

A hand holding a pen pointing at a financial chart on a desk. The chart includes a bar graph and a pie chart. The background is a blurred office setting with people.

Responsible Investing

Annual Report
2017



British Columbia Investment Management Corporation

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About BCI

British Columbia Investment Management Corporation (BCI) provides investment management services to British Columbia's public sector. Our role is to generate investment returns that will help our institutional clients build a financially secure future. With our global outlook, we seek investment opportunities that will meet our clients' risk and return requirements over time. This compels us to integrate long-term environmental, social, and governance (ESG) matters into our investment decisions and activities. We offer investment options across a range of asset classes: fixed income; mortgages; public and private equity; real estate; infrastructure; and renewable resources.



BCI and Responsible Investing

Responsible investing is a common investment belief shared by BCI and our clients.

Taking environmental, social, and governance (ESG) matters into account enables investors to better understand, manage, and mitigate risks associated with long-term investments. BCI and our clients believe companies that employ robust ESG practices are better positioned to generate long-term value for investors than similar companies with less-favourable practices.

Our primary mandate is to create long-term client wealth and protect the value of our clients' funds. The majority of the funds we manage belong to pension plans. As these clients have long-term obligations and seek a specified rate of return to fund these obligations, BCI is required to invest their funds to generate the expected returns. We adhere to the applicable requirements of the *Pension Benefits Standards Act* and other legislation, as well as the legal contracts established by our clients. BCI manages the funds on behalf of 31 clients.

Assessing and managing investment risk is an integral part of how we meet our responsibility. As part of the prudent investment management of our clients' funds, we aim to actively manage the long-term investment / financial risks and opportunities that ESG matters present, both now and into the future.

Our approach to responsible investing is based on three core activities:



Further details about our approach and activities are included in our *An Overview of BCI's Approach to Responsible Investing*.



HIGHLIGHTS OF THE YEAR

- ▶ **Included on the Bretton Woods II Leaders List** as one of the world's most responsible asset allocators
- ▶ **Developed KPI engagement framework** to understand long-term impacts of our engagement activities and report results to clients
- ▶ Connected one of our **direct investments with a world-class sustainability consultant**
- ▶ **Joined Climate Action 100+ initiative** by signing statement along with over 250 global investors
- ▶ **Submitted 25 policy submissions** to regulator and standard setting bodies

To Our Clients



A handwritten signature in black ink, appearing to read 'Gordon J. Fyfe'.

Gordon J. Fyfe

Chief Executive Officer /
Chief Investment Officer

Responsible investing is important to BCI, our clients, and their beneficiaries. Collectively, we believe that environmental, social, and governance (ESG) matters impact returns, and that companies with robust ESG practices are better positioned to generate long-term value for investors.

In 2017, BCI ranked among the top 25 out of 121 global investors on the Bretton Woods II Leaders List, recognizing us as one of the world's most responsible asset allocators. The study used publicly available information to assess how we address ESG risks and opportunities. Transparent reporting is part of our commitment as a signatory of the Principles for Responsible Investment (PRI). Just as we require the companies we own to disclose their activities and progress, we hold ourselves to the same standard.

Responsible investing underlies all our investment activities. It is integrated across the asset classes, and throughout our analysis and decision-making processes. We are active owners, as it allows for the alignment of interests between BCI, the companies in which we invest, and our clients. Within our private market programs, we focus on direct investments and majority or co-controlling equity positions to give us a stronger voice and greater influence. Through board representation, we provide oversight on governance, strategy, and operations. We expect our portfolio companies to apply best practices, be transparent, and manage risks for the long-term future of the business.

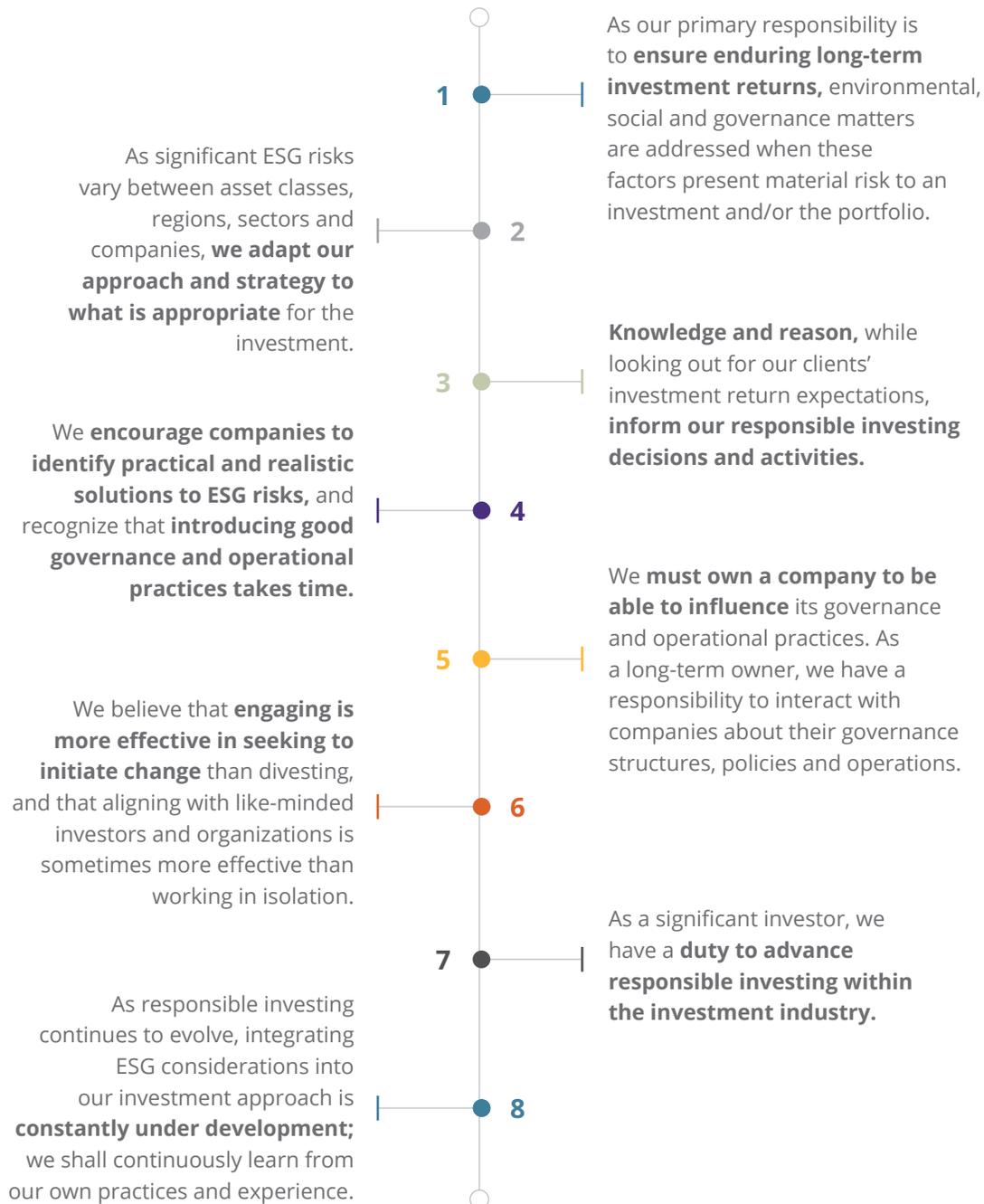
Our industry is data and results driven. Quality information allows for more informed decisions. And as an active participant in the capital markets, we advocate for policy and regulatory reform for greater market stability and integrity. This year, we dedicated resources in our public markets program to track the results of our efforts by collecting information and assessing the outcomes using key performance indicators (KPIs). While we recognize large-scale change takes time, these KPIs help us better understand the outcomes from our activities, make well-informed decisions, and communicate the impact to our clients.

As we operate in a dynamic global economy, we continue to evolve our approach to protect and grow the long-term value of our clients' funds.

BCI's Responsible Investing Principles

As a founding signatory to the Principles for Responsible Investment (PRI), BCI is committed to integrating ESG factors into our processes and analysis, ownership activities, and interactions with other long-term investors.

We have established a set of eight principles to guide our approach.



BCI's PRI Involvement

Signatory of:



ADVISORY COMMITTEE ON CREDIT RATINGS

Mandate: To advise PRI on its program to promote more systemic and transparent incorporation of ESG in credit ratings and assessment.

