and massive effort now, it will get worse.

This is the energy transition challenge. As demand rises for energy, so too does the production of fossil fuels – which currently supply 80% of the world's energy consumption.[2] The reason why we are so reliant on fossil fuels is simple – they have been an incredibly rich and relatively cheap source of energy. Our global economy, and standard of living, has benefited immensely from the exploitation of fossil fuels. Breaking the link between economic and social well-being and the use of high-carbon energy will be challenging, but to ensure long-term sustainability for the planet we need to advance quickly.

Have we made progress?

Well, yes, we have. Provincial and state governments have implemented carbon

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[1] World Meteorological Organization Greenhouse Gas Bulletin (http://apps.washingtonpost.com/g/page/national/2013-global-greenhouse-gas-report/1297/)
[2] 2014 IEA World Energy Outlook (no link – hardcopy book)
[3] Sustaining Canada's Boreal Forest: http://www.pewtrusts.org/en/research-and-analysis/issue-briefs/2015/04/sustaining-canadas-boreal-forest

The future cannot look like the past

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pricing in one form or another and are working together to form global markets for trading and reducing carbon emissions. We'll see more on this in Paris. First Nations, environmental organizations, resource companies and financial institutions have gathered under the auspices of the Boreal Leadership Council to work with others and support the protection of Canada's boreal forest. Currently, more than 350 million acres of the boreal have been protected – an area roughly three and a half times the size of California – in what must be one of the most successful (and quietest) conservation efforts in history. Advances in energy technologies, likewise, are encouraging. The costs of solar, wind, tidal, and geothermal power are all decreasing and government efforts to support these technologies have played a key role. We believe that renewable energy is poised for substantial growth, and investors will be a critical player in scaling up the sector.

The energy transition can be an important opportunity for society. Investors and consumers of energy must play an active role and we need dialogue with governments and the energy industry to ensure that the transition to a low carbon economy is a smooth one. The status quo will ultimately benefit no one and investors in particular should be prioritizing efforts to guide the transition.

More importantly, this current spotlight on energy and the growing global momentum towards a low carbon economy provides a valuable pivot to other critical environmental issues of our time such as water, waste, and food. Like energy, they face a similar challenge of finite resources against a growing tide of increasing consumption and demand. Maximizing their utility in an optimal way becomes paramount moving forward. The good news is that inventive companies are now delivering innovative and efficient solutions in these areas and opening up a new investment opportunity set for investors in "environmental markets". Investors need to recognize that a paradigm shift is happening in the economy and we can no longer hold to this notion of a "throw away culture" with our precious resources. We must take care of them and use innovation to extend their shelf life, which will in turn open new channels of investment and ultimately, ensure that the future does not look like the past.

Jamie Bonham
Manager, Extractives Research & Engagement
NEI Investments

Jamie has over nine years of experience in researching and engaging with companies on environmental and social issues in the extractives sector. At NEI he is responsible for managing the extractive industry corporate engagement program and conducting direct, collaborative dialogues aimed at mitigating risks for the companies within the NEI portfolio. Jamie is also responsible for the analysis of company performance and industry trends in environmental, social and governance issues. He also oversees NEI's public policy and research work on the extractives industry and has authored numerous submissions and reports on the subject.

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>
> **Jamie Bonham**
> Manager of Extractives Research & Engagement
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NEI Investments offers a full range of conventional and socially responsible investment (SRI) solutions through fund families: NEI Funds, Northwest Funds and Canada's leader in SRI, Ethical Funds.

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To implement this thesis, Ethical Funds has established a Sustainable Investing Program, with four components:

- *Evaluations of Corporate ESG Performance - to identify companies that meet baseline expectations*
- *Shareholder Action Program - to improve company ESG practices and performance*
- *Public Policy & Standards - to address ESG risks that cannot be mitigated through shareholder action and create an enabling environment for the SRI;*
- *Sustainability Research - to support all program elements.*

Significant experience evaluating ESG policies and performance, engaging companies to improve ESG practices, and participating in consultations on ESG standards, as well as extensive staff background in regulatory policy-setting and design of industry best practices, allows us to advance ESG risk mitigation efficiently and effectively.

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Oikocredit Canada is the Canadian arm of Oikocredit, a global investor in micro-finance, small scale agriculture, co-ops, fair trade and renewable energy in the developing world. With total assets of more than € 900 million, we are one of the world's largest private investors in microfinance. With a proven track record spanning 40 years and a global reach of 30 offices around the world, we combine investment expertise with grassroots knowledge to invest in 800 partner organizations in Latin America, Africa, Asia and eastern Europe. This operation is supported by an inflow network of dedicated volunteers committed to outreach and education on investment and international development, including support associations in Atlantic Canada, Central Canada and Western Canada.

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Dolan Wealth Management works with high net worth individuals, foundations and not for profits to align their investments to their values. Since 1995, Dolan Wealth Management of Raymond James Ltd. has pursued responsible investing. This method of investing not only studies the financial stability of a company but also the sustainability of a company and its business practices. Patti Dolan holds her Certified Financial Planning (CFP), Certified International Wealth Manager, and Fellow of the Canadian Securities Institute designations and also her Series 7 US license with FINRA. These skillsets allow Dolan Wealth Management to obtain the financial goals of its clients.

Dolan Wealth Management considers the Environmental, Societal and Governance (ESG) practices of a company in its assessment of investment opportunities. This thorough approach to due diligence can identify areas of risk as well as alignment with sustainability principles. In ensures that the companies in which Dolan Wealth Management invests are held accountable in their business conduct.

Dolan Wealth Management has been a member of the Responsible Investment Association of Canada since 2005.

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Purpose Capital is an impact investment advisory firm that mobilizes all forms of capital - financial, physical, human and social - to accelerate social progress.

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Sustainalytics provides environmental, social and corporate governance research and analysis to global investors, who integrate sustainability assessments into their investment decisions.

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The RIA is Canada's membership network for responsible investment, which is the integration of environmental, social, and governance (ESG) criteria into investment selection and management.

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