

An aerial photograph showing a dense green forest on the right side of a dark blue lake. The forest is composed of many tall, thin trees. The lake's surface is calm with some ripples. The text 'Responsible investment report' is overlaid in white on the left side of the lake.

Responsible investment report

2026

NEI

Important information and disclaimers

This *Responsible investment report* (the “Report”) is provided for informational purposes only and does not constitute an offer or a solicitation to buy or sell any security; nor is it intended to provide investment, financial, legal, accounting, tax or other advice, and such information should not be relied or acted upon for providing such advice. The recipient of this Report is solely liable for any use of the information contained in this document, and neither Northwest & Ethical Investments L.P. and its affiliates (“NEI”, “we”, “us” or “our”) nor any of its employees or agents shall be held responsible for any direct or indirect damages arising from the use of this Report by the recipient. The information contained in this document should not be relied upon as a substitute for professional advice.

References to specific securities are included in the Report to illustrate the investment management approach and should not be considered as a recommendation to buy or sell those securities. There can be no assurance that any securities discussed herein will remain in strategies managed by NEI or its sub-advisors, and NEI makes no representation that any of the securities discussed herein were or will be profitable. The selection criteria for reported examples are not based on performance.

Corporate engagement and proxy voting data used in the Report were organized using artificial intelligence (“AI”) technology to ease the extraction of information for publishing. Report authors reviewed the results for accuracy.

The corporate dialogue stories contained in the Report are based on NEI records, research and impressions gathered during company engagements. Unless otherwise indicated, no company identified in the Report reviewed its contents before publication. We acknowledge that company progress on environmental, social and governance issues is due to multiple factors and not attributable solely to NEI’s influence.

Information and data contained in the corporate dialogue stories, including company responsiveness, progress toward engagement objectives, holding status and next steps, is valid as of the time of the original publication of the story, as indicated. There may have been progress made on the engagements since that date that is not reflected in the Report. NEI does not undertake any obligation to update individual engagement stories after their initial publication.

Climate-related disclaimers

Climate metrics, data and other information contained in this Report are or may be based on assumptions and estimates with which may not be independently verifiable. We have not independently verified or assessed the assumptions underlying the data we have obtained from our sub-advisors and other third parties that we use to set, track and report on our progress towards meeting our interim targets. Moreover, the data needed to define our pathway toward net zero may be limited in quality, consistency, or simply not available at the time the Report was created. All commitments and targets in this Report are aspirational and subject to change as new data and information become available, and as the legislative and regulatory landscape continues to evolve with respect to climate-related reporting.

This Report is intended to provide information from a different perspective and in more detail than is required to be included in mandatory securities filings and other regulatory reports made with Canadian securities regulators. While certain matters discussed in this Report may be of interest and importance to our stakeholders, the use of the terms “material”, “significant”, “important” or similar words or phrases should not be read as necessarily rising to the level of materiality used for the purposes of securities or other laws and regulations.

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Caution regarding forward-looking statements

From time to time, NEI makes written or oral forward-looking statements within the meaning of certain applicable securities legislation. We may make forward-looking statements in this Report and in other filings with Canadian regulators, in other reports to our stakeholders, and in other communications. Forward-looking statements in this Report include, but are not limited to, statements relating to our climate-related strategy and commitments, risks and opportunities, metrics and targets (including interim targets), and our strategy supporting the transition to a net-zero economy.

Forward-looking statements are typically identified by words such as “aim”, “anticipate”, “believe”, “commit”, “estimate”, “expect”, “expectation”, “forecast”, “foresee”, “goal”, “intend”, “intention”, “likely” (and “unlikely”), “objective”, “plan”, “predict”, “project”, “seek to”, “strive”, “target” and similar expressions of future or conditional verbs such as “could”, “may”, “might”, “should” and “would”. Forward-looking statements are neither historical facts nor assurances of future performance. They require us to make assumptions and are subject to inherent risks and uncertainties, which give rise to the possibility that such statements will not prove to be accurate. Our actual results may differ materially from those indicated in the forward-looking statements.

We caution readers not to rely on our forward-looking statements, as they are subject to many risk factors, some of which are beyond our control and the effects of which can be difficult to predict. Such factors include, but are not limited to, the need for robust climate data and standardization of climate-related measurement methodologies, our ability to gather and verify data, our ability to successfully implement climate-related initiatives under expected time frames, the risk that initiatives will not be completed or that they will not produce the expected outcomes, the need for ongoing participation and action of various stakeholders (including our sub-advisors, governmental and non-governmental organizations, other financial institutions, businesses and individuals), changing technology and consumer behaviour, global energy needs, global decarbonization efforts including climate-related policies, and the legal and regulatory environment.

The forward-looking statements contained herein are made as of the date of this Report based on information currently available to us. Except as required by law, none of NEI or its affiliates undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by us or on our behalf, whether as a result of new information, future developments or otherwise.

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We acknowledge that the land on which we live, and work is the traditional territory, treaty and unceded lands of diverse and distinct Indigenous Peoples across what is now called Canada.

These lands have been cared for by First Nations, Inuit, and Métis Peoples since time immemorial and we honour their knowledge of and deep connection to the land, waters, and skies. As we continue our journey toward Truth and Reconciliation, we do so with humility and a commitment to listening, learning, and building relationships rooted in trust and respect. As a financial services organization, we recognize our responsibility to consider how our actions can advance economic reconciliation and support shared prosperity with Indigenous Peoples. Reconciliation is not a single act or destination but an ongoing process that requires meaningful action, reciprocity, and a thoughtful approach to fostering inclusive economic opportunities.

In the spirit of the Truth and Reconciliation Commission’s Call to Action 92, we reflect on the responsibility of all individuals and organizations to foster respectful relationships with Indigenous Peoples and support their self-determination. We are committed to opening this conversation and taking the first steps toward understanding the voices and truths from the communities where we aspire to build right relations.

We invite others on this journey as we work toward a future of equity, respect, and mutual understanding.

About NEI Investments

Northwest & Ethical Investments L.P. (“NEI Investments” and “NEI”), part of the asset management arm of Aviso Wealth Inc. (“Aviso”)—one of Canada’s leading wealth services suppliers—manages over \$15 billion in assets as of May 31, 2026.

NEI takes a differentiated approach to generating investment returns for Canadians by combining a global network of specialized money managers, proprietary investment management and asset allocation, and a dedicated responsible investing team. Together, these elements are designed to navigate the dynamics of a changing world, identify unique investment opportunities, and deliver a diverse range of outcomes with financial growth at the core. For more information, visit www.neiinvestments.com.

About Aviso

Aviso is a leading wealth management services provider for the Canadian financial industry, with approximately \$146 billion in total assets under administration and management as of April 30, 2025. We’re building a technology-enabled, client-centric wealth management ecosystem. Our clients include our partners, advisors and investors. We’re a trusted partner for credit unions across Canada, in addition to a wide range of portfolio managers, investment dealers, insurance and trust companies, and introducing brokers. Our partners depend on Aviso for specific solutions that give them a competitive edge in a rapidly evolving, highly competitive industry. Our dual-registered investment and mutual fund dealer and our insurance services support thousands of investment advisors. Our asset manager oversees a growing lineup of investment solutions, including NEI funds and portfolios. Our Managed Assets Program provides a comprehensive range of separately managed accounts. Our online brokerage, Qtrade Direct Investing®, empowers self-directed investors, and our fully automated investing service, Qtrade Guided Portfolios®, serves investors who prefer a hands-off approach. Aviso Correspondent Partners provides custodial and carrying broker services to a wide range of firms. Aviso is backed by the collective strength of our owners: the credit union Centrals, Desjardins, and Co-operators/CUMIS. We’re proud to power businesses that empower investors.

* For the full description of the relationship between Aviso and NEI Investments, please refer to NEI’s simplified prospectus: https://www.neiinvestments.com/content/dam/nei/docs/en/regulatory/prospectus/NEI_Funds_Simplified_Prospectus.pdf

Scope of this report

NEI is focused on managing the sustainability-related risks and opportunities that have the potential to affect the value of our investments.

The management of risks and opportunities that have the potential to affect NEI at the entity level, rather than at the portfolio level, is carried out by our parent company.

The clearest way to understand the distinction we make between entity-level risks and portfolio-level risks is to look at two significant sustainability challenges: climate change and human capital.

NEI manages the risks of climate change and human capital—among other sustainability risks—insofar as they affect the companies in our portfolio, because those risks have the potential to affect the value of our holdings and thus impact the financial well-being of our investors. NEI does not manage the physical risks of climate change in connection with our offices, nor do we manage the risks of workforce inequality, pay equity, employee wellbeing or other human capital concerns that directly affect NEI staff. These considerations are managed by Aviso.