Our role: Member

Term: 2016–Present

Activities: The committee released *Shifting Perceptions: ESG, Credit Risk and Ratings – Part 1: State of Play*.

CYBER SECURITY COLLABORATIVE ENGAGEMENT

Mandate: To facilitate a better understanding of underlying cyber security risks and vulnerabilities, and encourage enhanced corporate disclosure on cyber risk governance amongst multinational companies in the healthcare, consumer, and financial sectors.

Our role: Member

Term: 2017–Present

Activities: The group committed to engage with approximately 65 companies.

HUMAN RIGHTS IN THE EXTRACTIVE SECTOR

Mandate: To engage with targeted companies, aiming to strengthen disclosure of human rights policies and practices; and to improve implementation of the UN Guiding Principles on Business and Human Rights by oil, gas, and mining companies, and relevant joint venture partners.

Our role: Member of the steering committee

Term: 2015–2017

Activities: The group engaged with 32 companies during 2017.

INFRASTRUCTURE ADVISORY COMMITTEE

Mandate: To advise PRI on its program to encourage private infrastructure equity and debt investors to consider ESG factors, and on the PRI's projects to develop tools / guides on how to integrate responsible investing throughout the investment process for infrastructure assets.

Our role: Member

Term: 2017–Present

Activities: BCI participated in advisory calls / meetings and attended the PRI conference.

LISTED EQUITY INTEGRATION SUB-COMMITTEE

Mandate: To further the integration of ESG data into listed equity markets.

Our role: Member

Term: 2015–Present

Activities: The sub-committee collaborated with CFA Institute to conduct a global study on ESG investing, aimed to understand the current state of ESG investing in listed equity and fixed income.

METHANE ENGAGEMENT WORKING GROUP

Mandate: To strengthen investor understanding on methane risk exposure in global portfolios, transfer best practice learnings to companies, and encourage energy and utility companies to improve their management and reduction of methane emissions as well as disclosures on their progress.

Our role: Member

Term: 2017–Present

Activities: The working group engaged with approximately 30 companies during 2017.

POLICY ADVISORY COMMITTEE

Mandate: To mitigate barriers to a sustainable financial system within the capital markets.

Our role: Chair

Term: 2015–2017

Activities: The committee completed two projects focused on long-term investing — identifying and addressing barriers to long-term mandates, and providing guidance to investors about engaging with policymakers.

PRIVATE EQUITY MONITORING AND REPORTING GUIDANCE WORKING GROUP

Mandate: To support PRI in the development of a guide for limited partners and general partners reporting and monitoring ESG integration practices during the lifetime of a private equity fund.

Our role: Member

Term: 2017–Present

Activities: BCI participated in working group conference call and reviewed draft principles for monitoring and reporting on private equity ESG activities. Final guidelines are anticipated to publish in June 2018.

SUSTAINABLE DEVELOPMENT GOALS IN ASSET ALLOCATION WORKING GROUP

Mandate: To understand the link between the 17 global Sustainable Development Goals (SDGs) and decisions made surrounding asset allocations.

Our role: Member

Term: 2017–Present

Activities: Findings will be presented to both the Sustainable Development Goals Advisory Committee and the Asset Owner Advisory Committee.

SUSTAINABLE FINANCIAL SYSTEM ADVISORY GROUP

Mandate: To address systemic risks and sustainability challenges in the financial system.

Our role: Member

Term: 2015–2017

Activities: *PRI's 10 Year Blueprint for Responsible Investment* was released by the group.

SUSTAINABLE STOCK EXCHANGES WORKING GROUP

Mandate: To encourage stock exchanges around the world to improve listing rules, advance regulatory initiatives, and disclose their sustainability strategies.

Our role: Member

Term: 2011–Present

Activities: The working group engaged with 73 global stock exchanges throughout the year. Released *How Stock Exchanges Can Advance Gender Equality*.

Climate Action

Understanding the implications of climate change on our clients' investments.

Climate change is increasingly gaining momentum as a focus of long-term investment risk and opportunity among global investors. BCI's primary mandate is to grow and protect the value of our clients' funds — assessing and managing investment risk while taking advantage of opportunities is an integral part of how we meet that responsibility. Our clients share this belief.

Since the mid-2000s, BCI has interacted with companies, industries, regulators, and policymakers on climate change — advocating for regulatory reform at the regional, national, and international level.

In 2017, our efforts turned inward to research and devise a formalized Climate Action Plan (CAP). Our inaugural CAP presents new tools and metrics, and an updated strategy. This will ensure that our clients' assets are both successfully positioned to capitalize on the investment opportunities from the long-term transition to a low-carbon economy, as well as to manage physical and transition risks.

BCI's motivation to strengthen our strategy and risk management activities stems from:

- ▶ our clients' drive for a comprehensive understanding of their exposure to climate change risks and opportunities;
- ▶ our aim to increase internal awareness of the materiality of risks and opportunities;
- ▶ our goal to align with evolving best practices among global investors, and demonstrate our support of the Financial Stability Boards (FSB)'s Task Force on Climate-related Disclosures (TCFD)'s recommendations.

BCI will discuss the CAP with clients in 2018, and will publish our views on BCI.ca during the course of the year.

Climate Action 100+

- ▶ Launched at the One Planet Summit in Paris in 2017
- ▶ BCI, along with 256 other investors, signed the Climate Action 100+ Sign-on Statement
- ▶ Investor signatories commit to work with investee companies to ensure they:
 - ▶ take action to reduce greenhouse gas emissions, consistent with the goal of the Paris Agreement to keep global temperature rise well below two degrees Celsius;
 - ▶ provide enhanced corporate disclosure in line with the TCFD's recommendations and sector-specific expectations on climate change guidance; and
 - ▶ implement a strong governance framework that clearly articulates the company board's accountability and oversight of climate change.



Fixed Income

Governance and broader environmental and social factors play a role in credit ratings and practices, all of which influence how we invest within our fixed income program.

Our actively-managed program represents 19.2 per cent¹ of BCI's assets under management. As a significant portion of our total portfolio, fixed income's investment process integrates ESG factors, providing us with a deeper insight into issuer creditworthiness.

INVESTING IN FIRST NATIONS FINANCE AUTHORITY'S BONDS

BCI invested in the First Nations Finance Authority (FNFA)'s first bond issuance in 2014 and has invested further funds each year thereafter. This investment provides our clients with strong risk-adjusted returns and in turn, gives First Nations governments the financial means to initiate economic and social development projects aimed at improving and supporting their communities. This includes funding for schools, infrastructure, basic services, energy projects, and community centres.

Prior to our initial investment in FNFA bonds, BCI assessed their creditworthiness as per our analysis for all fixed income investments. Moody's Investors Service upgraded the FNFA's credit rating from A3 to A2 in 2017, further confirming our investment outlook.

About FNFA

The FNFA is a non-profit organization established to assist First Nations' governments in allowing access to capital markets, investment options, and capital planning advice for the social benefit of community members.

FNFA Achievements

- ▶ 239 of the 634 First Nations' governments across Canada have opted into *FNFA's First Nations Fiscal Management Act* with intent to borrow funds²
- ▶ Issued \$474 million in loans to 46 First Nations' governments since 2014²
- ▶ Purchased over 2,260 acres of land³
- ▶ Built 71 new houses, and remediated 30³
- ▶ Five First Nations owned "green energy" projects³
- ▶ Funded construction of a school, wellness centre, recreation centre, administrative building, building supply centre, two grocery stores, and roadways³

¹ Percentage based on assets under management as of March 31, 2017.

² First Nations Finance Authority.

³ CIBC. (2017, October 20). Special Report, First Nations Finance Authority. Retrieved March 7, 2018, from First Nations Finance Authority: <https://fnfa.ca/wp-content/uploads/2017/10/Special-Report-First-Nations-Finance-Authority-October-20-2017.pdf>.

Mortgages

BCI is a significant lender in the commercial real estate industry, providing financing in Canada and the United States. We focus on loans with attractive risk-return profiles that align with our clients' requirements.

At the end of 2017, we had active commitments of more than \$1.0 billion to properties that exhibit "green" features. This represents approximately 21 per cent of our committed mortgage program.

We acknowledge that lenders do not have controlling interests over their mortgaged properties and are unable to directly influence ESG matters. However, we look for opportunities to provide financing to like-minded borrowers that allow us to integrate ESG considerations into our mortgage investments.

