

OceanRock employs screening to make sure that best-in-sector companies, with strong performance in environmental, social and governance (ESG) areas, are held in our funds and portfolios. However, best-in-sector companies aren't perfect. Through engagement we can encourage companies to improve their performance in these three areas. OceanRock does this by going right into the boardroom of the companies we own in our Meritas SRI Funds, meeting face-to-face with management teams and starting meaningful conversations on behalf of our investors on key issues. When our dialogue doesn't result in progress, our engagement may escalate into filing a shareholder proposal — a resolution put forward at a company's annual general meeting.

For more information on socially responsible investments, including shareholder engagement, please contact your advisor.



About OceanRock Investments Inc.

OceanRock Investments Inc. is one of Canada's fastest-growing investment management organizations. OceanRock offers a full range of managed portfolio solutions and individual funds to meet the needs of individual and institutional investors. OceanRock is committed to socially responsible investing (SRI) with its full offering of SRI funds and portfolio solutions through Meritas SRI Funds. OceanRock Investments Inc. is a wholly owned subsidiary of Qtrade Financial Group.

¹Since 1998; as at September 30, 2013

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Shareholder Engagement in Action¹:
2,185 proxy votes
179 companies engaged
40 shareholder resolutions filed

Some of our ongoing engagement efforts include themes such as sustainability reporting, toxic chemicals, responsible sourcing and executive compensation.

We were the first investor to win the right to have a say-on-pay vote in Canada.

Now, more than 125 companies in Canada have agreed to give shareholders an annual advisory vote on executive compensation.

Meritas SRI Funds

Shareholder Engagement

Influencing positive, measurable change



Shareholder engagement — giving investors a voice

Along with traditional investment solutions, OceanRock Investments Inc. provides socially responsible investment (SRI) solutions through Meritas SRI Funds.

SRI incorporates environmental, social and governance considerations while seeking competitive financial returns.

The OceanRock approach to SRI involves three core elements:

Screening

Selecting responsible, well-performing companies to invest in, using the most comprehensive screening criteria

Shareholder Engagement

Influencing positive, measurable change within companies

Community Development Investments

Impacting those in poverty by investing in programs that earn financial returns while achieving positive, lasting social impacts

Your voice in the boardroom

People who invest in our SRI fund solutions indirectly own shares in the companies held by that fund. Through our engagement efforts they have an opportunity to help improve each of those companies' actions and activities.

Our shareholder engagement strategy makes a difference

Here are just a few of our engagement efforts that have resulted in positive, measurable change within the companies we own.

Influence change

Shoppers Drug Mart Reduces Toxic Chemicals

Shoppers Drug Mart is known for items such as cosmetics and personal care products. What consumers and shareholders probably don't know though, is that toxins such as PVCs and phthalates were being used in its proprietary packaging and a number of its private label "Life Brand" products.

In 2009, we asked Shoppers to take steps to eliminate these toxins from its products. While the company was responsive and provided information on two initiatives it had implemented, it hadn't yet taken steps to report to shareholders its progress and targets for reducing and eliminating toxins.

OceanRock filed a shareholder proposal and Shoppers agreed to report its progress in its 2010 annual report and consider future targets and metrics for both initiatives. Shoppers' 2011 annual report outlines the company's commitment to reducing the environmental impact of its products, with targets to reduce the use of PVCs in its packaging by 20 per cent and eliminate phthalates in its private label products.



Engagement areas: Environment and governance
Issue: Sustainability reporting and toxic chemicals
Company engaged: Shoppers Drug Mart Corporation
Outcome: Elimination of phthalates and 20 per cent reduction of PVC in proprietary packaging

Engagement area: Social
Issue: Sustainable coffee sourcing
Company engaged: Tim Hortons
Outcome: Launched Partnership Blend coffee in May 2013



Tim Hortons Launches Partnership Blend Coffee

For years, we have been lobbying Tim Hortons to provide fair trade certified coffee in its stores. Tim Hortons initially responded by pointing to its Coffee Partnership program, which helps small-scale farmers grow and market quality beans, but it wasn't buying these beans to use in its own operations. By keeping its small-scale coffee partnerships separate from its purchasing department, Tim Hortons was missing an opportunity to help the partnership farmers and meet its consumer demand for fair trade, sustainably sourced coffee. In 2013, Tim Hortons launched its Partnership Blend coffee, in part because of OceanRock's engagement efforts. The vision of the Coffee Partnership is to help build sustainable coffee communities by supporting coffee farmers in key areas that will improve their businesses and their lives.

Canada's Big Banks Give Shareholders a Say on Pay

When individual pay packages for CEOs started swelling exponentially — to about \$10 million on average — Gary Hawton, president of OceanRock Investments, put engagement into action. Hawton put a motion on the ballot of each of Canada's big five banks. The first of these motions to reach a vote was the one filed with CIBC. At CIBC's annual shareholder meeting, we needed six per cent of shareholders to vote in favour of the motion in order to bring a second motion forward the next year. A surprising 45 per cent of the shareholders supported the motion and at CIBC's next AGM shareholders earned a non-binding "say on pay," with 53 per cent voting in favour. Shortly after, the other big banks reacted positively, allowing shareholders to vote on executive compensation. Five years ago, the number of Canadian companies that provided shareholders with a say on pay was zero. As of June 2013, it has increased to more than 125.



Engagement area: Governance
Issue: Executive compensation ("say on pay")
Companies engaged: Bank of Nova Scotia, Bank of Montreal, CIBC, RBC, TD Bank
Outcome: Annual "say-on-pay" vote since 2009