This distinction is important, as it establishes the NEI perspective on investment risk management and sets appropriate parameters around our disclosure and reporting efforts.

Information and data in this report generally cover the 12-month period ending December 31, 2025, unless otherwise indicated, with the exception of proxy voting and impact data. The coverage period for those data sets is explained in relevant sections of the report.

All currency references are in Canadian dollars unless otherwise indicated. Percentage values in charts may not add up to 100 due to rounding.

This report includes content and expands on information found in other NEI publications:

- Responsible Investment Policy
- Proxy Voting Guidelines
- Focus List (published in May 2026 as our *Stewardship roadmap*)
- Quarterly and ad hoc stories about our responsible investment activities

Foreword

When I think about what we do differently at NEI, it really is our commitment to help make companies better—what we call stewardship. We are stewards of people’s capital, and we seek to use our influence in a thoughtful, disciplined way to support the long-term interests of the people who invest with us.

Our efforts focus on the areas where we believe we can contribute to positive changes, such as healthier communities, a more sustainable operating environment, and meaningful progress on climate. All of it points to the same goal: driving better long-term results. Because that’s what responsible investing really is—putting money to work in companies you believe will do well, and staying invested in their success.

Why does stewardship matter? When we use our influence as shareholders, through proxy voting and direct engagement, we are working to protect and grow the value of your investments. We encourage companies to manage the risks that can erode returns over time, and to seize the opportunities that build lasting value.

In the following pages, you’ll see stewardship doing exactly what it’s meant to do: turning ownership into outcomes. You’ll see real-world impacts on companies whose names you know—Apple, Canadian Tire, Meta, Moderna, Nestlé—companies that may well be in your investment portfolio.

We’re proud to share our approach, our objectives and our results, and to show you how we’re working to make a difference.



Tim Prescott

Senior Vice President,
Head of Asset Management

Introduction

We live in a world that is experiencing rapid change, growing complexity and multiple systemic challenges.

Shifting norms, political upheaval, disruptive technologies and increasingly volatile natural systems all add to a sense of churn and urgency. Our responsible investing program must adapt in response, so that we can live up to our purpose of driving positive real-world outcomes for the benefit of our clients. One thing we feel confident about that *hasn't* changed over the 40-plus years of NEI history is the importance of our commitment to responsible investment. The core principles and foundational beliefs that underpin our responsible investing philosophy and guide our actions in the world offer a useful guide to navigating a consistent path through the seeming chaos.

Now is not the time to back away from the responsibility to steward our assets but is instead a time to strengthen our resolve. Our focus on stewardship, the cornerstone of our responsible investment program for over two decades, feels especially vital at a time when heightened scrutiny is causing some firms to retreat from their commitments.

Whether it is the impact of extreme weather, an increasingly fraught human rights landscape, or the uncertainties tied to the boom in artificial intelligence, all signs point to the need for an even deeper focus from stewardship teams to ensure we are creating the future we want for our investors.

This report lays out how the various aspects of our program operate as part of an integrated approach to responsible investment and how we exercise our investor rights and responsibilities. You'll see an increased emphasis in the coming years in how we report on our stewardship work as we explore ways to deepen our impact on the key environmental, social and governance issues that underpin a sustainable economy. The external environment has undoubtedly become more challenging to navigate. We will adapt and evolve to meet that challenge, as we have always done on behalf of our unitholders for the last 40 years.



John Bai, CFA

Senior Vice President,
Chief Investment Officer



Jamie Bonham

Head of Responsible Investing



2025 highlights

- Reorganized Responsible Investment team under Chief Investment Officer to enable a renewed focus on stewardship
- 1,185 annual general and special meetings voted
- 103 short-term engagement objectives assessed at 56 companies, with 19% of objectives achieved and 7% continuing to make progress
- Panelist at a Canada Climate Week event hosted by NEI Investments and ESG Global Advisors on the topic of sustainability disclosure requirements
- Fell one point short of achieving medium-term climate goal: 69% of portfolio financed emissions from in-scope assets under management in high-impact sectors were aligned or engaged to be aligned to a net-zero pathway, versus a target of 70%
- Head of Responsible Investment Jamie Bonham served as chair of the board of the Initiative for Responsible Mining Assurance
- 27 policy activities including sign-on letters, consultations, meetings, roundtables
- 100+ hours of sub-advisor due diligence meetings—France, Netherlands, Canada, England
- Panelist at an event hosted by the Interfaith Center on Corporate Responsibility on the topic of excessive compensation
- Wrote to the Prime Minister's Office and Environment and Climate Change Canada to urge the government to maintain a strong commitment to carbon pricing and implement enhanced methane emission regulations
- Submitted comments to the U.S. Environment Protection Agency asking it to reconsider its proposed rescission of the 2009 Endangerment Finding and related rollback of vehicle greenhouse gas emission standards



Investment model

NEI Investments is focused on producing strong financial outcomes for our clients based on a disciplined investment process incorporating broad data sets, diverse perspectives, and a holistic view of investment risks and opportunities.

We seek to invest responsibly by considering all factors that could impact companies' viability, profitability and future value, and by diligently monitoring our portfolio for risks that might threaten our clients' investment success. These include systemic risks that cannot be mitigated through diversification or divestment and that have the potential to affect investment returns, such as climate change, human rights and nature loss.

We firmly believe that companies can mitigate risk and take advantage of emerging business opportunities by improving their performance on environmental, social and governance (ESG) factors, also referred to as non-financial factors, and by integrating best practices into their strategies and operations. Further, we believe it is paramount for long-term sustainable value creation that companies carefully consider all forms of capital—that's economic capital, social capital, and natural capital—

for without appropriate management of these inputs to a company's operations, the capital is at risk of being destroyed. Therefore, in order to meet our clients' need for financial growth and stability, we encourage better practices at the companies in our portfolio through stewardship activities such as proxy voting, corporate engagement and policy work, with the goal of improving those companies' long-term investment potential.

To deliver on our objectives, NEI operates an "open architecture" investment model that incorporates two interlinked roles. First, we are a manager of managers. Second, we offer innovative standalone and multi-asset investment solutions.

NEI is a manager of managers. We select independent sub-advisors from around the world based on their specific area of expertise for a given mandate. Our roster of sub-advisors includes both large and boutique firms with varying degrees of responsible investment expertise, which is assessed as part of our manager selection and ongoing due diligence process. We maintain active, collaborative relationships with our sub-advisors on the implementation of our responsible investment program and its outcomes.

NEI offers innovative investment solutions. We assemble multi-asset solutions made up of our standalone funds and select third-party funds, where we make strategic and tactical asset allocation decisions in the pursuit of long-term success for our clients.

Embedded within these two roles are the activities we undertake as responsible investors:

- **Sub-advisor oversight**—ongoing due diligence and collaboration
 - **Exclusionary screens**—two tiers of revenue-based exclusions
 - **Evaluation and monitoring**—proprietary materiality assessment and risk-based monitoring of ESG-related issues for potential escalation and eligibility decisions
- **Thematic investing**—managed by the sub-advisor
 - **Impact investing**—managed by the sub-advisor
 - **Stewardship**—seeking to achieve real-world outcomes and manage investment risk
 - **Proxy voting**—in-house program covers all votable equity securities
 - **Corporate dialogue**—solo and collaborative initiatives
 - **Policy advocacy**—broad-based influence on key industry developments and challenges

This is a dynamic, flexible, and continually evolving approach that broadens our perspective on risks and opportunities and widens the range of data points that inform our investment decisions. With this model in place, we believe we are well positioned to deliver the long-term results our clients expect when they choose to invest with NEI.



Governance and implementation

NEI's responsible investment strategy and related activities are overseen by NEI's Investment Committee, which oversees the investment policies and strategies relating to NEI's funds. The mandate of the Investment Committee is established by the Aviso Board of Directors. The Investment Committee is chaired by the Senior Vice President, Head of Asset Management of Aviso, which includes NEI Investments. Other members include members of the Aviso Executive Team and Aviso shareholders. NEI's Head of Responsible Investing communicates the organization's responsible investment activities to the Investment Committee on a quarterly basis and to the Aviso Board of Directors from time to time as appropriate. The Investment Committee reports regularly to both the NEI and Aviso Boards of Directors.