BCI believes properties that contain "green" features have:



8X ON THE PARK

VANCOUVER, CANADA

BCI approved financing of the construction of 8X ON THE PARK in 2017. The 35-storey building, expected to be completed in 2020, offers 191 condominiums and 119 apartment units. The project is registered with the Canadian Green Building Council's Leadership in Energy and Environmental Design (LEED) program, targeting a LEED Gold designation at a minimum. LEED-certified buildings reduce environmental impacts, increase occupant satisfaction, and provide competitive advantage.



Sustainable Features at 8X ON THE PARK



A geothermal system that sources heat from 400 feet below ground, providing 15 to 20 per cent of the buildings annual heat demand



Treatment systems that further improve the quality of the site's stormwater runoff



Electric vehicle charging stations



Public Equities

We engage with companies and standard-setting organizations to raise awareness about ESG matters, to help protect and increase our clients' long-term returns.

BCI is a large-scale global investor, and an active participant in the capital markets. We address systemic risks, with the expectation that our efforts will lead to greater stability and integrity within the financial system.

SHAREHOLDER ENGAGEMENT

We engage on behalf of our clients and, where appropriate, challenge companies about their policies and activities. We are driven by the management of investment risks and we pursue activities that are expected to have the greatest impact. Given the size of the public equities portfolio, BCI chooses to be selective, specific, and pragmatic at all times. We handle other issues on a case-by-case basis as necessary to safeguard our clients' best financial interests.

We focus on three priorities that we view as being long-term, widespread business challenges.

1. Climate Change and Water

Almost all sectors will be affected by climate change and it is widely predicted to have large scale economic impacts both directly through extreme weather events and indirectly through regulatory measures to limit greenhouse gas emissions and promote low carbon technologies. Most industries also face water risk which can range from water quality, water quantity, floods, and / or droughts, particularly as the effects of climate change become more acute.

2. Human Rights

In line with the UN Guiding Principles on Business and Human Rights, our goal is to encourage companies to effectively address risks associated with their direct activities and operations or within their supply chains.

3. Shareholder Rights

Good corporate governance is the foundation for effective company operations. We focus on board composition and executive compensation.

Details about our priorities can be found on our website at BCI.ca in our *2016 ESG Engagement: Public Equities Priorities and Process*.

Direct and Collaborative Company Engagements

BCI may engage directly with companies on our own or collaboratively in partnership with other like-minded investors and organizations.

During 2017, we directly engaged with **167** companies, of which **36** were at a comprehensive level. As per PRI's definition, we define this level of engagement as multiple, substantive, detailed discussions or interactions with a company. These interactions may occur over a longer time span than one calendar year. All other activities that do not exhibit this level of engagement are classified as basic. For a breakdown of all of BCI's direct engagements, see the appendix on page 28.

Collaboration, which involves working with our peers and presenting a unified voice, can be effective in encouraging change and adopting good corporate practices and standards.

Working with our peers and like-minded organizations

We engaged with 182 companies, of which involved:

- ▶ 133 with PRI
- ▶ 44 with Canadian Coalition for Good Governance (CCGG)
- ▶ 2 with Asian Corporate Governance Association (ACGA) member-coalitions
- ▶ 3 with other peer-coalitions

Those collaborative engagements where BCI took on a more active role in the form of leading or supporting specific company dialogues are listed in Appendix 2.

MEASURING OUTCOMES ACROSS OUR ENGAGEMENT ACTIVITIES

BCI encourages companies to identify practical and realistic solutions to ESG risks, while recognizing that meaningful, largescale change takes time. Our ongoing dialogue with companies, industries, regulators, and policymakers may span years.

Tracking key performance indicators (KPIs) helps us understand the long-term outcomes of our activities and allows us to communicate the results to our clients. Actions may include policy submissions to influence the regulatory framework; partnering with like-minded investors to participate in letter-writing initiatives; and proxy voting to voice our concerns and encourage portfolio companies to improve their ESG practices.

In 2017, we began collecting and assessing data for more than **40 KPIs** grouped across **seven categories**. We used multiple sources to create reliable data sets that, where possible, date back as far as 2011. The results illustrate the impact of our actions, and help determine where we should focus our activities going forward.

ENGAGEMENT ACTIVITIES

1. Climate Change Disclosure
2. Gender Diversity
3. Human Rights in Extractive Sectors
4. Executive Compensation in Canada
5. Sustainable Stock Exchanges¹
6. Board Independence in Japan²
7. Water Related Disclosure

¹ We are a member of the sustainable stock exchanges (SSE) working group. The SSE's goal is to improve corporate transparency on ESG issues and to encourage sustainable investment.

² Japan is one of the top five markets in the world, and has historically had low board independence. As a global investor, BCI is exposed to the country through several of our global equity funds.

The following provides a closer look at the engagement categories that were at the forefront of our activities for 2017.

Climate Change Disclosure

Objective: CDP, formally the Carbon Disclosure Project, operates a global disclosure system for companies, cities, states, and regions to manage environmental impacts and provides data used for investment decisions. BCI encourages publicly-traded companies to respond to CDP's annual questionnaire, or to provide other forms of climate-related disclosure that demonstrate how they manage climate-change related risks and opportunities.

Actions Included:

- ▶ sent letters to 42 companies encouraging disclosure through CDP;

- ▶ collaborated with other institutional investors to emphasize to companies the importance of responding to the CDP questionnaire; and
- ▶ consulted with CDP on enhancements to the climate change and water questionnaire framework.

Snapshot of KPI: Measurement of global response rate to the CDP questionnaire.

Outcome: Increased from 34.2 per cent in 2012, to 41.6 per cent in 2016.¹ Although we see improvement, many companies did not respond. We expect additional regulatory pressure will result in more responses going forward.

Gender Diversity on Boards in Canada

Objective: We believe diverse perspectives on a company's board of directors leads to better decision-making and long-term performance. BCI encourages regulators to establish a minimum standard of 30 per cent female representation on boards and advocate for company boards to set diversity targets.

Actions Included:

- ▶ engaged in a letter writing initiative targeting more than 30 TSX-listed companies that did not have female representation on their boards;

- ▶ filed submissions to various Canadian regulatory bodies recommending a target of 30 per cent female representation on boards; and
- ▶ implemented a new proxy voting guideline in 2015 to vote against Chairs of Nominating Committees where boards lack female representation and do not provide explanations and plans to address the issue.

Snapshot of KPI: Average percentage of female representation on TSX-listed boards in Canada.

Outcome: Representation increased from 9.1 per cent to 21.5 per cent between 2011 and 2017.²

Executive Compensation in Canada

Objective: Say-on-pay provides shareholders with the ability to vote on executive pay policies and decisions. BCI advocates for regulators and securities commissions to mandate advisory votes on executive compensation, and engages with companies to voluntarily adopt say-on-pay votes.

Actions Included:

- ▶ voted against 43 per cent of say-on-pay votes within our portfolio;

- ▶ since 2012 we have sent follow-up letters to select companies where we did not support say-on-pay votes, explaining our concerns; and
- ▶ provided feedback to the Canadian Securities Administrators (CSA), Autorité des marchés financiers (AMF), and Ontario Securities Commission (OSC) on the need for a market-wide vote on executive compensation practices.

Snapshot of KPI: Number and percentage of TSX-composite index companies adopting a say-on-pay vote

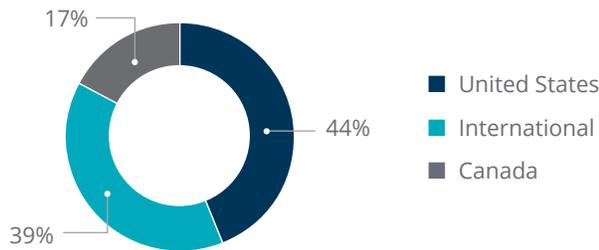
Outcome: Adoption increased from 31.1 per cent in 2012, to 62.3 per cent in 2017.²

¹ CDP.

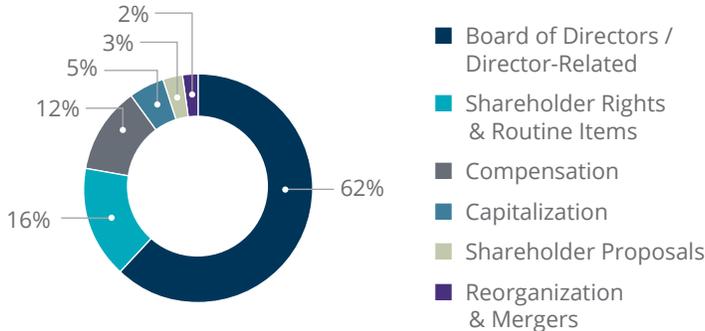
² Institutional Shareholder Services Inc.

