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SEVENTH ANNUAL

# 2009 RESPONSIBLE INVESTMENT GUIDE

## The Death of Short-Termism: The Dawn of a New Economic Age

by MELISSA SHIN

*For the last 25 years the motor of the world economy was consumption by the American consumer, who has been spending more than he has been saving and producing. That motor is now switched off. It's finished. You need a new motor. And we have a big problem. Global warming. It requires big investment. And that could be the motor of the world economy in the years to come.*

*... Instead of consuming, [we should be] building an electricity grid, saving on energy, rewiring the houses, adjusting lifestyles so energy costs more until you introduce those new things. So it will be painful. But at least we will survive.*

GEORGE SOROS,  
Oct 10, 2008, PBS, *Bill Moyers Journal*

There's going to be a lot of bad news this year. But amidst the creative destruction of a year of portfolio carnage, there is an upside.

The days of an economy powered by debt-fueled consumerism are done, and the dawn of a new economic engine is on the horizon. The trick for investors is to figure out what that engine will be, and which companies are best positioned to rev it up.

Investor George Soros, dubbed 'the man who broke the bank of England' for a 1992 exploit in which he short-sold the pound sterling and made \$1 billion in a single day, is making another prediction. He thinks trillions of dollars of investment in green infrastructure to combat global warming will be the engine that will power the twenty-first century economy.

### MOVING BEYOND THE QUARTER

Who knows which companies are poised to capitalize on this new economic order? The analysts with the most credibility right now are the non-traditional investment research houses, like Innovest and Jantzi Research, which take a beyond-the-quarter approach to analyzing companies.

Innovest senior analyst Gregory Larkin made headlines by accurately forecasting the subprime mortgage sector collapse in October 2006, nearly eight months before the crisis shifted into high gear. More recently, Larkin downgraded Bear Stearns to below investment grade nine months before it collapsed.

Larkin bested established Wall Street analysts because he took a 360-degree approach to investing. Using tactics pioneered by the best social investment houses, analysts burrow down to the social, environmental, and governance (ESG) elements of a company, often providing crucial insights into who will collapse in the near term and who will succeed in the long term.

"As financial markets begin to focus on longer-term perspectives, the value of

evaluating ESG as part of the due diligence process will become clearer and better understood,” predicts Jantzi Research president Michael Jantzi. “The socially responsible investment community has been blazing the trail in many areas [so] I expect our credibility will rise in the eyes of many mainstream and regulatory players.”

Jantzi points out that KLD Research & Analytics, Inc., Jantzi’s US-based partner, also identified sub-prime lending as a risk before most sell-side analysts. Jantzi Research had also long recommended that Maple Leaf Foods, whose meats were the source of a nationwide listeria outbreak in 2008, be considered ineligible for socially responsible investment portfolios due to environmental, community relations, and employee health and safety concerns.

With the market madness in play, we increased the rigour of our analysis to include two new indicators that offer insight into a fund manager’s long-term perspective: portfolio turnover rates and proxy voting records.



### EXPOSING CASINO CAPITALISM

Portfolio turnover rates [see sidebar] measure how actively the fund’s portfolio advisor manages the portfolio investments. A portfolio turnover rate of 100 per cent would indicate that a fund has bought and sold all of the securities in its portfolio once over the course of the period. While prospectuses state that portfolio turnover rate is not an indicator of fund performance, sustained high turnover does generate trading costs, reducing return.

In 2000, the Canadian investing website The Fund Library found that the average Canadian diversified equity fund has \$200 million in assets and a portfolio turnover rate of 80 per cent. Using a conservative transaction cost estimate of 0.6 per cent, this turnover rate causes a drag on return of about 1.08 per cent. The Fund Library calls this a “substantial burden.”

High turnover also indicates that the

fund manager may be missing the long-term value forest for the short-term trees. A whole slew of recent studies have shown that the majority of CEOs will sacrifice maximizing long-term economic value in order to avoid missing Wall Street’s quarterly expectations.

The long-term value destruction caused by the investment community’s casino-style, high-stakes betting mentality will allow savvy sustainability investors to rise on a new wave of ESG-minded industries and companies.

### INVESTORS AT THE BALLOT BOX

The other addition we made this year was to include a fund’s proxy voting record in our criteria [see sidebar] to highlight the funds that vote consistently with the stated socially responsible themes of their investment prospectus.