NEI's Asset Management Executive Committee ("AMEC") is responsible for the execution of NEI's responsible investment strategy and activities. The AMEC is chaired by Aviso's Senior Vice President, Head of Asset Management. The AMEC is responsible for strategic business decisions related to responsible investing, among other strategic matters, such as offering new funds or altering the investment objectives of existing funds, hiring and replacing investment managers, and allocation of NEI's operating budget. Approval of these matters is

required by the NEI Board of Directors or the NEI Investment Committee.

The AMEC oversees various sub-committees within NEI, including the Responsible Investment Committee ("RIC"), chaired by NEI's Head of Responsible Investing. Members of the RIC come from departments across the organization and include analysts, managers, directors, vice presidents and heads of departments, up to and including Aviso's Senior Vice President, Head of Asset Management.

The mandate of the RIC is to monitor NEI's approach to responsible investing and its alignment with the strategic goals of Aviso's asset management division. In particular, the committee reviews reports, briefs, policies, and other documents relating to NEI's implementation of its approach to responsible investing, along with any other matters brought forth to the committee for review and/or approval. Through this forum, responsible investment trends, research, challenges, processes, and other items of interest are discussed.

The RIC is a voting body. Matters that have been put to a vote include adoption of climate targets, annual updates to our Responsible Investment Policy, and responses to the Principles for Responsible Investment's assessment framework.

Most of the day-to-day work is carried out by two teams within the organization, the Manager Research team and the Responsible Investing team, both of which report to the Senior Vice President and Chief Investment Officer. The Manager Research team is responsible for investment manager research, manager selection, and ongoing oversight. This includes monitoring of the managers' responsible investment commitments and practices through regular due diligence questionnaires and meetings.

The Responsible Investing team is responsible for exclusions, ESG risk monitoring and evaluation, proxy voting, corporate engagement, policy work and research. The team also handles much of the work related to NEI's climate strategy.

Team members participate in external working groups and collaborative initiatives led by such organizations as Canadian Coalition for Good Governance, Ceres, The Initiative for Responsible Mining Assurance, Interfaith Center on Corporate Responsibility, and Access to Medicine Foundation, among many others.

The teams meet regularly and participate together in manager due diligence meetings and other collaborative initiatives with managers such as climate strategy and corporate engagement. They discuss significant escalation measures such as divestment of a security, in the case where company evaluations or unexpected developments reveal major problem areas.



Exclusionary screening

Excluding companies from the investable universe of our funds is a baseline activity of our responsible investment program. We purposely do not invest in companies where:

- their products intrinsically cause grievous harm to society that cannot be mitigated, and no level of engagement can influence positive change
- there exists an international treaty or convention aimed at eliminating the product

Exclusions are divided into two sets, firm-wide and fund-specific.

Firm-wide exclusions

Companies with sustained revenues generated from the activities below are automatically excluded from our funds. We refer to these screens as “firm-wide exclusions,” as they apply generally to our entire fund lineup¹:

- Automatic and/or semi-automatic weapons manufacturing for civilian use

- Controversial weapons: cluster munitions, anti-personnel landmines, biological and chemical weapons, nuclear weapons
- Tobacco production and manufacturing

The weapons screens are “norms-based” screens, which is when issuers are assessed against minimum standards of international business practice. Frameworks used to identify and define such standards include Security Council sanctions, the UN Global Compact and UN Human Rights Declaration, International Labour Organization standards, the Kyoto Protocol, and guidelines provided by the Organization for Economic Cooperation and Development.

¹ Exclusionary screens do not apply to NEI Managed Asset Allocation Pool, held within NEI Private Portfolios. Exclusions apply where NEI has full portfolio management discretion; NEI does not have full portfolio management discretion over third-party funds or derivatives.

Fund-specific exclusions

In addition to the firm-wide exclusions, for certain funds we also implement a second set of exclusions with a revenue threshold of 10%.² For marginal cases, we specify companies must have *sustained* revenue above the threshold. To meet the definition of “sustained,” revenue would need to be over or under the threshold by at least one percentage point on a rolling three-year basis.

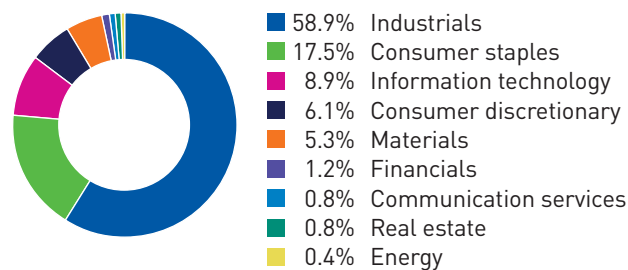
- The distribution of automatic or semi-automatic weapons intended for civilian use
- The manufacture of military weapon systems and/or tailor-made components for those systems
- The distribution of tobacco and/or tobacco-related products

Screening process

Every quarter, we identify and update the list of securities that meet the criteria for exclusion. We perform additional research to confirm revenue exposures in cases where we must rely on estimates from the data provider because data are not directly reported by the company. We also review our holdings to ensure that we do not own any securities on our exclusion list in the relevant funds. Sub-advisors are required to divest from companies that became ineligible in the quarter.

When we assess revenue exposure at affiliated companies, we look at first degree relationships as well as companies controlled or significantly influenced by the excluded company. Additionally, as part of our evaluation process, sector analysts will review the revenue exposure of a company during the headline risk assessment and/or baseline expectations review to ensure no thresholds are being exceeded.

Figure 1: Issuers excluded by sector



² To learn which exclusions apply to which funds, see our prospectus: <https://www.neiinvestments.com/investment-products/fund-resources/prospectus.html>

Screening snapshot

Table 1: Breakdown of screening results for 2025

		No. of issuers excluded as of December 31, 2025
Firm-wide (0% revenue threshold)	Automatic and/or semi-automatic weapons manufacturing for civilian use	4
	Controversial weapons: cluster munitions, anti-personnel landmines, biological and chemical weapons, nuclear weapons	40
	Tobacco production and manufacturing	56
Fund specific (10% revenue threshold)	The distribution of automatic or semi-automatic weapons intended for civilian use	19
	The manufacture of military weapon systems and/or tailor-made components for those systems	126
	The distribution of tobacco and/or tobacco-related products	1
Total excluded		246 (1.1% of screened universe)



Evaluation and monitoring

Evaluating companies on their ESG performance and then incorporating that information into the investment decision-making process is a key factor in the decision to buy, hold or sell a security. Our sub-advisors carry out the bulk of this work with respect to security selection; however, NEI does conduct its own ESG evaluations, often in response to risks that we uncover through ongoing monitoring.

A company's management of material ESG issues may affect its business operations and strategy and is therefore relevant to the overall performance of our funds. Because companies in different sectors and geographical regions are exposed to different and varying degrees of risks, we must analyze them within their operating contexts to make better investment decisions. Evaluation results also feed into our proxy voting decisions and our engagement strategy by helping us determine priority themes and setting objectives for individual companies.

When conducting our evaluations, the RI team identifies and analyzes the material ESG risks that companies are exposed to using corporate disclosure, third-party research and news tracking services. Companies are expected to meet baseline criteria relating to the management of material ESG risks to be eligible and to remain eligible for

investment. During the evaluation, we scan for controversial practices at a company. Exposure to controversy leads to further scrutiny of the company's efforts to manage it. We also conduct broad-based benchmarking to assess each company's ESG performance relative to its peers using key performance indicators (KPIs) specific to ESG risks. The benchmarking may be performed qualitatively or quantitatively. Companies are categorized based on their ESG performance in order to determine potential engagement opportunities:

- Engagements with a leader can help raise the bar for the entire sector.
- Engagements with companies with average performance could focus on improving specific ESG deficiencies that are hindering sector leadership.
- Engagements with companies with room to improve will seek to address material, unmitigated ESG risks.

In 2026 the RI team began establishing a new risk-based monitoring system to flag potential areas of concern in our holdings, given that ESG risks are dynamic and likely to evolve over time. As part of this process, we monitor and evaluate stories published in credible media sources that portray a company in a negative manner. In cases where an incident is a significant transgression of management ethics or a situation indicating a corporate culture that is inconsistent with our responsible investment thesis, we examine the fundamentals of the incident to determine if a company has violated our baseline expectations. If action is warranted, we have several escalation pathways we can pursue depending on the situation. These pathways include enhanced monitoring, consulting our sub-advisors, engagement, proxy voting, or divestment.

