

Annual Report of the Independent Review Committee
of the NEI Investments Funds
Covering the period October 1, 2021 to September 30, 2022

October 31, 2022

Independent Review Committee Annual Report to Securityholders in the NEI Investments Funds (the “Funds”) set out at the end of this report.

Dear Investor:

In accordance with **National Instrument 81-107 Independent Review Committee for Investment Funds** (“NI 81-107” or the “Instrument”), the Independent Review Committee (the “IRC”) for all of the Funds managed by NEI Investments¹ (the “Manager”) has functioned in accordance with the applicable securities laws, including the Instrument, which requires that an IRC be composed of at least three individuals, each of whom must be independent of the Funds, the Manager and each entity related to the Manager (as defined in the Instrument).

The IRC is pleased to publish its Annual Report to securityholders, covering the period from October 1, 2021 to September 30, 2022 (“the Reporting Period”).

Mandate of the IRC

In accordance with the Instrument, the mandate of the IRC is to consider and provide recommendations to the Manager on conflicts of interest to which the Manager may be subject when managing the Funds. The Manager is required under the Instrument to identify potential conflicts of interest inherent in its management of the Funds, to develop written policies and procedures guiding its management of those conflicts and to request input from the IRC on those written policies and procedures.

When a conflict matter arises, the Manager must refer its proposed course of action in respect of any such conflict-of-interest matter to the IRC for its review. While certain matters require the IRC’s prior approval, in most cases the IRC is to provide a recommendation to the Manager as to whether, in the opinion of the IRC, the Manager’s proposed action provides a fair and reasonable result for the Funds. For recurring conflict of interest matters, the IRC can provide the Manager with Standing Instructions (“SIs”) that enable the Manager to proceed with certain matters without having to refer them to the IRC each time for approval, providing the Manager deals with the conflicts in accordance with the SIs.

The IRC is empowered to represent the best interest of the Funds in any matter where the Manager has

¹ Northwest & Ethical Investments L.P., operating through its general partner, Northwest & Ethical Investments Inc., carrying on business as NEI Investments.

referred a conflict-of-interest matter to the IRC. In those cases, it has sought to ensure that the Manager’s proposed course of action represents a fair and reasonable result for each of the relevant Funds.

The IRC has engaged Independent Review Inc. to assist it in its duties in accordance with the provisions of the Instrument and the IRC’s Written Charter, to provide certain administrative and record keeping functions, and to act as the IRC’s independent secretariat.

Composition of the IRC

The current members of the IRC, and their principal occupations, are as follows:

| Name and municipality of residence | Principal Occupation | Term of Office |
|--|---|---|
| Marie Rounding (Chair) Toronto, Ontario | Counsel, Gowling WLG (Canada) LLP (retired) and Corporate Director | Initial appointment effective October 1, 2014. Renewed effective October 1, 2020, until September 30, 2023. |
| W. William Woods, Toronto, Ontario | Consultant, Independent Director, former CEO of Bermuda Stock Exchange | Initial appointment effective October 1, 2015 Renewed effective October 1, 2021, until September 30, 2024. |
| Michele McCarthy, Toronto, Ontario | President, McCarthy Law Professional Corp., and President Independent Review Inc. | Initial appointment effective November 6, 2019. Renewed effective October 1, 2022, until September 30, 2025. |

Michele McCarthy’s term was renewed on October 31, 2022, for a period of three years effective October 1, 2022.

Compensation and Indemnification

Members’ Fees

In aggregate, during the Reporting Period the members of the IRC were paid \$90,000.

Review of Compensation

At least annually, the IRC reviews its compensation considering the following:

- i. the best interests of the Funds;
- ii. that compensation paid to the IRC by the Funds should fairly and reasonably reflect the general and specific benefits accruing to that Fund;
- iii. the nature and extent of the workload of each member of the IRC; and,
- iv. industry best practices including industry averages and surveys on IRC compensation.

The IRC determined that no changes were required in its compensation.

Indemnities Granted

The Funds and the Manager have provided each IRC Member with a contractual indemnity to the fullest extent permitted by NI 81-107. No indemnities were paid to any IRC Member by the Funds or the Manager during the Reporting Period.

Disclosure of IRC Members' Holdings

As of September 30, 2022, the IRC Members did not beneficially own, directly or indirectly investments in:

- any units in any of the Funds;
- any interests in the Manager; or,
- any interests in a company or person that provides services to the Manager or to the Funds to the best of their knowledge.