Ethical, Inhance, and Investors Group’s RI funds had ESG voting records of 100 per cent—meaning that each time they had the opportunity to vote on an ESG-related shareholder resolution (that garnered at least 10 per cent of shareholder support), they voted in favour of the resolution. Meritas’s RI fund, which itself proposed several resolutions, had an ESG voting record of 90 per cent. Ethical, Inhance, and Meritas’ RI funds have prominently published their proxy voting guidelines.

The RI funds of traditional firms like PH&N, Desjardins, iShares, and RBC voted against resolutions asking for disclosure of company participation in hedge funds and high-risk mortgages. ESG-focused Acuity’s RI funds voted against such resolutions as well.

RBC’s voting record, the lowest of all funds we examined, was roughly consistent with the proxy voting trends of the Big Five banks’ fund management arms. Although we understand that all of RBC’s proxy votes were carefully considered, voting against adopting advisory shareholder votes on executive compensation raises eyebrows. RBC also voted against an Ethical Funds-filed resolution asking Power Corp. of Canada to issue a report on the implications of investing in Burma. Interestingly, while RBC tended to vote against Board of Director gender parity resolutions, it voted for such a resolution during Power Corp.’s AGM. ♣

*Melissa Shin is Managing Editor of Corporate Knights.*

### GREEN MACHINE WEIGHS IN AT SUPREME COURT

In connection with the failed BCE Inc. takeover by the Ontario Teachers Pension Plan, TD Asset Management collaborated with other institutional investors to support the continued application of a Supreme Court decision stating that a company’s best interests should include the interests of more than just shareholders. TD Bank Chief Economist Don Drummond has published several reports advocating the sensibility of a carbon tax, and was at the forefront of the public policy dialogue to price carbon. And conducted at TD Economics’ request, the Pembina Institute released a study in 2008 of the state of knowledge of GHG emission policies and how they affect the economy.

### INHANCING DIVERSITY AND CARBON TAXES

Inhance has influenced changes in reporting and transparency at companies such as Sun Life Financial, Church and Dwight Co., EnCana, and Teck Cominco. Also as a result of Inhance’s engagement, Lundin Mining Corp. amended its board selection criteria to include diversity. Inhance publicly supported the BC carbon tax, the boldest fiscal attempt to contain carbon in North America.

### CRITERION GETTING BY IN THE DARK

In March, Criterion sent over 1,000 Earth Hour survival kits (including LED flashlights and candles) to investment advisors to encourage participation in the lights-off event. The firm also holds ESG online and in-person seminars for advisors and investors.

# THINK OUTSIDE THE STOCKS

## TAKING STOCK OF EMPOWERMENT

Can't help but feel a little bullish despite the gloomy economic indicators? Take a stock tip from Buffett—Doris, that is. The oracle's sister is an angel investor in the Girls' Growth Fund, Canada's first charitable IPO. Created by the Canadian Women's Foundation, the Fund was launched on October 22, with an 11-year old girl named Emily ringing the bell at the Toronto Stock Exchange. Ten thousand shares are up for sale at \$100 each with the anticipated \$1.0 million in equity going to programs to help Canadian girls reach their full potential. Programs focus on math and technology, sports, media and financial literacy, and community development. "This IPO has the nimbleness of a start-up, the innovation of high tech, and the reputation of a blue chip," says Dr. Sherry Cooper, Chief Economist at BMO and herself an angel investor. "Don't just watch this stock, buy it." Shares in the Girls' Growth Fund can be purchased at [www.girlsgrowthfund.ca](http://www.girlsgrowthfund.ca)

## BANKING ON CARBON

While banks emit a relatively low amount of carbon in their daily operations, they are actually Canada's worst carbon emitters, charges the Rainforest Action Network.

Each year, Canada's five largest banks emit 625 million tonnes of CO<sub>2</sub> per year based on their funding of fossil fuel projects—greater than Canada's total energy use emissions in 2006 (583 million tonnes). Canada's banks are "the lifeblood of the industry", providing more than \$155 billion in total corporate financing for fossil fuel extraction in Canada and abroad in 2007.

For the average responsible investor, this means that the bank with which you deposit your funds can have the unintended consequence of increasing your carbon footprint. Since each dollar deposited translates into \$10 to \$15 of new lending, you could be indirectly emitting up to 1,400 kg more carbon when depositing \$10,000 with a high-carbon bank.

It seems like credit unions are a better choice for responsible deposits. RAN profiled Canadian credit union Vancity, which does not finance or invest in fossil fuel producers. Desjardins, a Quebec-based credit union, provided only \$233 million in loans and investments last year to fossil fuel producers.