Figure 2: Evaluations summary
(% of 485 companies)

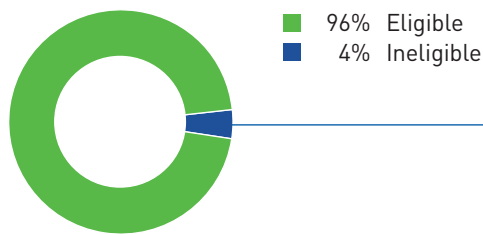
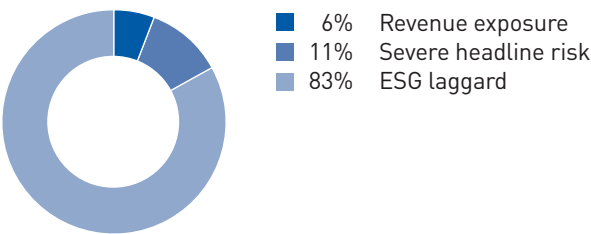


Figure 3: Rationale for ineligibility
(% of 18 ineligible companies)



Source: NEI evaluation records.

- One of the companies that was evaluated was deemed ineligible for investment because it derived significant revenue from the manufacture of military weapon systems and/or tailor-made components for those systems.
- Two companies were excluded for severe headline risk. We excluded a leading auto manufacturer for its labour practices, and a mining company for human rights and environmental risks.
- Companies deemed ineligible for being “ESG laggards” did not meet our baseline expectations, often because they did not have adequate disclosures on how they address the material ESG risks facing their industry.

NEI ESG Canadian Enhanced Index Fund

Investment objective: To achieve long-term capital growth through tracking the performance of a Canadian equity index which is focused on companies with an enhanced environmental, social and governance profile.

Fund inception date: December 3, 2018

Our evaluation process plays a feature role in the management of NEI ESG Canadian Enhanced Index Fund. The fund starts its equity analysis with the Solactive Canada Broad Market Index.³ Companies must have a market capitalization of at least \$1 billion to be included in the fund, and must remain above \$750 million thereafter. The next step is the application of automatic exclusions, as described on page 15.

Fund constituents then undergo an assessment that includes evaluating how they manage their material ESG risks, how they address the country risks they are

exposed to, and a controversy analysis. Companies are ranked against peers and assigned an ESG performance category based on their ESG score. The proprietary scoring methodology incorporates both quantitative and qualitative elements, where the analysts’ human overlay remains a critical aspect of the framework. Leaders will be overweighted in the fund relative to their weight in the index and laggards will be underweighted. Companies that score significantly below peers are ineligible. The fund is rebalanced quarterly.

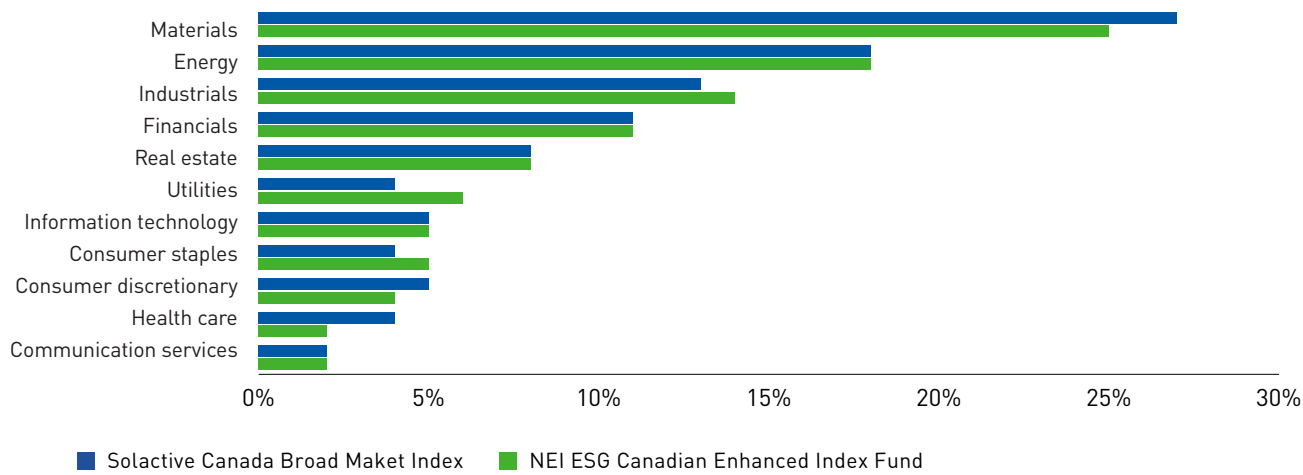
Table 2: Year-over-year fund composition changes⁴

	December 31, 2025	December 31, 2024
No. of holdings	214	210
No. of companies excluded based on size and data coverage	62	45
No. of companies automatically excluded based on screens	0	0
No. of companies excluded after evaluation	14	19
No. of companies categorized as ESG leaders	51	47
No. of companies upgraded year over year	18	-
No. of companies downgraded year over year	35	-

³ A free float market capitalization index that covers all Canadian securities listed on the Toronto Stock Exchange which fulfill basic liquidity criteria.

⁴ The information in the table is based on NEI evaluation records and reflects the evaluation framework and fund composition as at the dates shown. The figures may change over time.

Figure 4: Fund vs index sector allocation as of December 31, 2025



Source: NEI and Solactive.



Stewardship

The purpose of stewardship at NEI is to influence real-world outcomes that create positive change and grow long-term sustainable value for our clients.

We engage with the companies in our portfolio and vote on important corporate matters. The result is that companies can, in turn, better manage their risks, respect and preserve the natural, social and financial capital they rely on, and take advantage of opportunities to responsibly grow their business for the benefit of all stakeholders.

We also engage with policymakers such as governments, regulators and standard setters to improve the overall sustainable investment landscape at the highest levels. All of this reinforces our globally recognized role as active participants in the broad ecosystem of change, where we believe we are well positioned to generate long-term sustainable value.

The International Corporate Governance Network (“ICGN”) explains it this way:

Stewardship is a fundamental aspect of an investor’s fiduciary duty. ICGN defines stewardship as the responsible allocation, management, and oversight of capital, to protect and enhance long-term value for beneficiaries and clients.

This contributes to capital market efficiency, integrity and resilience, and to sustainable economic growth. Effective stewardship may help to mitigate idiosyncratic risks, as well as market-wide or systemic risks.

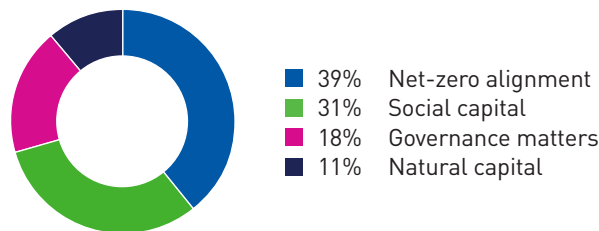
Effective stewardship requires investors to responsibly exercise their ownership rights across all asset classes, investment strategies, and jurisdictions on behalf of their beneficiaries and clients. An investor’s stewardship approach and level of influence may vary depending on the type of investor, the asset class, the investment size, legal requirements, market factors and client mandates.

Stewardship responsibilities include the identification, monitoring, and integration in investment and stewardship decisions of material sustainability-related risks and opportunities that impact long-term value creation.

This is our final year reporting our stewardship activities using the themes of social capital, natural capital, and net-zero alignment. Beginning next year, we will report activities in line with the grouping established in our stewardship roadmap published earlier this year⁵: energy transition, responsible mining, AI governance and accountability, human rights in the supply chain, and executive compensation. As always, we will also have a governance bucket that we don't consider to be a "theme" as such, but which includes crucial perennial engagement topics such as board independence, director diversity and effective ESG oversight.

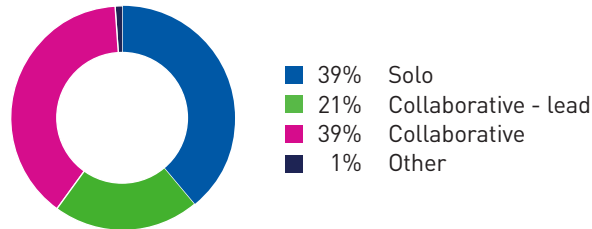
Corporate engagement snapshot

Figure 5: Focus themes



This chart shows the proportion of unique companies engaged under each theme. If one company is engaged on multiple topics under one theme, it is counted once. If one company is engaged on multiple themes, each theme is counted separately. Source: NEI engagement records.

Figure 6: NEI role



NEI role is counted for every engagement activity even if we have multiple activities on the same topic at one company, since those activities could be solo or collaborative depending on circumstances. Source: NEI engagement records.