PROXY VOTING

As an active owner, we consider informed voting an important component of our commitment to engagement. It fosters good corporate governance and accountability. We conducted all proxy voting activities in-house and voted all our Canadian, U.S., and the most significant global holdings based on market value.



Proposals Voted by Category:



A Closer Look: How Did We Vote On Climate Change-Related Proposals

CLIMATE CHANGE	2017 ²	2016 ²	2015 ²
Number of Proposals	49	50	39
Percentage of Proposals BCI Voted in Favour	63%	68%	77%
Average Support from Shareholders	26%	25%	25%
Proposals Receiving Over 50% Support	3	3	3

MEETINGS VOTED:

2,121

2.8% DECREASE¹ FROM 2016

COUNTRIES VOTED IN: **47**

PROPOSALS & AGENDA ITEMS ASSESSED:

24,097

1.6% INCREASE FROM 2016

OF WHICH WE VOTED:

MANAGEMENT PROPOSALS

26% **AGAINST**
(Total proposals 23,304)

DIRECTOR NOMINEE PROPOSALS

26% **AGAINST / WITHHELD**
(Assessed 13,726 management proposals)

SAY-ON-PAY / REMUNERATION REPORT PROPOSALS

43% **AGAINST**
(Assessed 1,216 management proposals)

SHAREHOLDER PROPOSALS

61% **SUPPORTED**
(Total proposals 793)

62% E (Total 100) **57% S** (Total 140) **61% G** (Total 553)

¹ The decrease does not reflect a change in strategy. Our proxy voting is based on market capitalization.

² Values do not include proposals withdrawn ahead of Annual General Meeting (AGM).

NOTEWORTHY VOTES

1. ENVIRONMENTAL: Climate Change Shareholder Proposals

Companies: ExxonMobil Corporation (NYSE:XOM); Occidental Petroleum Corporation (NYSE:OXY)

How We Voted and Why: BCI voted in favour of both proposals calling for the companies to publish an annual assessment of the long-term portfolio impacts of technological advances and global climate change policies aimed at shifting to a low carbon economy. Additional disclosure helps investors better assess the effects of environmental risks on a company's activities and longer term financial results.

Results: ExxonMobil passed with 62.1 per cent of votes in favour; and Occidental Petroleum with 65.7 per cent in favour. These votes were historic, both for the level of support received and for unexpected votes in favour from two large U.S. fund managers.

Outcome: The companies are not legally obligated to produce the reports, however ExxonMobil has since reported on how climate change could affect businesses, and Occidental stated they will continue engaging with shareholders and provide additional disclosure.

Our Voting Guideline: We typically support proposals that seek additional reporting when there is increasing regulatory pressure and when the proposed actions are likely to enhance a company's reputation as a market leader and its long-term ability to operate.

2. SOCIAL: Human Rights Shareholder Proposals

Companies: Enbridge Inc. (TSX:ENB); Marathon Petroleum Corporation (NYSE:MPC)

How We Voted and Why: BCI voted in favour of both proposals calling for Enbridge and Marathon to report on the due diligence process they follow to identify environmental and social risks, including indigenous rights, when reviewing potential acquisitions. Shareholders are concerned that legal and reputational risks related to oil and gas projects have grown steadily. Report's outlining the company's

due diligence processes would give investors clarity on how they are mitigating these risks.

Results: Although the proposals failed to pass, 30.1 per cent of Enbridge shareholders voted in favour, and 39.4 per cent of Marathon shareholders voted in favour.

Outcome: The significant level of support signals that shareholders want to see increased transparency surrounding due diligence from both companies.

Our Voting Guideline: These proposals aligned with the United Nations Guiding Principles on Business and Human Rights. We believe companies should adopt policies and practices that follow internationally recognized best practice standards and frameworks.

3. GOVERNANCE: Shareholder Rights Management Proposal

Company: SAP SE (XETRA:SAP)

How We Voted and Why: BCI voted against the proposal to discharge the supervisory board as we felt they did not fulfill their duties. Last year we supported this proposal in order to give the supervisory board an opportunity to address poor compensation practices. Their lack of responsiveness surrounding this issue, as well as the absence of a compensation specific vote this year, was disconcerting.

Results: There was a high level of dissent with 49.5 per cent of shareholders voting against the proposal.

Outcome: This near failure to discharge the supervisory board sent a strong signal to SAP that investors expect changes to the company's compensation practices. Following the votes, the chairman committed to including a thorough explanation of executive pay in next year's annual report.

Our Voting Guidelines: Our primary focus is on pay for performance — basing an executive's overall compensation on specific measurable incentives that motivate and reward improved long-term performance, while discouraging undue risk taking.



Private Equity

BCI holds long-term investments in privately-held companies and funds with high growth potential.

Our direct investments allow for greater oversight into a company's governance, strategy, and operations. We integrate ESG considerations into our due diligence; and once invested, we outline our expectations as they pertain to responsible investing. When we have a significant ownership interest, we appoint representatives to the board of directors. In so doing, we can influence the company's long-term profitability and mitigate ESG risk. We encourage companies to identify practical and realistic solutions to ESG, while recognizing that introducing good governance and best practices takes time.

HAYFIN CAPITAL MANAGEMENT (HAYFIN)

In 2017, BCI invested in Hayfin, one of Europe's largest independent credit asset managers. Our investment comes with two board seats and two non-executive director appointments on their six-member board. As the majority stakeholder, BCI has oversight of the company's governance and strategy.

BCI is working with management to determine the company's strategic direction, source key personnel, and further strengthen reporting practices. The nature and scope of these activities is continually reviewed and refined as part of BCI's active investment approach. Current activities include:

- ▶ **Refining the business plan, and developing the long-term strategy:** The board is working with management to create the structure to support a long-term focus on value creation.
- ▶ **Began search for non-executive board directors:** The board is actively seeking two non-executive board members to join the six-member board.
- ▶ **Supporting diversity at management level:** Hayfin has been a leader within its sector in promoting diversity, with three of its five investment strategies led by women. This aligns with BCI's belief

that diversity of gender, background, and skills encourages better leadership, improved governance, and increased performance of a company.

- ▶ **Implementation of monitoring and reporting framework aligned with BCI's requirements:** We rely on quality information so we can understand and assess the risks and opportunities Hayfin may face over time. Management has further refined its existing reporting approach to provide key performance indicators, including deployment, investment performance, and profitability, on a short-term and annual basis.

About HAYFIN

Hayfin was founded in 2009 and manages over €10 billion in assets. Their team of professionals are located in London, with offices throughout Europe, New York, and Tel Aviv. Hayfin's management team has an average of 20-years of experience, with an established track record of delivering value-added returns to its investors.



Infrastructure & Renewable Resources

We invest with a long-term outlook, in alignment with our clients' investment objectives, and focus on significant equity positions and direct deal transactions.

BCI actively manages assets by exercising our governance rights through board representation, enabling us to influence a company's overall strategy, and to ensure effective consideration of ESG factors.

CLECO CORPORATION (CLECO)

Our direct investment in Cleco comes with three seats on their 12-member board, allowing us to influence ESG matters, including occupational health and safety (OH&S). We consider OH&S an important factor in managing investment risk over the long-term, particularly in sectors such as electricity generation, transmission and distribution, energy transportation, agriculture, and water where there are potentially greater safety risks. Robust OH&S practices can improve worker safety and business performance, as well as mitigate reputational risk.

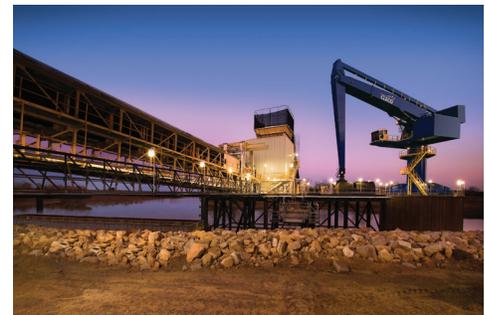
Shortly after the transaction closed, BCI and the other shareholders introduced Cleco to Du Pont Sustainable Solutions (DSS) — a world-class consultant who offers customized solutions to help maximize workplace safety. Cleco subsequently appointed DSS to complete a company-wide audit of their safety program, systems, and culture. Based on findings from a survey, policy review, interviews, observations, and leadership workshops, DSS recommended several improvements to their safety program. Cleco has since acted on a number of suggested initiatives including:

- ▶ development of an awareness program to improve safety consciousness;
- ▶ changes to OH&S leadership;
- ▶ revisions to the contractor safety management program, ensuring consistent standards for all personnel; and
- ▶ improvements to safety reporting, introducing a streamlined, consistent, and detail oriented approach.