Recommendations and Approvals

On May 11, 2022 - the Manager's proposed accepting Addenda Capital Inc ("Addenda") as a client of NEI Exempt Market Dealer (EMD). The conflict arose since Addenda is a fund sub-advisor to NEI Investment Fund Manager (IFM). In addition, Addenda is connected to Northwest & Ethical Investments ("NEI").²

The Manager also proposed that Addenda remain as a sub-advisor to another fund given the significant business relationship. The conflict arose since Addenda is the sub-advisor to NEI International Equity RS Fund (the "Advised Fund"). Addenda will also be launching three mutual funds (the "Addenda Fund of Funds"), whose main underlying assets will be in the NEI Global Impact Bond, the NEI Global High Yield and the NEI Emerging Markets (the "Underlying Funds"). Ms. McCarthy did not participate in the discussion surrounding this matter and recused herself from the vote.

After reasonable enquiry and relying on the Manager's memorandum and supporting documentation as well as information provided before and during the meeting the IRC unanimously determined that the Manager's proposed course of action to accept Addenda as an EMD client and to retain its relationship with Addenda as a sub-advisor achieved a fair and reasonable result for the Underlying Funds.

² NEI is a wholly-owned subsidiary of Aviso Wealth Inc. ("Aviso"). Aviso is a wholly-owned subsidiary of Aviso Wealth LP, which in turn is owned 50% by Desjardins Financial Holding Inc. and 50% by a limited partnership owned by the five Provincial Credit Union Centrals and the CUMIS Group Limited. The CUMIS Group Limited (CUMIS) is jointly owned by Co-operators Life Insurance Company, a subsidiary of The Co-operators Financial Services Limited, and Central 1 Credit Union. The Co-operators Financial Services Limited has a majority interest in Addenda, with remaining stocks held by employees.

Standing Instructions Approved

The IRC has approved five Standing Instructions (Sis), which constitute a written approval or recommendation from the IRC. The Sis permit the Manager to proceed with the specific action(s) set out in the SIs on an ongoing basis, without having to refer the conflict-of-interest matter or its proposed action to the IRC. The Manager can do so provided that it complies with the terms and conditions of the SI. In each case, the SIs require the Manager to comply with its related policy and procedures and to report periodically to the IRC.

Standing Instruction No. 1: *Omnibus*. This SI deals with several conflicts of interest matters including:

1. Expenses charged to the Funds
2. Expense allocations
3. Excessive trading policy
4. Trade allocations
5. Net asset value error correction policy
6. Correcting other material securityholder transaction errors
7. Seeking best execution
8. Soft dollar arrangements
9. Favouritism policy
10. Proxy voting policy
11. Sub-advisory services provided by related parties
12. Changing sub-advisors
13. Monitoring sub-advisors
14. Employee personal trading policy
15. Trading policies for sub-advisors
16. Short-term trading and late trading policy
17. Services provided by related parties
18. Trading policies including broker selection and trade allocationsT

The Manager relied on SI No. 1 during the Reporting Period.

Standing Instruction No. 2: *Portfolio Pricing Issues: Fair Valuing Securities.*

The Manager relied on SI No. 2 during the Reporting Period.

Standing Instruction No. 3: *Related Party Issues: A Fund Purchases Securities Underwritten by a Company Related to the Manager or to a Sub-Advisor.*

The Manager did not rely on SI No. 3 during the Reporting Period.

Standing Instruction No. 4: *Related Party Issues: Inter-fund Trades.*

The Manager did not rely on SI No. 4 during the Reporting Period.

Standing Instruction No. 5: *A Fund Purchases Securities (Whether Debt or Equity) Issued by a Company Related to a Sub- advisor*

The Manager relied on SI No. 5 during the Reporting Period.

This report is available on the Manager's website at NEIinvestments.com or you may request a copy, at no cost to you, by contacting the Manager at (416) 594-6633 or 1-888-809-3333 or by emailing the Manager at clientservice@NEIinvestments.com. This document and other information about the NEI Funds are available on www.sedar.com.

"Marie Rounding"