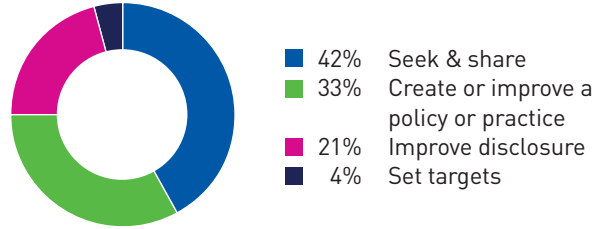
Progress toward engagement objectives

Our primary method for determining success is to see quantifiable progress toward our objectives at the companies we engage. It may take years, but objectives that are achieved represent the kind of real-world impact that NEI strives for as a responsible investor focused on effective stewardship.

Not all objectives make it to the end of the progression pathway as achieved. Some may be discontinued, and some may even regress. This is not unexpected. The landscape changes constantly, and what makes sense for a company under current circumstances does not necessarily make sense for the entire journey.

Progress displayed below was assessed against 103 objectives at 56 companies, with assessments completed as of July 31, 2026. Generally speaking, objectives get a 24-month deadline from the date they are set for expectation of achievement. The objectives assessed in this report were set in the first six months of 2024 when our new tracking framework was implemented, which means they are the ones closest to their 24-month deadline. The analysis is not exhaustive of progress on all objectives. Objectives are continually being set and rolling over throughout the year, and the timing of assessment and advancement is unpredictable.

Figure 7: Breakdown of objective categories for 103 objectives assessed



Source: NEI engagement records. See Table 3 below for context about our objective categories.

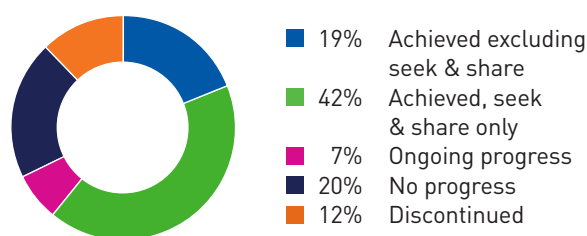
⁵ <https://www.neiinvestments.com/responsible-investing/responsible-investing-expertise/reports/nei-stewardship-roadmap.html>

Table 3: Objective categories and examples

Category	Context	Example of a company-specific objective*
Seek & share	This category is reserved for initial meetings as we learn about the company's approach to risk management. Once we have begun to set tangible objectives based on our understanding of where the company should be directing its efforts, the other three objective categories come into play and this objective will be marked as achieved.	For Aritzia: Discuss approach to worker-driven social responsibility principles.
Create or improve a policy or practice	Policies establish essential guidelines for corporate behaviour. When corporate behaviour falls short of stakeholder expectations, leading to potentially damaging outcomes, the fault may lie in weak policies and/or implementation of those policies, i.e., practices and procedures. We encourage companies to develop, implement, and oversee (often at the board level) strong policies to govern their actions.	For Mullen Group: Develop a credible fleet transition plan.
Improve disclosure	The purpose of corporate disclosure is to help investors make informed decisions with all relevant information at hand. Over the years, investors have grown more aware of the relevancy and influence of non-financial information such as environmental and social factors on a company's overall health. Climate, human rights, and diversity are just some of the areas where deeper disclosure is increasingly sought by investors.	For UnitedHealth Group: Disclose governance and accountability structures in claims and coverage decisions.
Set targets	Targets can be applicable to any area of the business where improvement is desired. Companies may have diversity targets, employee satisfaction targets, climate targets, waste reduction targets, and many more. In addition to framing a quantifiable improvement, targets are incredibly important for focusing activity and maintaining accountability.	For Home Depot: Set a timebound deforestation- and conversion-free target.

*Subject to change without notice.

Figure 8: Progress status for 103 objectives



Source: NEI engagement records. "Ongoing progress" means the objective moved from early stage to mid stage or from mid stage to late stage but has not yet been achieved. See Table 5 below for context about our progress categories.

Note that objectives in the seek & share category are typically achieved very early in the engagement process, due to the nature of the objective. Seek & share objectives represent the raising of the concern by NEI and the company's acknowledgement of our views, as well as our own information gathering and research. Achievement of seek & share objectives indicates the groundwork has been laid and both NEI and the company are primed to take action to address the issue.

A total of 20 objectives were assessed as achieved outside the seek & share category. Table 4 shows selected achievements across a range of industries.

Table 4: Details of selected objectives assessed as achieved

Company	Objective	Objective category
Apple	Incorporate leading standards into responsible mineral sourcing program.	Create or improve a policy or practice
Meta Platforms	Enhance human rights due diligence practices in relation to targeted advertising.	Create or improve a policy or practice
Moderna	Improve health equity disclosure.	Improve disclosure
Nestlé	Implement the company's deforestation free commitments.	Create or improve a policy or practice
Canadian Tire	Enhance human rights due diligence in the supplier code of conduct.	Create or improve a policy or practice

Source: NEI engagement records. List is not exhaustive. Objectives are subject to change as engagements evolve over time.

Table 5: Progress categories

Category	Context	Example case: Improving a diversity policy*
Early stage	These objectives are either at the "seek & share" stage (see Table 3 above), or the company has agreed to study the matter but has yet to make any commitments toward action or change.	A technology company is amenable to the idea of reviewing its diversity policy to determine whether it needs improvement.
Mid stage	These objectives have moved into a more action-oriented stage, where the company has taken demonstrable steps toward achieving the objective.	After reviewing its diversity policy, the company commits to hiring a third-party consultant to provide recommendations.
Late stage	These objectives are nearing completion with identifiable milestones tracked over time.	The company confirms a third-party review has been completed and recommendations sent to the board.
Achieved	These objectives are met. Note that objectives do not need to be met according to a prescribed path or in the same way as originally envisioned or stated. Companies pursue objectives in ways that are best suited to their strategy and operating model.	The company publishes its new diversity policy.
Discontinued	There are various reasons we may halt the pursuit of an objective. It may be the result of new information, a change in the regulatory landscape, a change in direction for the company, a change in NEI's engagement priorities, or other reasons. Objectives may be discontinued by NEI, by the company, or upon mutual agreement.	We decide not to pursue disclosure enhancements following a merger, where the acquiring company's stronger disclosure practices are expected to prevail.
Regressing	Progress on these objectives is moving backward. Depending on circumstances, objectives that regress may be discontinued or escalated at the company.	The company feels pressured by new legislation to abandon its diversity work.

*Illustrative purposes only.

Proxy voting results snapshot

We see corporate governance as a foundational element of strong long-term performance, and as such we believe it is our responsibility to exercise our vote at companies' annual general meetings ("AGMs") and special meetings with our priorities in mind. Through proxy voting, shareholders have the ability to influence the makeup of the board, guide corporate strategy, and support general good governance. Issues that may have a sustainability lens include management proposals and shareholder proposals, which appear in the company's management proxy circular and can address issues such as setting appropriate executive compensation levels, improving disclosures or practices, and setting decarbonization strategies, among many other topics.

NEI's in-house proxy voting analysts oversee the voting process. Voting is guided by our Proxy Voting Guidelines and aligned with our engagement priorities. We will research and discuss voting decisions that are more nuanced, such as decisions regarding complex or contentious shareholder proposals, as well as the potential for novel proposals.

Proxy voting data in this report is from July 1, 2025, to June 30, 2026, which is considered a standard proxy voting cycle. All companies named in this report were held by NEI at the time of voting, though holdings may change at any time without notice.

Data was sourced from International Shareholder Services, FactSet, and public company disclosures. The proxy voting information in this report is comprehensive but not exhaustive. Certain company vote results and NEI vote rationale were selected to represent a range of topics and sectors. To understand how and why we vote the way we do, our Proxy Voting Guidelines offer an in-depth explanation. They can be found here: <https://www.neiinvestments.com/content/dam/nei/docs/en/responsible-investing/reports/NEI-proxy-guidelines-en.pdf>

For our complete voting history, explore our Proxy Voting Dashboard here: <https://vds.issgovernance.com/vds/#/ODI3Mg==/>