We recognize these changes take time, yet to date, Cleco is reporting improved health and safety statistics.

About CLECO

BCI invested in Cleco as part of a consortium in 2016. Cleco is an integrated electric utility that provides power generation, transmission, distribution, and retail services to approximately 288,000 retail and wholesale end-use customers located primarily within the State of Louisiana, U.S.





Real Estate

BCI and QuadReal share a strong alignment of interests including a commitment to responsible property investing.

Our clients are invested in QuadReal Property Group (QuadReal) — an independent, Canadian real estate investment, development, and management company that is 100 per cent owned by BCI. Operating on a global scale, QuadReal manages our real estate investments with a focus on the longer-term opportunities and challenges that may affect the overall performance of the portfolio.

They integrate ESG considerations into managing existing properties, as well as when assessing and developing future opportunities. Their active management approach helps build a resilient real estate program that maximizes value, while aligning with our clients' risk-return expectations.

With an aim to continually exceed the expectations of their tenants, employees, and members of the communities in which they work, QuadReal concentrates on four areas of sustainability:

- ▶ **EFFICIENCY** Prioritizing the reduction of energy, water, waste, and greenhouse gases.
- ▶ **ENGAGEMENT** Sharing insights with industry peers, and working with tenants and residents to achieve their sustainability goals.
- ▶ **HEALTH** Upgrading and creating buildings to promote wellbeing and productivity, focusing on features such as indoor air quality.
- ▶ **INNOVATION** Partnering with leading vendors, seeking opportunities to test new and proven technologies that deliver environmental or social benefits.

About QUADREAL

QuadReal's mandate is to deliver prudent growth and strong real estate investment returns. Within Canada, QuadReal is an established manager and developer. Globally, the company invests strategically with long-term partners offering local expertise in dynamic global cities such as New York, London, and Hong Kong.





Reporting and Disclosure

We report our activities to clients and publicly disclose our initiatives.

BCI briefs clients on specific initiatives and responsible investing trends, and assists them with their stakeholder communication.

Information available on our website includes:

- ▶ Three responsible investing newsletters — topics for 2017 were water, stakeholder relations, and transparency & disclosure
- ▶ Our responsible investing annual report
- ▶ Two factsheets, *Responsible Investing* and *ESG Integration*, updated annually
- ▶ *An Overview of BCI's Approach to Responsible Investing*
- ▶ A video, explaining our approach, principles, and expectations
- ▶ *Proxy Voting Guidelines*, a document providing our rationale for voting on common issues. Updates to the 2017 edition included strengthening our position on board decisions that impede shareholder rights; adapting our guidelines to acknowledge Japan's unique governance structure; and explicitly considering climate-related disclosure by companies in certain sectors. Client feedback, corporate governance trends, dialogue with peers, and our proxy voting record informed the revisions.
- ▶ *ESG Engagement: Public Equities Priorities & Processes*
- ▶ Our annual *PRI Transparency Report*

This year BCI was included on the *Bretton Woods II Leaders List* as one of the world's most responsible asset allocators. The initiative began with an evaluation of over 200 funds comprising \$20 trillion in assets under management, of which 121 qualified for further analysis. BCI was included in the top 25 funds short-listed as having set a global standard for leadership. The study used publicly available information to assess how investors address ESG risks. The ranking is based on ten principles — disclosure, integration, clarity, intention, implementation, commitment, accountability, partnership, standards, and development. BCI scored favourably in the categories of disclosure, integration, clarity, and accountability.

As a PRI signatory, we complete the annual PRI survey, a tool that benchmarks our responsible investing practices against our peers. Overall, we outperformed or scored in line with our peers in all asset classes. The *RI Transparency Report* is published on our website.

Additionally, we disclose our proxy votes ahead of a publicly-traded company's annual general meeting. The searchable database on our website provides an account of our voting, including our rationale for when we voted against a proposal.

BCI's Policy Submissions

BCI advocates for legal and regulatory changes that make responsible investing principles part of the regulatory framework and improve the investment environment for all investors.

By engaging with Canadian and international regulators and standard-setting bodies, our actions are aimed at addressing systemic risks, such as climate change, with the expectation that our efforts will lead to greater stability and integrity within the markets. Our activities include written submissions, in person meetings, attending roundtable discussions, as well as signing joint statements and letters with a call to action.

As a long-term investor, we recognize that meaningful, large-scale change takes time. BCI's interactions with regulators and policymakers often span several years.

The following is a comprehensive list of our policy submissions in 2017. For a closer look at our noteworthy submissions, see pages 20–21.

ADVANCING RESPONSIBLE INVESTING WITHIN THE INVESTMENT INDUSTRY

1. Responded to the Principles for Responsible Investment (PRI) Strategic Plan 2018–2021

CAPITAL MARKETS STABILITY

2. Joined more than 50 institutional investors in opposing the *Financial Choice Act* to the United States House of Representatives in two letters coordinated by the Council of Institutional Investors (CII)

3. Supported the CII on Proposed Legislation Relating to Proxy Advisory Firms
4. Signed onto Finance Montreal's Declaration of Institutional Investors on Climate-Related Financial Risks
5. Signed letter addressed to G7 and G20 nations urging them to support and fully implement the Paris Agreement

CORPORATE GOVERNANCE

6. Commented on the Ontario Securities Commission (OSC) Statement of Priorities for 2017–2018, including gender diversity; systemic risk; say-on-pay voting; and reducing regulatory burden
7. Provided feedback to the Canadian Securities Administrators (CSA) on the need for a market-wide vote on executive compensation practices
8. Responded to the Canadian Department of Finance's Review of the Federal Financial Sector Framework
9. Responded to Consultation by Proxy Advisory Firm Institutional Shareholder Services (ISS): ISS Policy Survey
10. Responded to the Hong Kong Exchanges and Clearing Limited (HKEX): Consultation on New Board Concept Paper

11. Responded to the HKEX: Consultation on Review of Corporate Governance Code and Related Listing Rules
12. Responded to MSCI: Consultation on Proposed Revisions to ESG Equity Index Methodologies
13. Responded to MSCI: Consultation on the Treatment of Non-Voting Shares in MSCI Equity Indexes
14. Responded to S&P Dow Jones Indices: Consultation on the Eligibility of Non-Voting Share Classes in S&P Dow Jones Indices
15. Responded to the Singapore Stock Exchange: Consultation Paper on Possible Listing Framework for Dual Class Share Structures
16. Responded to the United Kingdom Department for Business, Energy and Industrial Strategy: Public Consultation on Corporate Governance Reform Green Paper
17. Supported amendment of the *Alberta Business Corporations Act* to strengthen shareholder rights in Alberta, and to align with other Canadian jurisdictions
18. Supported the proposed amendments to the Canada Business Corporations Act set out in Bill C-25, including the addition of majority voting, annual and individual elections of directors, and diversity disclosure
21. Responded to CDP: Consultation on enhancements to climate change and water questionnaire framework
22. Responded to the CSA: Consultation Paper 51-404 on Reducing the Regulatory Burden for Non-Investment Fund Reporting Issuers
23. Responded to Sustainability Accounting Standards Board: Consultation on materiality for several sectors
24. Signed CFO Statement of Support at the Accounting for Sustainability Summit supporting recommendations by the Financial Stability Board (FSB) Task Force on Climate-related Financial Disclosures (TCFD)
25. Supported the FSB TCFD Final Recommendations

REPORTING AND DISCLOSURE

19. Participated in OSC Investor Roundtables on climate change disclosure, executive compensation, and gender diversity
20. Provided feedback to the British Columbia Securities Commission on the disclosure of risks and financial impacts associated with climate change

Our actions are guided by our priorities – climate change and water, human rights, and shareholder rights, as well as by areas of focus from regulators.

The following provides a closer look at our notable submissions for 2017.

CLIMATE CHANGE

Rationale:

Climate change was top of mind for regulators in 2017. We saw this as an opportunity to push for further discussions within the investment industry. Advancement in this area will give companies the ability to more effectively manage related risks and seize opportunities.

