



The Ethical Funds Company

Boreal Forest Conservation Framework

Annual Action Plan

The Annual Action Plan is a high level summary of actions that signatories to the Boreal Forest Conservation Framework commit to undertake in support of fulfilling the shared vision to sustain the ecological and cultural integrity of the Canadian Boreal region, in perpetuity. It is meant to help identify strategic milestones along the way to the vision.

The Action Plan outlines how a signatory to the Boreal Forest Conservation Framework commits to show leadership to support the Framework through a range of both individual and collaborative actions for the next year. To underline the integrated nature of the Framework vision, Action Plans should include a range of initiatives including:

- scientific and traditional ecological knowledge research;
- land use planning;
- protected areas designations;
- innovative policy development supporting Framework principles; and,
- promotion of economic and cultural sustainability in the boreal region.

Actions should be linked to the Framework's organizational baseline report (as identified in the signatory process), and reference collaborations and key partnerships that are being formed or need to be formed to achieve the actions as described. Identifying actions in all areas, while not required, is encouraged.

Proposed Action Plan Sections

1) Link between actions and core organizational/business strategies

Briefly describe how the planned Framework-related actions are connected to your organization's overall strategy and development. The purpose of this section is to gain insight in to how a commitment to the Boreal Forest Conservation Framework will create value for The Ethical Funds Company in its mission and purpose.

The Ethical Funds Company is Canada's largest socially responsible mutual fund company, committed to demonstrating leadership in this field using the tools of portfolio evaluation, shareholder action, and lobbying government. Our Core Values are respect for the environment, stakeholders, and human rights.

The Canadian Boreal Initiative is integral to our Shareholder Action Program and related efforts to fight climate change and advance biodiversity protection. The Boreal Conservation Framework shapes our Proxy Voting Guidelines and helps inform criteria for our Corporate Sustainability Scorecard – our proprietary methodology for evaluating investment prospects for inclusion in our Funds.

2) Short term plans nested within long term actions

Briefly describe how the short term, annual action plans presented here fit within the long term planned actions of the company/organization.

The Ethical Funds Company will continue to promote the CBI to North American financial institutions, resource companies, publishers, telecommunications companies, and socially responsible mutual funds. In 2007, we will discuss the CBI and the Conservation Framework with the following companies:

Financial Institutions

Bank of America
Bank of Montreal
Bank of Nova Scotia
Canadian Imperial Bank of Commerce
Manulife Financial
Royal Bank of Canada
Toronto Dominion Bank

Forest Products

Cascades

Publishers

Rogers Communications
Time Warner
Thomson

Telecommunications

Telus

Oil and Gas

EnCana
Petro-Canada

Socially Responsible Mutual Funds

Calvert Group

3) Scientific and traditional ecological knowledge research

What research actions are you planning that will inform better conservation planning?

We have conducted detailed analyses of existing climate change and biodiversity policies of leading financial institutions using 2005 data and this will be updated in 2007. In addition we have developed a climate change risk matrix for oil and gas companies to assess their response to climate change. A research paper summarizing these results will be published in 2007. Similar research on climate change and biodiversity will be carried out for the mining sector in 2007.

We have conducted research on implementation of the concept of free, prior, and informed consent (FPIC) as it relates to both indigenous and non-indigenous communities. A research paper will be published in 2007 jointly with our colleagues in the United States in an attempt to further the acceptance of FPIC among corporations. This research will be used in the context of our dialogues with companies relating to aboriginal peoples' rights and the CBI as well as broader issues of community consultation and acceptance for project development.

4) Land use planning

What actions are being undertaken to improve land-use planning and the designation of areas for sustainable development and preservation? *(e.g. Undertake assessments of High Conservation Value Forests concurrent with FSC certification on company forest licenses.)*

We will support efforts to advance ecosystem-based land use planning through our Shareholder Action Program and lobbying activity, in association with members of the Boreal Leadership Council, as these arise. This is most relevant to dialogues with extractive industry companies that impact large tracts of land.

5) Protected areas designations

What actions will you undertake to identify deferrals and protected areas? *(e.g. Establish areas of protection or benchmark areas through special designations through legislation or other programs.)*

The Ethical Funds Company will encourage companies to work with credible conservation authorities and conservation scientists to identify no-go areas for the purposes of biodiversity protection.