**To calculate your bank account's carbon footprint and for RAN's methodology, go to [www.climatefriendlybanking.org](http://www.climatefriendlybanking.org).**

## INVESTING IN GOOD DESIGN

Companies who cut marketing and product development budgets in recessionary periods may be harming their long-term share prices. The UK's Design Council found that firms with an emphasis on long-term design strategy consistently outperformed the FTSE 100 and FTSE All Share Indices by over 200 per cent during a ten-year period ending in March 2003. The Council observed the so-called "Design Index"—composed of 63 companies who had performed well in several prestigious design competitions—during bull, bear, and recovery periods in order to fully test the hypothesis.

"The Design Index's [performance] proves that companies which make effective use of design out-perform their peers," says Sir George Cox, Chairman of the Design Council. "It confirms design to be an integral part of good management."

Since the Design Index companies take a long-term approach to management, they are relatively insensitive to market fluctuations.



## FUND TYPES

### HOLISTIC

*Incorporates environmental, social and governance factors into all aspects of the fund (stock selection integration, engagement with firms, systemic engagement, and turnover)*

Ethical Funds  
Inhance Investment Management  
Meritas Mutual Funds

### ENVIRONMENT THEME

*Specializes in cleantech or other environmentally-focused companies*

Acuity Investments  
Criterion Investments  
Desjardins Funds  
Mavrix Fund Management Inc.

### BIG HOUSE PLAYERS

*Traditional investment houses that have ESG-focused funds that adopt some, but not all of the tenets of responsible investing.*

Great-West Life  
Investors Group  
iShares  
Mackenzie Financial  
Phillips, Hager and North  
RBC Asset Management  
Scotia Securities  
TD Asset Management

Data powered by:

**MORNINGSTAR**<sup>®</sup>

| EQUITY FUNDS                                       | 1 YR  | 3 YR  | 5 YR | 10 YR | Assets | TOR     | CKSS | CKPS |
|--|-------|-------|------|-------|--------|---------|------|------|
| Ethical Special Equity Fund                        | -33.8 | -6.6  | 3.5  | 10.2  | 316.1  | 11.23%  | 91   | 83   |
| Ethical Canadian Index Fund                        | -29.5 | -2.8  |      |       | 29.5   | 0.00%   | 91   | 79   |
| Ethical Global Equity Fund                         | -27.9 | -5.5  | -1.8 |       | 41.5   | 24.21%  | 91   | 83   |
| Ethical Global Dividend Fund                       | -29.4 |       |      |       | 3.3    | 28.22%  | 91   | 76   |
| Ethical American Multi-Strategy Fund               | -24.0 | -8.1  | -5.3 | -7.8  | 415.6  | 37.41%  | 91   | 74   |
| Ethical Growth Fund                                | -29.6 | -3.9  | 2.4  | 0.7   | 819.0  | 20.62%  | 91   | 60   |
| Vancity Circadian Global Leaders Fund              | -32.8 |       |      |       |        | 1.77%   | 88   | 55   |
| Inhance Global Leaders Fund Class A                | -33.0 | -8.2  | -4.0 |       | 5.9    | 27.16%  | 88   | 53   |
| Acuity Social Values Global Equity Fund            | -32.3 | -7.7  | -2.7 |       | 22.3   | 77.00%  | 76   | 60   |
| Meritas International Equity Fund                  | -36.4 | -6.8  | -0.6 |       | 29.0   | 59.77%  | 81   | 51   |
| PH&N Community Values Cdn Equity Fund Ser D        | -28.9 | -3.9  | 4.5  |       | 44.1   | 21.84%  | 54   | 69   |
| Meritas U.S. Equity Fund                           | -27.7 | -12.1 | -7.4 |       | 13.4   | 19.62%  | 81   | 41   |
| RBC Jantzi Canadian Equity Fund Series A           | -29.3 |       |      |       | 11.0   | 11.13%  | 50   | 70   |
| Desjardins Environment Fund                        | -28.5 | -0.6  | 7.6  | 5.5   | 147.3  | 54.19%  | 40   | 89   |
| Meritas Jantzi Social Index Fund                   | -32.7 | -5.0  | 3.1  |       | 83.3   | 23.44%  | 81   | 41   |
| RBC Jantzi Global Equity Fund                      | -29.6 |       |      |       | 9.4    | 66.51%  | 50   | 76   |
| Acuity Clean Environment Equity Fund               | -50.4 | -11.7 | -2.4 | -1.7  | 341.4  | 74.00%  | 76   | 50   |
| Vancity Circadian Canadian Equity Fund             | -34.5 |       |      |       |        | 14.00%  | 88   | 19   |
| Ethical International Equity Fund                  | -42.9 | -10.5 | -3.6 |       | 68.2   | 39.93%  | 91   | 21   |
| Inhance Canadian Equity Fund Class A               | -34.9 |       |      |       |        | 12.10%  | 88   | 15   |
| PH&N Community Values Global Equity Fund Ser D     | -31.3 | -10.3 | -5.9 |       | 17.3   | 31.70%  | 54   | 48   |
| TD Global Sustainability Fund - Investor Series    | -35.9 |       |      |       | 12.1   | 10.79%  | 66   | 29   |
| Mac Universal Sustainable Opportunities Class A    | -34.5 | -7.7  | -2.6 |       | 28.8   | 32.84%  | 42   | 53   |
| Alpha Social Values Portfolio Class A              | -39.9 |       |      |       | 13.8   | 8.00%   | 76   | 6    |
| Investors Summa Global SRI Fund Series A           | -35.5 |       |      |       | 8.2    | 1.58%   | 44   | 33   |
| Investors Summa Global SRI Class Series A          | -36.3 |       |      |       | 4.0    | 1.58%   | 44   | 27   |
| iShares CDN Jantzi Social Index Fund               | -32.4 |       |      |       | 33.5   | 4.78%   | 20   | 42   |
| Acuity Social Values Canadian Equity Fund          | -45.5 | -12.3 | -2.2 |       | 54.5   | 128.00% | 76   | 1    |
| Investors Summa Global Environ Leaders Fund Ser A  | -49.5 |       |      |       |        | 33.22%  | 44   | 14   |
| Mavrix Sierra Equity Fund                          | -62.7 | -20.6 | -6.0 |       | 14.1   | 46.77%  | 59   | 2    |
| Investors Summa Global Environ Leaders Class Ser A | -50.1 |       |      |       | 3.8    | 33.22%  | 44   | 7    |
| Investors Summa SRI Class A                        | -46.2 | -12.0 | -2.8 |       | 58.0   | 34.10%  | 44   | 4    |
| Investors Summa SRI Fund Series A                  | -47.2 | -12.6 | -3.0 |       | 2135.6 | 41.21%  | 44   | 3    |
| IG/GWL Summa Segregated Fund                       | -47.4 | -12.7 | -4.1 |       | 6.9    |         | 44   | 2    |
| Criterion Global Clean Energy Fund Class U (Unhg)  | -46.3 |       |      |       | 2892.0 | 76.78%  | 38   | 4    |
| Criterion Global Clean Energy Fund Class H (hgd)   | -55.2 |       |      |       | 5589.0 | 76.78%  | 38   | 0    |
| Great-West Life Ethics Fund (G) DSC                | -34.9 | -5.2  | 3.6  |       | 18.2   |         | 0    | 27   |
| London Life Ethics Fund (GWLIM)                    | -34.5 | -5.4  | 3.0  |       | 101.2  |         | 0    | 26   |
| Great-West Life Ethics Fund (G) NL                 | -35.0 | -5.4  | 3.3  |       | 12.1   |         | 0    | 25   |

**LOWEST FIVE PORTFOLIO TURNOVER RATES\***

Average portfolio turnover rate (all funds): 28%

|   |      |
|---|------|
| Ethical Canadian Index Fund             | 0.0% |
| Ethical Advantage 2040 Fund             | 1.0% |
| Ethical Advantage 2015 Fund             | 1.3% |
| Vancity Perspectives Growth Portfolio   | 1.4% |
| Vancity Perspectives Balanced Portfolio | 1.5% |

**TOP FIVE TURNOVER RATES\***

|  |      |
|--|------|
| Acuity Social Values Canadian Equity Fund  | 128% |
| Acuity Social Values Balanced Fund Class A | 104% |
| Meritas Canadian Bond Fund                 | 95%  |
| Acuity Social Values Global Equity Fund    | 77%  |
| Criterion Global Clean Ener. Fund Class H  | 77%  |

\* Based on the latest available semi-annual MRFEP for funds in the CK RI universe.