Actions We Took:

- ▶ Partnered with 30 Canadian and international financial institutions to sign onto Finance Montreal's Declaration of Institutional Investors on Climate-Related Financial Risks, calling on publicly-traded companies in Canada to commit to improved disclosure on their exposure to climate change risks, and the measures they take to manage them.
- ▶ Joined 216 other global investors representing US\$15 trillion in assets, and sent a letter to the G7 and G20 Nations urging those governments to continue to support and fully implement the Paris Agreement's goal of limiting temperature increases to well below two degrees Celsius.
- ▶ Signed CEO and CFO statements supporting the recommendation of the Task Force on Climate-related Financial Disclosures (TCFD).
- ▶ Attended two roundtables with the Ontario Securities Commission (OSC) and met with the British Columbia Securities Commission (BCSC) to discuss climate change disclosure.

Views We Expressed:

- ▶ Mitigating risks associated with climate change is essential for safeguarding investments.
- ▶ Publicly traded Canadian companies should disclose more information on their climate change exposure and the measures taken to manage risk. This allows investors to better assess the non-financial risks within the portfolio.
- ▶ The TCFD's recommendations will drive more consistent, comparable, and reliable disclosure of climate-related information to facilitate more informed business and investment decision-making.

Update:

- ▶ The Canadian Securities Administrators (CSA), an umbrella organization of Canada's provincial and territorial securities regulators, offered specific guidance for company disclosures in April 2018 in the CSA Staff Notice 51-354 Report on Climate Change-related Disclosure Project.
- ▶ In April 2018, the head of the Financial Stability Board (FSB), which created the TCFD, announced the continuation and expansion of TCFD activities into 2019, enabling the organization to develop resources for companies and investors to strengthen climate-related disclosures.
- ▶ Public and investor pressure continues to push governments to implement the Paris Agreement.

GOVERNANCE PRACTICES

Rationale:

We advocate for legal and regulatory changes that make responsible investing principles part of the regulatory framework, as consistent disclosure across all Canadian companies allows investors to make more informed decisions.

Actions We Took:

- ▶ Participated in discussions with the OSC that included executive compensation and gender diversity.
- ▶ Responded to the Department of Finance's Review of the Federal Financial Sector Framework and proposed changes in Bill C-25 to the *Canada Business Corporations Act (CBCA)*. Bill C-25 aims to modernize corporate framework laws in Canada — this includes encouraging diversity on corporate boards.
- ▶ Responded to the OSC's proposed 2017–2018 Statement of Priorities.

Views We Expressed:

- ▶ Corporate governance best practices include individual annual director elections and a majority voting standard in uncontested elections.
- ▶ The regulators should consider additional, more prescriptive measures such as mandatory term limits, and require formal, written policies and targets that promote board refreshment and gender diversity.
- ▶ Canadian companies lag in the developed world in providing advisory votes on executive compensation. Regulators should mandate an annual advisory vote on executive compensation. This allows shareholders to voice their views on the appropriateness of a company's compensation practices.

Update:

- ▶ Bill C-25 is progressing through Canadian parliament and has passed several hurdles.

RESPONSIBLE INVESTING STRATEGIES

Rationale:

Providing feedback as signatories to the PRI's proposed plan for 2018–2021 will influence how they implement the first phase of the *PRI's 10 Year Blueprint for Responsible Investment*. It focuses on three strategic areas of impact: responsible investors; sustainable markets; and creating a prosperous world for all.

Actions We Took:

- ▶ Provided several comments to the PRI on their strategic plan for 2018–2021.

Views We Expressed:

- ▶ Although the strategic objectives are logical, we encouraged the PRI to base them on measurable outcomes.
- ▶ The number of initiatives is ambitious, with some being too prescriptive while others were vague. The additional reporting obligations for signatories would make it difficult to conduct year-over-year comparisons of PRI assessment results.
- ▶ The PRI should prioritize the Sustainable Stock Exchange's initiative to strengthen corporate disclosures, thereby addressing the lack of ESG data — one of the key barriers to integrating responsible investing.

Update:

- ▶ While it is too early to assess the results of the three-year plan, we continue to work with the PRI in several ways, including through collaborative engagements and committee memberships.

Collaboration

Working with like-minded investors and organizations helps BCI deploy our resources and strengthen our voice more effectively. We have partnerships with:

Signatory of:



- ▶ Founding signatory in 2006
- ▶ Active member of steering committees and working groups



- ▶ Founding member in 2011
- ▶ Serve on board of directors
- ▶ Member of financial regulation committee



- ▶ Member since 2016: one of 220 Canadian chapter members
- ▶ Member of steering committee and Chair Investor Committee
- ▶ Advocate for companies to enhance gender diversity



- ▶ Founding member in 2004
- ▶ Served as the CCGG chair (2006-2009)
- ▶ Member of the environment and social committee



- ▶ Member since May 2017
- ▶ Signatory to Financial Stability Board Task Force on Climate-related Financial Disclosures since 2017



- ▶ Member since 2015



Asian Corporate Governance Association

- ▶ Member since 2005



- ▶ Former member of CDP Canada advisory council
- ▶ Signatory to climate change program since 2006
- ▶ Signatory to water program since 2009
- ▶ Investor member since 2016



- ▶ Member since 2002



- ▶ Associate member since 2017



- ▶ Investor signatory since 2011



- ▶ Member since 2016

GLOBAL ASSET OWNER FORUM

*Coordinated by Japan's Government
Pension Investment Fund (GPiF)*

- ▶ Participant since 2016
- ▶ 16 asset owners



- ▶ Member of the investor stewardship committee
- ▶ Serve on board of directors



- ▶ Member since 2017



- ▶ Member since 2007



- ▶ Member since 2005



- ▶ Member of investor advisory group since 2016
- ▶ One of 29 asset owners and asset managers

Events

We further industry awareness by organizing or speaking and moderating at conferences. Our activities in 2017 included:

2017 BC PENSION SUMMIT

February
Vancouver, Canada

TOPICS: Infrastructure Investing Challenges for Pension Boards and Unions; Investment Basics

ASSOCIATION OF WOMEN IN FINANCE

April
Vancouver, Canada

TOPIC: Gender Diversity

INSTITUTIONAL INVESTOR FORUM

June
Toronto, Canada

TOPIC: Fiduciary Responsibility

ASSOCIATION OF CANADIAN PENSION MANAGEMENT

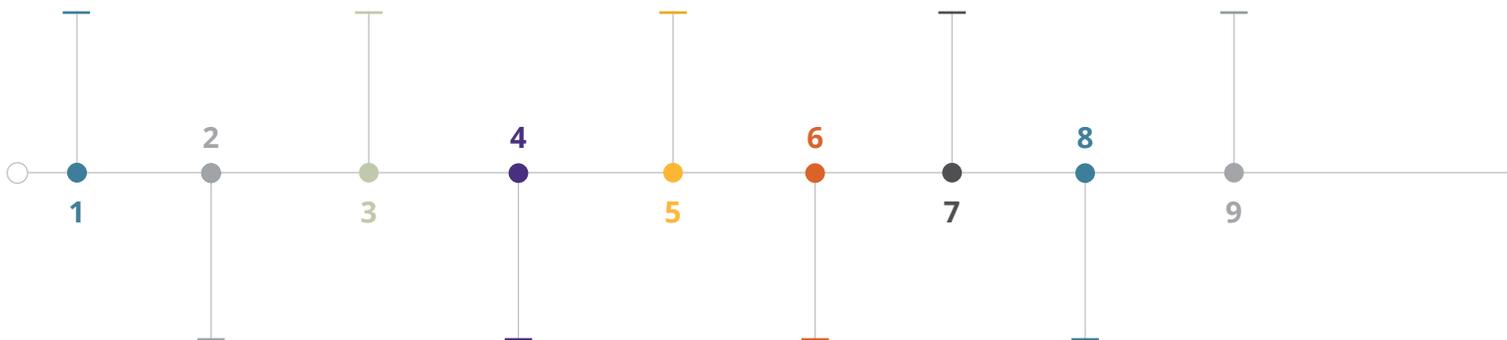
September
Vancouver, Canada

TOPIC: ABC's of ESG

SUSTAINABLE STOCK EXCHANGES

September
Berlin, Germany

TOPIC: Closing the ESG Data Gap and Financing the Sustainable Development Goals



INTERNATIONAL CORPORATE GOVERNANCE NETWORK CONFERENCE

March
Washington DC, United States

TOPICS: Climate Competent Boards; Global Stewardship in Action

RIA CONFERENCE

June
Vancouver, Canada

TOPICS: Human Rights; Governance Voting Trends; Integration with SASB and Enbridge