Figure 9: 1,185 meetings voted

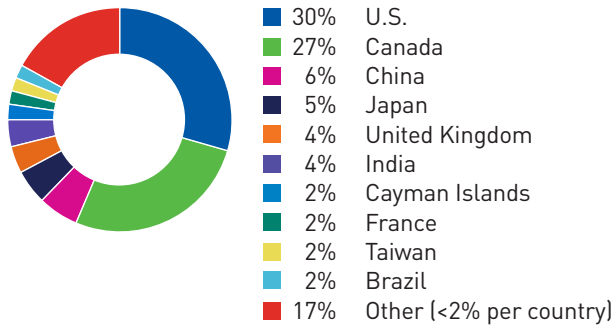


Figure 10: 13,522 management proposals voted

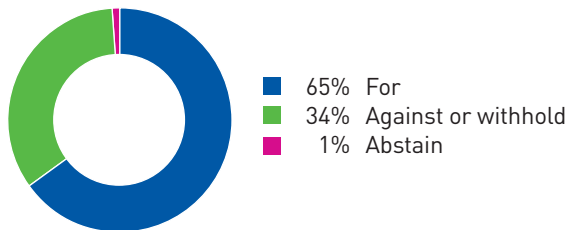


Figure 11: 432 shareholder proposals voted

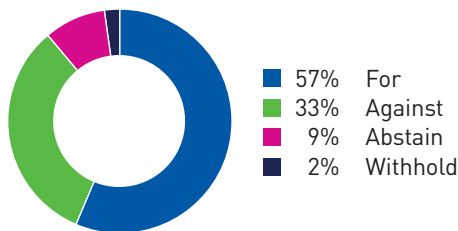
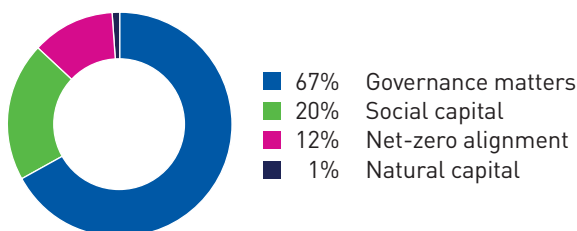


Figure 12: Shareholder proposal breakdown by theme



Feedback-on-proxy campaign

Every year we run what we call a “feedback-on-proxy” campaign, where we write to companies to explain why we voted the way we did at their annual general meeting. We may also reach out to companies before their meeting to discuss governance concerns and to help inform our voting decisions.

This year’s feedback-on-proxy campaign focused on a very specific development. Prior to the start of the season, the U.S. Securities and Exchange Commission (the “SEC”) announced that it would effectively no longer be providing any adjudication of no-action requests from companies—the process where companies ask the SEC to grant them leave to exclude a shareholder proposal from their proxy. Under the prior process, SEC staff would essentially assess each request on a case-by-case basis and render a decision for or against the company.

In November 2025, the SEC announced that while companies still had to provide notice to the SEC that they intend to exclude a proposal, the SEC would be granting all applications without exception. We saw this as a very poor outcome for shareholder rights and were vigilant this proxy season, keeping an eye out for any companies we felt were taking advantage of the new process. If we felt companies were unilaterally excluding valid shareholder proposals, we voted against incumbent members of the governance committee and wrote to them to indicate our rationale. As part of this campaign for the latest proxy season, we engaged 20 companies on the issue of unilaterally excluding shareholder proposals.

Governance

Good governance practices are fundamental for boards of directors to fulfill the role of overseeing management and balancing the interests of stakeholders. Governance sits at the foundation of the company’s success, which is why it has always been an area of focus for us. This year we updated our Proxy Voting Guidelines⁶ to codify our expectations for good governance into a set of nine foundational principles that act as our North Star for how we vote at the companies we invest in. The principles cover independence; adequate diversity and experience; responsiveness to shareholder concerns; protecting shareholder rights; effective incentive structures; good environmental and social stewardship; financial integrity; ethical conduct; and encouraging and embodying corporate transparency. When we feel that any of these principles have been transgressed, we may vote against directors as stipulated in our guidelines.

One development this season that we will keep an eye on is the introduction of retail proxy voting programs, such as the one implemented by Exxon Mobil. While the initiative is purported to democratize the proxy voting process by allowing individual shareholders the ability to easily vote their shares, in practice the effort appears to be structured to bolster support for management positions at the expense of institutional shareholders. Specifically, the program was set up with only one voting option upon enrolment: support for management. Thus, if a retail investor opts into the program their vote will be cast in support of management for the duration of their share ownership unless they choose to opt out.

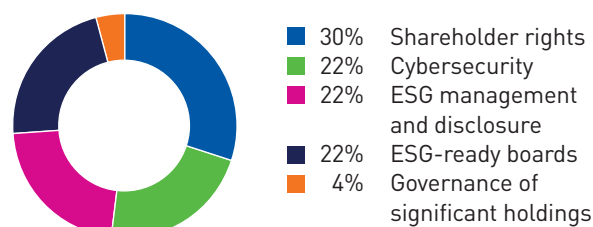
⁶ www.neiinvestments.com/content/dam/nei/docs/en/responsible-investing/reports/NEI-proxy-guidelines-en.pdf

We supported a resolution at the company asking Exxon to provide multiple voting options (such as supporting shareholder proposals) through the program, but the measure did not pass. If this tactic catches on, we anticipate it will raise more barriers to institutional investors such as NEI by making it even more difficult to push companies on their governance practices. Taken in conjunction with moves at the SEC to increase the difficulty of filing resolutions as described above, there appears to be a concerted effort in the U.S. to reduce the voice of shareholders.

Despite these headwinds, there are indications that the tools of stewardship are proving to be resilient to these challenges and continue to be an effective means to hold companies to account. As noted in the feedback-on-proxy section above, the SEC essentially gave companies the green light to exclude any proposal filed by shareholders, no questions asked. One would anticipate that this would lead to a rush of proposals being excluded from the ballot. Perhaps paradoxically, it had the opposite effect.

The absolute number of company requests to exclude a proposal dropped by 53%,⁷ a dramatic decrease from the previous year. It appears that by removing the SEC as the arbiter of whether proposals should be excluded, companies may have felt more exposed to shareholder activism. Should they be seen to be taking advantage of the SEC's free pass, companies could be exposed to organized "vote no" campaigns against board members, bad publicity, and even lawsuits.⁸ Our own votes against board members at companies who arbitrarily excluded proposals is proof that companies will have to face investors and their expectations at some point.

Figure 13: Governance engagement topics



The topics which roll up into themes are counted once for a given company. For example, if we meet with one company three times over the course of the year on the topic of net-zero alignment, it will count only once.

Source: NEI engagement records.

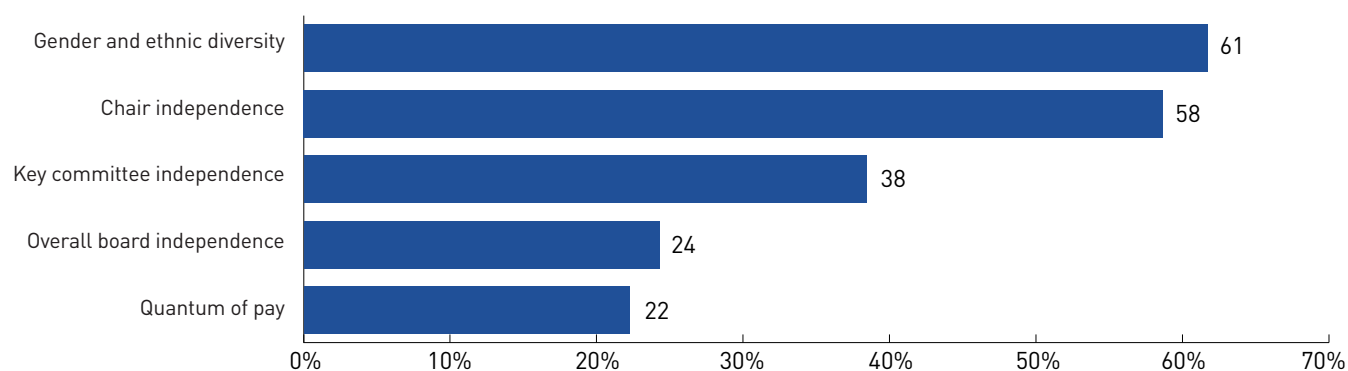
⁷ <https://corpgov.law.harvard.edu/2026/07/29/2026-proxy-season-review/>

⁸ See: *Six Companies Sued for Excluding Shareholder Proposals from 2026 Proxy Materials*, <https://whatstrending.fenwick.com/post/six-companies-sued-excluding-shareholder-proposals-2026-proxy-materials>

Table 6: Governance proxy voting data summary, shareholder resolutions

Topic	Abstain	Against	For	Withhold
Auditor related (2 resolutions)	0%	50%	50%	0%
Corporate transactions (1)	0%	100%	0%	0%
Director compensation (1)	0%	0%	100%	0%
Director election (67)	15%	15%	66%	4%
Director related (48)	0%	19%	81%	0%
E&S board oversight (20)	30%	15%	50%	5%
Lobbying, donations and political spending (11)	0%	27%	73%	0%
Other compensation issues (20)	25%	55%	15%	5%
Other governance issues (29)	7%	69%	24%	0%
Shareholder rights (88)	2%	32%	66%	0%
Sustainability reporting (3)	0%	33%	67%	0%
Total (of 290 resolutions)	8%	30%	60%	2%

Figure 14: Top 5 reasons for voting against directors (% of companies impacted)*



*Canada and U.S. only.