**ESG PROXY VOTING RECORDS\*\***

|                               |      |
|-------------------------------|------|
| Ethical Funds                 | 100% |
| Inhance Investment Management | 100% |
| Investors Group               | 100% |
| Meritas Mutual Funds          | 90%  |
| Phillips, Hager and North     | 61%  |
| Desjardins Funds              | 58%  |
| Acuity Investments            | 50%  |
| iShares (managed by Barclays) | 47%  |
| RBC Asset Management          | 12%  |

\*\*Using the SHARE database of proxy voting records, we looked at all the ESG-related shareholder resolutions brought forth at company AGMs that received more than 10 per cent of the votes (22 resolutions in total). These resolutions were cross-referenced with the holdings in each mutual fund. If funds held less than 15 per cent of these companies, they were not included in assessment.

Note: The following funds are RI funds but were not ranked since they do not have data available for at least one year: BMO GDN Sustainable Climate Class Advisor Series, BMO Sustainable Climate Class, BMO Sustainable Opportunities Class, Creststreet Alternative Energy Fund, HSBC Global Climate Change Fund Investor Series, Scotia Global Climate Change Fund

**THE RI RANKING**

The 2009 Corporate Knights RI Fund Ranking is a resource designed to help investors make an educated judgement on which funds have done the best job of fusing the social, environmental, and financial values they bring to the table. Investors can best utilize our chart by making their own assessment based on each fund's characteristics.

**METHODOLOGY BRIEF**


Shield Score is based on the following weighted scores:

Portfolio Turnover Rate: 10%  
Engagement: 15%  
Integration: 17%  
Systemic: 8%  
Performance: 40%

We used a blend of 1-year and 3-year relative performance (percentile ranking within the fund category). For funds with less than 3 years of history, we used the 1-year performance. For a full breakdown of how funds scored in each of the above categories, go to [www.corporateknights.ca/ri](http://www.corporateknights.ca/ri).

Performance data as of November 30, 2008 provided by Fund Library Research Group ([www.fundlibrary.com/advisor](http://www.fundlibrary.com/advisor)), Fundata Canada, and Morningstar. All non-performance data obtained from the fund companies.

**LEGEND**

|   |   |
|---|---|
| <b>N YR</b>   | Compound return for n years.  |
| <b>TOR</b>  | Turnover rate   |
| <b>CKSS</b>   | Corporate Knights Social Score (updated every year, or more often if a fund or company undergoes a substantial change). |
| <b>CKPS</b>   | Corporate Knights Performance Score.  |
|  | Quintile ranking.   |

**SCORE SHIELDS**87 86 86 82 80 76 74 71 64 63 63 63 63 63 62 60 59 57 56 55 53 52 50 46 45 42 38 35 33 33 30 28 27 23 21 19 14 13 13 