Marie Rounding, Chair

EFFECTIVE SEPTEMBER 30, 2022

| | FUNDS | FONDS |
|-----|---------------------------------------|--|
| 1. | NEI Balanced Private Portfolio | Portefeuille privé NEI équilibré |
| 2. | NEI Balanced Yield Portfolio | Portefeuille NEI rendement équilibré |
| 3. | NEI Canadian Bond Fund | Fonds d'obligations canadiennes NEI |
| 4. | NEI Canadian Dividend Fund | Fonds de dividendes canadiens NEI |
| 5. | NEI Canadian Equity Fund | Fonds d'actions canadiennes NEI |
| 6. | NEI Canadian Equity RS Fund | Fonds d'actions canadiennes ER NEI |
| 7. | NEI Canadian Small Cap Equity Fund | Fonds d'actions canadiennes petite capitalisation NEI |
| 8. | NEI Canadian Small Cap Equity RS Fund | Fonds d'actions canadiennes petite capitalisation ER NEI |
| 9. | NEI Conservative Yield Portfolio | Portefeuille NEI Rendement conservateur |
| 10. | NEI Emerging Markets Fund | Fonds des marchés émergents NEI |
| 11. | NEI Environmental Leaders Fund | Fonds leaders en environnement NEI |
| 12. | NEI ESG Canadian Enhanced Index Fund | Fonds indiciel canadien amélioré ESG NEI |
| 13. | NEI Global Dividend RS Fund | Fonds de dividendes mondial ER NEI |
| 14. | NEI Global Equity RS Fund | Fonds d'actions mondiales ER NEI |
| 15. | NEI Global High Yield Bond Fund | Fonds d'obligations mondiales à rendement élevé NEI |
| 16. | NEI Global Impact Bond Fund | Fonds d'obligation d'impact mondial NEI |
| 17. | NEI Global Sustainable Balanced Fund | Le Fonds équilibré durable mondial NEI |
| 18. | NEI Global Total Return Bond Fund | Fonds d'obligations mondiales à rendement global NEI |
| 19. | NEI Global Value Fund | Fonds de valeur mondial NEI |
| 20. | NEI Growth and Income Fund | Fonds croissance et revenu NEI |
| 21. | NEI Growth Private Portfolio | Portefeuille privé NEI croissance |
| 22. | NEI Income & Growth Private Portfolio | Portefeuille privé NEI revenu et croissance |

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| 23. | NEI Income Private Portfolio | Portefeuille privé NEI revenu |
| 24. | NEI International Equity RS Fund | Fonds d'actions internationales ER NEI |
| 25. | NEI Money Market Fund | Fonds de marché monétaire NEI |
| 26. | NEI Select Balanced RS Portfolio | Portefeuille NEI ER Sélect équilibré |
| 27. | NEI Select Growth & Income RS Portfolio | Portefeuille NEI ER Sélect croissance et revenu |
| 28. | NEI Select Growth RS Portfolio | Portefeuille NEI ER Sélect croissance |
| 29. | NEI Select Income & Growth RS Portfolio | Portefeuille NEI ER Sélect revenu et croissance |
| 30. | NEI Select Income RS Portfolio | Portefeuille NEI ER Sélect revenu |
| 31. | NEI Select Maximum Growth RS Portfolio | Portefeuille NEI ER Sélect croissance maximale |
| 32. | NEI U.S Dividend Fund | Fonds de dividendes américains NEI |
| 33. | NEI U.S Equity RS Fund | Fonds d'actions américaines ER NEI |
| 34. | NEI Fixed Income Pool | Mandat NEI revenu fixe |
| 35. | NEI Global Equity Pool | Mandat NEI actions mondiales |
| 36. | NEI Managed Asset Allocation Pool | Mandat NEI répartition d'actifs sous gestion |
| 37. | NEI Canadian Equity Pool | Mandat NEI actions canadiennes |
| 38. | NEI Clean Infrastructure Fund | Fonds d'infrastructure propre NEI |
| 39. | NEI Global Growth Fund <i>(Formerly NEI Global Equity Fund)</i> | Fonds de croissance mondiale NEI <i>(Auparavant, Fonds d'actions mondiales NEI)</i> |

Schedule A
IRC Members who sit on IRCs for other Fund Families as of September 30, 2022

Marie Rounding served as a member of the Independent Review Committees for the following funds:

Investment funds that are reporting issuers managed by Emerge Canada Inc.; and
Investment funds that are reporting issuers managed by NewGen Asset Management Inc.

Michèle McCarthy served as a member of the Independent Review Committees for the following funds:

Investment funds that are reporting issuers managed by Addenda Capital Inc.;
Investment funds that are reporting issuers managed by EHP Partners Inc.;
Investment funds that are reporting issuers managed by Hazelview Securities Inc.
Investment funds that are reporting issuers managed by Picton Mahoney Asset Management Inc.; *(retires as of December 31, 2022)*
Investment funds that are reporting issuers managed by PIMCO Canada Corp.;
Investment funds that are reporting issuers managed by Sprott Asset Management Inc.; and
Investment funds that are reporting issuers managed by Willoughby Asset Management Inc.

W. William Woods served as a member of the Independent Review Committees for the following funds:

Investment funds that are reporting issuers managed by 3iQ;
Investment funds that are reporting issuers managed by Educators Financial Group Inc.;
Certain investments funds managed by Ninepoint Partners LP;
Investment funds that are reporting issuers managed by Russell Investments Canada Limited; and,
Investment funds that are reporting issuers managed by Spartan Fund Management.