Advisory votes on executive compensation

While we were able to support more executive compensation packages this proxy season (7% for) compared to last season (3% for), we continue to find most packages lacking. Our key concerns, which have remained remarkably resilient over the years, are either structural, in that the way compensation packages are put together does not align with our expectations, or quantum-based, where the sheer size of the pay package is a concern.

We most frequently vote against pay packages that are structured in such a way as to lead to excessive pay or that seem to incentivize behaviour that is not aligned with the long-term interest of shareholders. They could also be constructed in a way that is not adequately aligned with actual corporate performance, for example, structures that lead to exceptional payouts if the general market rises, regardless of the company's individual share price performance.

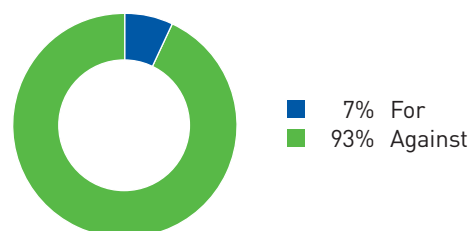
We judge excessive compensation by comparing the size of the CEO's pay package relative to fellow named executive officers, the general employee population, and the median household income. We continue to believe that excessive compensation and pay inequity can undermine company performance, while at a systemic level, it increases income inequality which itself can have negative consequences for the broader economy.

One troubling trend we have identified is that compensation committees are increasingly awarding sizable one-time special equity awards that greatly inflate the CEO pay for that year. These awards often elicit strong disapproval from shareholders, though usually not enough to fail the vote. Because the award is a one-time handout, when the next year's pay package does not have a special equity grant it can look like the committee has responded to shareholder concerns due to much lower overall pay and as a result the pay package will likely get a strong vote of support from shareholders.

But the previous year's grant is almost never rescinded, so what is in effect happening is that boards have found a way to boost compensation without facing accountability for consistently high pay packages.

It is worth noting that overall investor support for executive compensation packages in the U.S., where excessive compensation is most prevalent, is rising. Shareholder support for advisory votes on compensation across the S&P 500 averaged 93% in the first six months of 2026,⁹ an increase from previous years and the polar opposite from our own 93% vote against rate. The number of advisory vote failures across the S&P 500 and the Russell 3000 fell from 44 in 2022 to just 9 so far this year.¹⁰ This feels like a contradictory outcome considering several high-profile cases of excessive compensation this proxy season, but it does align with our general observation that most investors will support almost any level of compensation if their own returns look good. While this seems like a pay-for-performance relationship that should benefit both parties, in reality we believe that companies are undermining future performance through excessive pay which will ultimately disadvantage investors over the long term.

Figure 15: 512 advisory votes on executive compensation*



*Canada and U.S. only

⁹ <https://www.iss-corporate.com/resources/blog/u-s-proxy-season-say-on-pay-one-time-awards-and-equity-plan-trends/>

¹⁰ <https://www.iss-corporate.com/resources/blog/u-s-proxy-season-say-on-pay-one-time-awards-and-equity-plan-trends/>

Table 7: Rationale for votes against compensation plans

Factors guiding vote decisions	No. of Canadian companies impacted	No. of U.S. companies impacted	% of companies impacted (Canada+U.S.)
Excessive CEO pay relative to average named executive officer pay	63	153	42.2%
Extremely excessive CEO pay relative to average named executive officer pay	8	14	4.3%
Excessive CEO or executive pay relative to median household income	25	33	11.3%
Extremely excessive CEO or executive pay relative to median household income	7	51	11.3%
Excessive CEO pay relative to peer companies	27	30	11.1%
Extremely excessive CEO pay relative to peer companies	18	21	7.6%
Excessive CEO pay relative to the broader employee population	3	59	12.1%
Extremely excessive CEO pay relative to the broader employee population*	N/A	29	5.7%
Compensation structure	138	250	75.8%
Performance-based concerns	104	212	61.7%
Lack of ESG performance metrics	37	193	44.9%
Other compensation issues (stock ownership, clawback)	21	57	15.2%

* This guideline is applied only in the U.S. due to lack of data in other markets.

Table 8: Thresholds for determining excessive CEO pay

Country	Median household income	Excessive pay			Extremely excessive pay		
		Multiplier	Threshold	No. companies	Multiplier	Threshold	No. companies
U.S.	\$83,730	280x median	\$23.4M	33	375x median	\$31.4M	51
Canada	\$105,370	120x median	\$12.6M	25	190x median	\$20.0M	7

Source for median household income in Canada and the U.S. is Statistics Canada and the U.S. Census Bureau, respectively. Thresholds are set based on our 2025 Proxy Voting Guidelines, which are updated annually.

Social capital

The focus for our social capital dialogues is increasingly rights-based as we looked to press companies on their human rights due diligence, from the topic of supply chains to the existing and emerging issues related to digital rights. On the topic of digital rights, the rapid embrace of artificial intelligence (“AI”) technologies has opened a host of issues to engage upon. Our experience to date tells us that companies have yet to fully grasp these risks and the complexity they bring, and we expect our focus on this topic will only grow going forward.

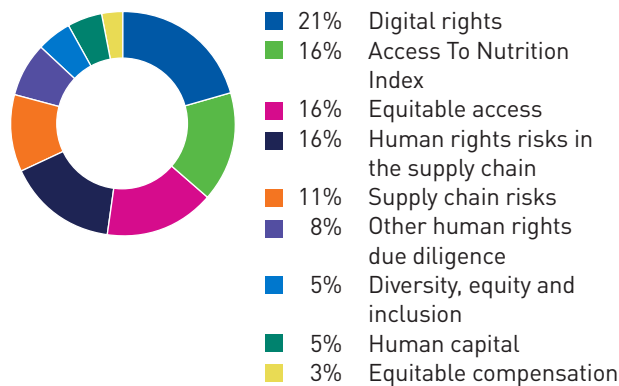
On the proxy voting front, the number of shareholder proposals filed on environmental and social issues has notably declined, which seems to largely be a case of shareholders holding back out of concern that the changing regulatory environment and the softening support from large shareholders would negatively impact their efforts. We did see the growth of AI-related proposals, which tracks the broader profile that responsible AI has across the investment world. Despite the declining rates of filings overall, we anticipate that AI-related proposals will continue to grow in step with the increasingly central profile it has for responsible investors.

The growth in anti-ESG proposals has continued from previous years to the point that there appears to be almost as many anti-ESG proposals filed on environmental and social issues as there are pro-ESG proposals.¹¹ This explains why we voted against so many proposals on the topic of diversity, equity and inclusion (“DEI”), because the majority of these were looking to rollback DEI efforts, not strengthen them. Yet despite this growth in filings, the level of support for anti-ESG proposals continued to be marginal, with an average support level of less than 2%, compared to average support of 13.3% for ESG proposals,¹² indicating that while overall support for pro-ESG

proposals has softened, it would be a mistake to think that sentiment has shifted to the opposite end of the spectrum. Instead, we believe that many of the larger investors may be unwilling to show public support for ESG proposals but they have not, as yet, identified ESG efforts as something to be scaled back where they already exist.

One quirk of the growth in anti-ESG proposals is that there does appear to be some common ground between traditional ESG supporters and the organizations leading the anti-ESG charge. Specifically, it appears that both factions are deeply concerned about the privacy issues associated with AI technologies, be it in regard to data used for training or implications of the use of AI to impinge on privacy rights. We saw several proposals on this topic filed by traditionally anti-ESG proponents that we were able to support as the ask was aligned with our concerns regarding responsible AI development.

Figure 16: Social capital engagement topics



The topics which roll up into themes are counted once for a given company. For example, if we meet with one company three times over the course of the year on the topic of equitable access, it will count only once.

Source: NEI engagement records.