FEI CANADA CONFERENCE

June
Whistler, Canada

TOPIC: Climate Change

BLAKES WOMEN ON BOARDS

September
Vancouver, Canada

TOPIC: Gender Diversity

TSX BELL RINGING CEREMONY FOR 30% CLUB CANADA INVESTOR STATEMENT

September
Toronto, Canada
TOPIC: Gender Diversity

WOMEN IN SECURITIES AND EDUCATION (WISE) TORONTO

October
Toronto, Canada
TOPIC: 30% Club Canada – Investors’ Role in Gender Diversity

ACCOUNTING FOR SUSTAINABILITY PROJECT (A4S) SUMMIT 2017

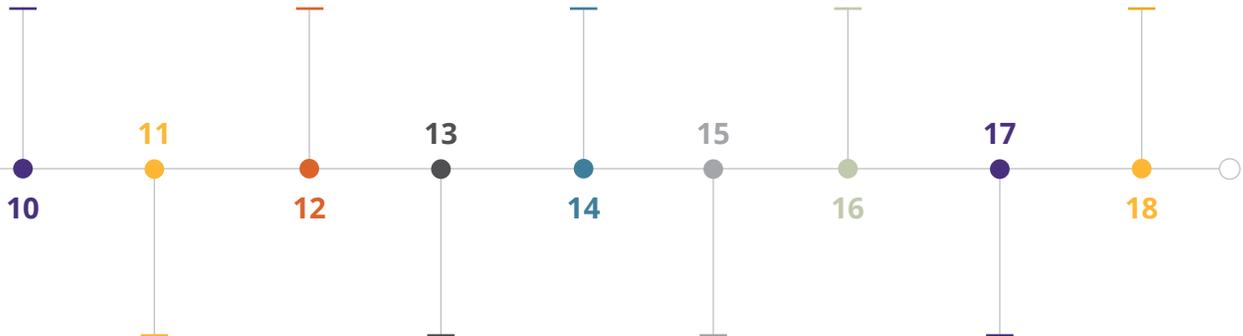
November
London, United Kingdom
TOPIC: CFOs Supporting the Recommendations of the FSB Taskforce

PHILLIPS, HAGER AND NORTH / RBC BREAKFAST PANEL ON ESG

November
Vancouver, Canada
TOPIC: Gender Diversity

WESTERN NORTH AMERICA PRI

November
Seattle, United States
TOPIC: Overseeing ESG Integration



LONG TERM INFRASTRUCTURE INVESTORS ASSOCIATION (LTIIA)

October
Paris, France
TOPIC: Policy Dialogue to Develop Infrastructure as an Asset Class

COMMONWEALTH CLIMATE AND LAW INITIATIVE

October
Vancouver, Canada
TOPIC: Climate Change-Related Risk and Legal Responsibilities of Directors / Trustees

CFA SOCIETY TORONTO

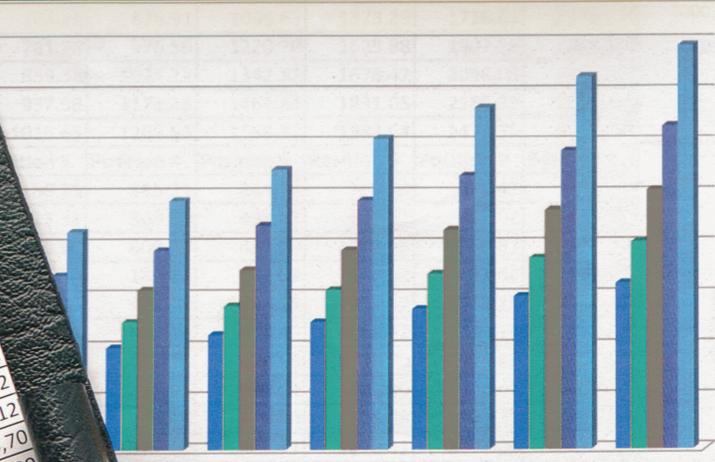
November
Toronto, Canada
TOPIC: ESG Integration: Best Practices from Asset Owners & Credit Practitioners

INSTITUTE OF CORPORATE DIRECTORS

November
Victoria, Canada
TOPIC: Gender Diversity

437,50	546,88	683,59	854,49	1068,12	1335,14	1668,93	2086,16	2607,70	3259,63	407
500,00	625,00	781,25	976,56	1220,70	1525,88	1907,35	2384,19	2980,23	3725,29	465
562,50	703,13	878,91	1098,63	1373,29	1716,61	2145,77	2682,21	3352,76	4190,95	523
625,00	781,25	976,56	1220,70	1525,88	1907,35	2384,19	2980,23	3725,29	4656,61	582
687,50	859,38	1074,22	1342,77	1678,47	2098,08	2622,60	3278,26	4097,82	5122,27	640
750,00	937,50	1171,88	1464,84	1831,05	2288,82	2861,02	3576,28	4470,35	5587,94	698
812,50	1015,63	1269,53	1586,91	1983,64	2479,55	3099,44	3874,30	4842,88	6053,60	756

Position 3	Position 4	Position 5	Position 6
156,25	195,31	244,14	305,18
273,38	369,06	498,23	672,61
420,50	609,73	884,10	1281,95
202,50	182,25	164,03	147,62
630,75	914,59	1326,15	1922,92
546,88	683,59	854,49	1068,12
625,00	781,25	976,56	1220,70
703,13	878,91	1098,63	1373,29
781,25	976,56	1220,70	1525,88
859,38	1074,22	1342,77	1678,47
937,50	1171,88	1464,84	1831,05
1015,63	1269,53	1586,91	1983,64



000,00
000,00
000,00

	Position 1	Position 2	Pos
January	100,00	125,00	
February	150,00	202,50	
March	200,00	290,00	
April	250,00	225,00	
May	300,00	435,00	
June	350,00	437,50	
July	400,00		
August	450,00	562,50	
September	500,00	625,00	
October	550,00	687,50	
November	600,00	750,00	
December	650,00	812,50	



APPENDIX

APPENDIX 1

Principles for Responsible Investment

The PRI provides a set of principles for institutional investors to consider and through our endorsement, BCI is committed to:



Signatory of:



APPENDIX 2

Publicly Listed Company Engagements

JANUARY 1 TO DECEMBER 31, 2017

C = COMPREHENSIVE (DIRECT)**L** = LEADING ROLE (COLLABORATIVE)**B** = BASIC (DIRECT)**S** = SUPPORTIVE ROLE (COLLABORATIVE)

GICS* SECTOR / COMPANY	COUNTRY ¹	E	S	G
CONSUMER DISCRETIONARY				
AutoCanada Inc.	Canada			B
Canadian Tire Corporation, Limited	Canada		S	L
Cara Operations Limited	Canada			B
Dollarama Inc.	Canada			B
Domino's Pizza Enterprises Limited	Australia		B	B
Great Canadian Gaming Corporation	Canada			B
Hudson's Bay Company	Canada			B
Linamar Corporation	Canada			B
Martinrea International Inc.	Canada			B
McDonald's Corporation	United States		C	C
New Look Vision Group Inc.	Canada			B
Restaurant Brands International Inc.	Canada	C	C	C
Sleep Country Canada Holdings Inc.	Canada			L+B
Tata Motors Limited	India			S
The Walt Disney Company	United States	B	B	
Wynn Resorts, Limited	United States			B
CONSUMER STAPLES				
Cott Corporation	Canada			C
Empire Company Limited	Canada			B
Loblaw Companies Limited	Canada			L
Premium Brands Holdings Corporation	Canada			B
Saputo Inc.	Canada	C	C	C
The Coca-Cola Company	United States	B	B	
ENERGY				
Advantage Oil & Gas Ltd.	Canada			B
Antero Resources Corporation	United States	B		B
ARC Resources Ltd.	Canada	C	C	
Birchcliff Energy Ltd.	Canada	B		

*Global Industry Classification Standard

¹ Countries are sourced from Bloomberg. They represent the location of the companies headquarters.