6) Innovative policy development supporting Framework principles

Provincial and federal policy development that supports the vision of the Framework signatories is critical to the long-term success of the Boreal initiative. What policy and regulatory actions have been undertaken to advance Framework goals? *(e.g. Advocacy to provincial officials for land use planning on unallocated lands.)*

The Ethical Funds Company made a written submission to the Oil Sands Multistakeholder Committee consultations initiated by the Government of Alberta. Our position advocated for slowing down the pace of development within the oil sands regions until an integrated land use plan can be developed and implemented.

The CBI was also presented to NDP Leader Jack Layton as an initiative that the federal government should be supporting during local consultations in Vancouver. We will avail ourselves of other opportunities to promote the CBI to government decision and policy making as these arise.

7) Promotion of economic and cultural sustainability in the boreal region

What actions will you undertake to support sustainable economic benefits to boreal communities? *(e.g. Supporting sustainable community development opportunities, or creating market demand for Boreal products)*

In our efforts to support sustainable forestry, we are undertaking internal initiatives to continue shifting paper use to Forest Stewardship Council certified paper. We are also working with the Tree Canada Foundation to help fund reforestation. The Ethical Funds Company is trying to reduce overall consumption by purchasing duplex printers; influence employee behaviour; and utilizing more electronic forms rather than paper-based ones.

The management standards we are advocating for Canada's publicly-traded corporations will create a more robust corporate sector; one that is better able to adapt to new market challenges, rising public expectations, and improved capacity to hire and retain high quality employees seeking employment at more responsible companies. A corporate sector with these attributes will bring more substantial and sustainable benefits to all stakeholders, including boreal communities.

8) Recognition of aboriginal rights

Will any actions affect aboriginal lands or involve an issue of aboriginal rights? Please describe how your actions will address/support aboriginal rights and what types of collaboration are planned. (e.g. *Support for full consultation with affected groups and incorporation of local and traditional knowledge prior to resource allocation or permitting*)

Both our Corporate Sustainability Scorecard and Shareholder Action Program include supporting the rights of aboriginal people and ensuring business activity has an overall positive impact on aboriginal communities. The extractive industries have a disproportionate impact on aboriginal peoples and for this reason, our dialogues with companies in these sectors often include the protection of aboriginal rights. In particular for 2007, we will continue to engage Enbridge on their consultation efforts with aboriginal communities affected by the proposed Gateway Pipeline.

9) Actual or potential impediments and problem solving

Briefly summarize areas of concern where other signatories may be of assistance in addressing. (e.g. *Need collaboration across of group of signatories and non-signatories to advocate for provincial policy change on protected area designation.*)

One particular area of research we are pursuing is the concept of free, prior and informed consent (FPIC). As mentioned earlier we will publish a research paper on this in Spring 2007. Our intention is to hold a roundtable session using this paper as a springboard for discussions. Other signatories may be interested in this event and contributing to the exploration of FPIC as a universal standard for community engagement.

In addition, we require the input of First Nations representatives to ensure that our demand-set with respect to aboriginal rights is appropriate and consistent with ongoing negotiations and relationships with governments and corporations.

10) Planned communications around Boreal issues

If actions are planned around communicating results or progress please broadly describe them. Please include any anticipated support being sought from other Framework Partners. (e.g. *Once mapping of HCVFs is completed, planning a press conference and desire assistance of CBI and other partners to be there in support.*)

Communicating progress will be disclosed annually in our Shareholder Action Program Status Report which summarizes our dialogue activities for the previous year. This report for 2006 is now available on our website and the CBI is highlighted throughout this document.

Monthly updates on our website are also available on all of our dialogue activity with companies.

The Ethical Funds Company has submitted an RFP to propose a workshop at the major socially responsible investment industry event in the United States – SRI in the Rockies. The workshop proposed would attempt to highlight the significance of the oil sands region in Canada and the challenges of addressing sustainability issues associated with this resource. Protection of the boreal would be highlighted as a key component of a long-term strategy to pursue oil sands development.