| BALANCED FUNDS                               | 1 YR  | 3 YR | 5 YR | 10 YR | Assets | TOR     | CKSS | CKPS | SCORE | SHIELDS |
|--|-------|------|------|-------|--------|---------|------|------|-------|---------|
| Vancity Circadian Monthly Income Fund        | -16.4 |      |      |       |        | 9.29%   | 88   | 87   | 88    | ♥♥♥♥♥   |
| Inhance Monthly Income Fund Class A          | -16.5 |      |      |       |        | 6.17%   | 88   | 86   | 88    | ♥♥♥♥♥   |
| Ethical Balanced Fund                        | -17.5 | -1.4 | 3.0  | 1.9   | 713.6  | 16.58%  | 91   | 82   | 86    | ♥♥♥♥♥   |
| Ethical Advantage 2010 Fund                  | -11.4 | -0.8 |      |       | 11.2   | 8.19%   | 91   | 53   | 74    | ♥♥♥♥    |
| Ethical Advantage 2030 Fund                  | -25.9 | -4.8 |      |       | 21.0   | 3.15%   | 91   | 51   | 74    | ♥♥♥♥    |
| Meritas Monthly Dividend and Income Fund     | -19.7 |      |      |       | 20.4   | 10.57%  | 81   | 53   | 69    | ♥♥♥♥    |
| RBC Jantzi Balanced Fund Series A            | -19.2 |      |      |       | 21.7   | 34.98%  | 50   | 85   | 67    | ♥♥♥♥    |
| Meritas Balanced Portfolio Fund              | -16.3 | -2.9 |      |       | 16.0   |         | 81   | 45   | 63    | ♥♥♥♥    |
| Ethical Advantage 2015 Fund                  | -16.3 | -2.1 |      |       | 22.7   | 1.33%   | 91   | 26   | 63    | ♥♥♥♥    |
| Ethical Advantage 2040 Fund                  | -27.8 | -5.3 |      |       | 9.3    | 0.99%   | 91   | 25   | 62    | ♥♥♥♥    |
| Inhance Balanced Fund                        | -22.6 | -4.6 | 0.4  |       | 36.6   | 5.72%   | 88   | 28   | 62    | ♥♥♥♥    |
| Vancity Circadian Balanced Fund              | -22.1 |      |      |       |        | 8.07%   | 88   | 26   | 61    | ♥♥♥♥    |
| Ethical Advantage 2020 Fund                  | -21.9 | -3.9 |      |       | 31.5   | 4.01%   | 91   | 21   | 60    | ♥♥♥     |
| Ethical Monthly Income Fund                  | -22.3 | -4.5 |      |       | 55.9   | 19.11%  | 91   | 9    | 53    | ♥♥♥     |
| Desjardins Ethical Canadian Balanced Fund    | -18.9 | -3.0 | 0.6  |       | 19.6   | 6.53%   | 40   | 53   | 51    | ♥♥♥     |
| PH&N Community Values Bal. Fund Series D     | -17.6 | -2.7 | 2.0  |       | 11.8   | 8.32%   | 54   | 39   | 51    | ♥♥♥     |
| Acuity Social Values Balanced Fund Class A   | -31.8 | -6.8 | 1.0  | 1.2   | 118.0  | 104.00% | 76   | 5    | 37    | ♥♥♥     |
| INCOME FUNDS                                 |       |      |      |       |        |         |      |      |       |         |
| Ethical Canadian Dividend Fund               | -24.4 | -3.6 | 6.9  |       | 296.6  | 23.10%  | 91   | 77   | 83    | ♥♥♥♥♥   |
| Inhance Bond Fund Class A                    |       |      |      |       |        | 52.05%  | 88   | 66   | 74    | ♥♥♥♥    |
| Ethical Income Fund                          | 1.5   | 2.1  | 3.6  | 4.1   | 243.6  | 27.06%  | 91   | 56   | 73    | ♥♥♥♥    |
| Meritas Canadian Bond Fund                   | 2.2   | 1.8  | 3.1  |       | 33.9   | 95.34%  | 81   | 58   | 63    | ♥♥♥♥    |
| PH&N Community Values Bond Fund Series D     | 1.8   | 2.7  | 4.3  |       | 44.4   | 73.73%  | 54   | 69   | 58    | ♥♥♥     |
| Vancity Circadian Short Term Investment Fund | 3.1   |      |      |       |        | 6.16%   | 88   | 11   | 54    | ♥♥♥     |
| CASH FUNDS                                   |       |      |      |       |        |         |      |      |       |         |
| Inhance Money Market Fund Class A            | 2.8   |      |      |       |        |         | 88   | 70   | 79    | ♥♥♥♥    |
| Meritas Money Market Fund                    | 2.3   | 3.0  | 2.5  |       | 5.8    |         | 81   | 47   | 64    | ♥♥♥♥    |

## CK ESG Rating Criteria *Questions apply to the 12 months up to November 30, 2008.*

### ENGAGEMENT

1. Please provide up to the three biggest ESG impacts your engagement policy produced in the most recent year.
2. Have you participated in any collaborative engagement or shareholder initiatives? Do not include shareholder resolutions you have led.
3. Do you have an active ownership policy for engaging companies you own?
4. Do you allow the companies you assess to see their ESG profiles?
5. Do all the socially responsible funds in your fund family follow the same proxy voting guidelines (i.e. they have an identical voting record)?

### INTEGRATION

6. How do you obtain ESG information about

companies?

7. Do you have an ESG screening policy (positive/negative)? If so, how do you ensure it is applied? Please provide example(s) where ESG issues drove a buy or sell decision.
8. Do you invest in any Community Direct Investments, Cleantech Private Equity or Microfinance products?
9. Have your investment managers been trained on applying ESG criteria to investment decisions?
10. Have you requested any information regarding ESG issues from any companies that you own in your portfolio/funds?
11. Have you aligned your compensation-related incentive structures to incorporate any ESG-related issues?

12. Does your fund have regular external controls in place to assess the quality of your ESG focus?

13. Do you allow unitholders to have input on your ESG focus?

### SYSTEMIC

14. Have you participated in the development of any public policy, regulation, or standard setting around ESG issues in the past year?
15. Have you published, or provided financial or other support towards, academic or other research into ESG issues?
16. Do you support the development of tools for benchmarking ESG integration into the investment process?