GICS SECTOR / COMPANY	COUNTRY	E	S	G
ENERGY				
BP p.l.c.	United Kingdom	C	C	C
Cabot Oil & Gas Corporation	United States	B		
Cenovus Energy Inc.	Canada	C	C	C
Cheniere Energy, Inc.	United States	B		B
Chevron Corporation	United States	C	S+C	C
China Petroleum & Chemical Corporation	China	S		
Concho Resources Inc.	United States	C		
ConocoPhillips	United States			C
Continental Resources, Inc.	United States	B		B
Crescent Point Energy Corp.	Canada			C
Crew Energy Inc.	Canada	B		B
Enbridge Inc.	Canada		C	
EnCana Corporation	Canada			B
EOG Resources, Inc.	United States	S	S	
Exxon Mobil Corporation	United States	C	S	C
Gibson Energy Inc.	Canada	B		
Gran Tierra Energy Inc.	Canada		C	C
Helmerich & Payne, Inc.	United States	B		
HollyFrontier Corporation	United States	B		
Husky Energy Inc.	Canada	C	C	
Imperial Oil Limited	Canada	B		B
Inter Pipeline Ltd.	Canada	B		
Kelt Exploration Ltd.	Canada			B
Kinder Morgan Canada Limited	Canada		B	B
Kinder Morgan, Inc.	United States	S+B		
National Oilwell Varco, Inc.	United States	B		
NexGen Energy Ltd.	Canada			B
Parex Resources Inc.	Canada	B		
Parkland Fuel Corporation	Canada	B		
PDC Energy, Inc.	United States	B		B
Pembina Pipeline Corporation	Canada	B		
Peyto Exploration & Development Corp	Canada			B
Phillips 66	United States	B		
Pioneer Natural Resources Company	United States	B		
Precision Drilling Corporation	Canada	C		
QEP Resources, Inc.	United States	B		
Raging River Exploration Inc.	Canada	B		B
Secure Energy Services Inc.	Canada			B
ShawCor Ltd.	Canada			L
SM Energy Company	United States	B		
Spartan Energy Corp.	Canada			B
Suncor Energy Inc.	Canada	C		B
The Williams Companies, Inc.	United States	B		
Tourmaline Oil Corp.	Canada	B		
TransCanada Corporation	Canada	B	B	
Trilogy Energy Corp.	Canada	B		B

GICS SECTOR / COMPANY	COUNTRY	E	S	G
ENERGY				
Valero Energy Corporation	United States			B
Veresen Inc.	Canada	B		
Vermilion Energy Inc.	Canada	C		C
Whitecap Resources Inc.	Canada	B		B
FINANCIALS				
American Express Company	United States			B
Bank of Montreal	Canada	B	B	B
Brookfield Asset Management Inc.	Canada			B
Canadian Imperial Bank of Commerce	Canada			C
CI Financial Corp	Canada			B
ECN Capital Corp.	Canada			B
Element Fleet Management Corp	Canada			B
Fairfax Financial Holdings Limited	Canada			B
Home Capital Group Inc.	Canada			C
HSBC Holdings plc	United Kingdom	B	B	B
Laurentian Bank of Canada	Canada			C
Manulife Financial Corporation	Canada			C
Mitsubishi UFJ Financial Group, Inc.	Japan		B	
Onex Corporation	Canada			L
Royal Bank of Canada	Canada			C
The NASDAQ OMX Group, Inc.	United States	L	L	
The Toronto-Dominion Bank	Canada			C
TMX Group Limited	Canada	L	L	
HEALTH CARE				
Johnson & Johnson	United States	B	B	B
McKesson Corporation	United States			C
UnitedHealth Group Incorporated	United States			C
Valeant Pharmaceuticals International, Inc.	United States			B
INDUSTRIALS				
Aecon Group Inc.	Canada			B
ATS Automation Tooling Systems Inc.	Canada			B
Bombardier Inc.	Canada			B
Canadian Pacific Railway Limited	Canada	C	C	C
Cargojet Inc.	Canada			B
Exchange Income Corporation	Canada			B
Finning International Inc.	Canada			C
GDI Integrated Facility Services Inc.	Canada			B
Richelieu Hardware Ltd.	Canada			B
Stantec Inc.	Canada			B
Transcontinental Inc.	Canada			B
WestJet Airlines Ltd.	Canada			B
INFORMATION TECHNOLOGY				
Activision Blizzard, Inc.	United States			B
Alphabet Inc.	United States			B
Apple Inc.	United States			B

GICS SECTOR / COMPANY	COUNTRY	E	S	G
INFORMATION TECHNOLOGY				
BlackBerry Limited	Canada			C
Constellation Software Inc.	Canada			B
DeNA Co., Ltd.	Japan		B	
Enghouse Systems Limited	Canada			B
Hewlett Packard Enterprise Company	United States			B
HP Inc.	United States			B
Intel Corporation	United States	B	B	B
International Business Machines Corporation	United States			B
Mitel Networks Corporation	Canada			B
Novanta Inc.	United States			B
QUALCOMM Incorporated	United States			B
Shopify Inc.	Canada			B
Tata Consultancy Services Limited	India			S
MATERIALS				
Agnico Eagle Mines Limited	Canada			C
Alacer Gold Corp.	Canada			B
Alamos Gold Inc.	Canada			B
B2Gold Corp.	Canada			L
Barrick Gold Corporation	Canada		S+B	C
Canfor Corporation	Canada			C
Detour Gold Corporation	Canada	B	B	
Dominion Diamond Corporation	Canada	B	B	B
Eldorado Gold Corporation	Canada		L	B
First Majestic Silver Corp.	Canada			B
First Quantum Minerals Ltd.	Canada		L	B
Fortuna Silver Mines Inc.	Canada			B
Glencore Plc	Switzerland			B
Goldcorp Inc.	Canada			B
HudBay Minerals Inc.	Canada			B
IAMGOLD Corporation	Canada			B
Interfor Corporation	Canada			S
Kinross Gold Corporation	Canada		B	B
Klondex Mines Ltd.	Canada			B
Neo Performance Materials Inc.	Canada			B
Nevsun Resources Ltd.	Canada			B
NovaGold Resources Inc.	Canada			C
Nucor Corporation	United States			B
SEMAFO Inc.	Canada	B		
Silvercorp Metals Inc.	Canada			B
Stella-Jones Inc.	Canada			B
Tahoe Resources Inc.	United States	B	B	S+B
Teck Resources Limited	Canada			B
Yamana Gold Inc.	Canada			B

GICS SECTOR / COMPANY	COUNTRY	E	S	G
REAL ESTATE				
Allied Properties Real Estate Investment Trust	Canada			B
Artis Real Estate Investment Trust	Canada			B
Colliers International Group Inc.	Canada			B
Cominar Real Estate Investment Trust	Canada			B
FirstService Corporation	Canada			B
H&R Real Estate Investment Trust	Canada			B
Milestone Apartments Real Estate Investment Trust	Canada			C
Morguard North American Residential REIT	Canada			B
Morguard Real Estate Investment Trust	Canada			B
SmartCentres Real Estate Investment Trust	Canada			B
TELECOMMUNICATION SERVICES				
TELUS Coporation	Canada	B	B	B
Verizon Communications Inc.	United States	B	B	
UTILITIES				
Algonquin Power & Utilities Corp.	Canada			B
ATCO Ltd.	Canada	C		
CenterPoint Energy, Inc.	United States	B	B	
Emera Incorporated	Canada	B		
Fortis Inc.	Canada	B		C
Just Energy Group Inc.	Canada	B		
NextEra Energy, Inc.	United States	B		
Northland Power Inc.	Canada	B		L
Public Service Enterprise Group Incorporated	United States	B		
TransAlta Corporation	Canada			B
UGI Corporation	United States	B		
Unitil Corporation	United States	B		

ECO-AUDIT ENVIRONMENTAL BENEFITS STATEMENT

The BCI responsible investing annual report is printed with vegetable-based inks, on paper that is made from 100 per cent post-consumer recycled content. The stock is manufactured with renewable, non-polluting, wind-generating electricity, and is sourced from certified suppliers that support the growth of responsible forest management. By using this environmentally friendly paper, BCI has saved the following resources:

trees 11 fully grown	water 18,724 litres	energy 4 million BTU	solid waste 150 kilograms	greenhouse gases 413 kilograms
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*Environmental impact estimates were made using the Environmental Paper Network Calculator.
For more information visit <http://calculator.environmentalpaper.org>*



Printed by Hemlock Printers Ltd. In addition to being named the **Most Environmentally Progressive Printer in Canada** for ten of the last twelve years, Hemlock Printers has the distinction of being the first printing company in Canada to achieve **carbon neutral** status.



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We welcome your comments and suggestions on our report.

Please contact: Gwen-Ann Chittenden
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