¹¹ <https://corpgov.law.harvard.edu/2026/06/14/esg-and-anti-esg-shareholder-proposals-in-2026/>

¹² <https://corpgov.law.harvard.edu/2026/06/14/esg-and-anti-esg-shareholder-proposals-in-2026/>

Proxy voting results

Table 9: Social capital proxy voting data summary, shareholder resolutions*

Topic	Abstain	Against	For	Withhold
Digital rights (21 resolutions)	0%	10%	90%	0%
Diversity, equity, and inclusion (26)	0%	81%	19%	0%
Equitable access (4)	0%	50%	50%	0%
Equitable compensation (2)	0%	100%	0%	0%
Human rights due diligence (16)	0%	31%	69%	0%
Labor practices (8)	13%	50%	38%	0%
Other social issues (5)	0%	80%	20%	0%
Responsible tax (6)	83%	0%	0%	17%
Total (of 88 resolutions)	7%	45%	47%	1%

* Data include proposals we have deemed to be “anti-ESG.” That is why, for example, it appears we voted against 81% of diversity, equity and inclusion proposals, when in fact many of those were anti-ESG.

Table 10: Select proxy voting results for social capital

Company	Resolution summary	NEI vote	Vote result	Context
BMO, RBC, Scotiabank, TD	Banks asked to report on AI use in high-level decision-making, risk assessment and loan grants.	For	21.3% to 25.2% support	We acknowledge the efforts the banks are making to manage the risks and opportunities associated with the use of data and AI. However, we believe investors would benefit from the report to gain a better understanding of AI use cases and the resulting shift in corporate culture for addressing AI-related risks.
Meta Platforms	Company asked to report on risks of improper use of external data to develop AI products.	For	10.2% support	The potential benefit of additional reporting appears prudent given that Meta acknowledges that data privacy is a human rights priority and because there have been recurring controversies and penalties involving the company. In addition, there appears to be an increased regulatory focus on data privacy and AI governance in many of the jurisdictions in which the company operates. We supported a similar proposal at Alphabet that achieved 12.2% investor support.
Walmart	Company asked to report on the impact of its immigration policy and enforcement.	Against	4.3% support	While the filer’s concerns are generally relevant for companies with large labour footprints such as Walmart, we believe Walmart’s existing disclosures do inform stakeholders about labour-related risks that could affect operations and suppliers. The requested report did not seem to provide additional decision-useful information. Meanwhile, we did support a proposal asking Walmart to produce a report on the workplace impact of AI and automation, which received roughly 5% investor support.
Dollar General	Company asked to report on the feasibility of adopting a comprehensive human rights policy.	For	29.2% support	While we recognize the company’s recent progress in its approach to human rights, the report would help investors further assess how Dollar General manages human rights-related risks across its operations and supply chain, in alignment with international human rights standards and in light of continued controversies.
Microsoft	Company asked to conduct a human rights risk assessment.	For	26.3% support	The recent controversy related to the misuse of the company’s Azure technology, which Microsoft identified only after public scrutiny, raises questions about the effectiveness of its human rights due diligence processes and exposes the company to legal, reputational, operational and financial risks. We believe the company and its shareholders would benefit from a report assessing the effectiveness of its human rights due diligence processes in preventing, identifying, and addressing customer misuse of its AI and cloud products or services.

Policy activity

- Signed an investor letter addressing Amazon's closure of warehouses in Quebec and implications for labour rights.
- Provided feedback to the Canadian Coalition for Good Governance on updates to their guidebook on executive and director compensation.
- Signed a statement by ShareAction in support of continued corporate engagement on the topic of DEI following rollbacks in the U.S.
- Submitted feedback supporting diversity disclosure requirements to the Department of Finance's consultation on the Diversity Information Disclosure Regulations.
- Participated in ShareAction's consultation on the Equality (Race and Disability) Bill in the U.K.

Corporate dialogues

AbbVie

This engagement story was originally published in Q2, 2025. Information is valid only as of that time.

Objective: Encourage AbbVie to advance on development of a comprehensive human rights policy that shows strategic intent to improve access to medicines.

We met with AbbVie as part of an investor collaboration in the first of two engagements scheduled for the year. AbbVie agreed to the arrangement after we strategically withdrew a shareholder proposal filed at the company, which asked AbbVie to conduct a human rights impact assessment. It was the third consecutive year that NEI, along with other investors, had filed a proposal at the pharmaceutical company. The prior two proposals had asked AbbVie to report on the impact of extended patent exclusivities on product access.

Our engagement with AbbVie emphasizes the importance of embedding human rights into core strategy. This is particularly significant in the pharmaceuticals industry, where access to medicines is vital. Our focus is on how AbbVie can balance business goals with its responsibility to make medicines accessible. In 2024, AbbVie conducted a double materiality assessment, which considers issues that have both a financial impact to the company, as well as the company's impact on society and the environment. The results of the assessment were disclosed in the company's most recent ESG report and explicitly recognize that patient access and affordability are among the most material issues.

AbbVie's past reliance on patent strategies and pricing has limited drug access, posing reputational and legal risks. These strategies, which are designed to maximize profits and protect intellectual property, can result in high drug prices and restricted availability, especially in lower-income regions. Our investor group has expressed that such approaches, while common in the industry, may undermine AbbVie's long-term sustainability and social license to operate. We are looking for evidence that AbbVie is reevaluating how it manages exclusivity and pricing power and finding a more appropriate balance between innovation incentive and broad patient access.

While AbbVie does have a human rights policy, we feel they need a more robust version that directly references global frameworks. Enhancing their policy is our number one request of the company for this year. We intend to assess the company's activities in connection with its commitments, but in order to do that, they need to have a stronger policy in place first. AbbVie is aware of the issues and has shown readiness to improve, and with new regulations in Europe, there is further incentive to make meaningful changes.

Natural capital

Natural capital is still a nascent issue for most investors, though there is plenty of work being done to better understand the parameters required to accurately measure risks and opportunities. Our natural capital engagements were a continuation of the previous year's focus on commodity-related deforestation and impact and dependency assessments. Last year saw the Finance Sector Deforestation Action collaborative engagement, which we were members of, wrap its activities and merge some of its ongoing engagements with other nature-related collaborations working on similar issues. We did see progress on the aims of the initiative, including an increase in commitments to eliminate commodity-related deforestation from company supply chains.

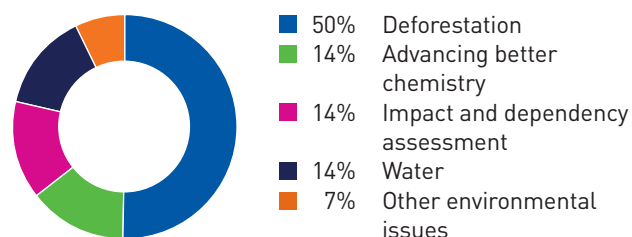
We did not see as many proposals this year asking companies to perform impact and dependency assessments, though we did continue to engage companies on the topic and have noticed an increase in the sophistication of company responses. The growing scope and scale of digital solutions for assessing location-specific data, such as satellite imagery, is showing promise as a way forward for analyzing impacts and dependencies.

We live in a series of interdependent, complex systems that can interact in unpredictable ways when we don't consider the entirety of the system itself. If we want to successfully navigate our sustainability challenges and reach our goals, we need to understand the systems we operate in and how we can best influence them."

—Jamie Bonham,
Head of Responsible Investing

We continue to see water as a critical topic that is at the nexus of climate and natural capital-related risks and is an area that will become increasingly material for many sectors. Semiconductor manufacturers and data centre operators are of particular concern as both areas are highly exposed to water-related risks and the ongoing rush to power AI will only exacerbate their challenges. Water is becoming a flashpoint for these sectors,¹³ and managing the impacts on local watersheds will be a central challenge for the build-out of data centres.

Figure 17: Natural capital engagement topics



The topics which roll up into themes are counted once for a given company. For example, if we meet with one company three times over the course of the year on the topic of deforestation, it will only count once.

Source: NEI engagement records.

¹³ <https://www.tucsonspotlight.org/tucson-city-council-blocks-amazon-data-center-after-public-outcry/> and <https://www.reuters.com/world/americas/chile-partially-pulls-google-data-center-permit-seeks-tougher-environmental-2024-02-27/>

Proxy voting results

Table 11: Natural capital proxy voting data summary, shareholder resolutions

Topic	Abstain	Against	For	Withhold
Advancing animal welfare [2 resolutions]	0%	0%	100%	0%
Environmental impacts [3]	33%	0%	67%	0%
Total (of 5 resolutions)	20%	0%	80%	0%

Table 12: Select proxy voting results for natural capital

Company	Resolution summary	NEI vote	Vote result	Context
The Home Depot	Company asked to conduct and disclose a biodiversity impact assessment.	For	14.3% support	We feel further disclosure would help shareholders assess how the company is managing risks associated with deforestation and biodiversity loss and track progress on these issues. We also voted for another proposal asking Home Depot to report on its effort to make all packaging recyclable, reusable, and compostable, which received 17.4% support.
Digital Realty Trust	Company asked to report on water-related risks to its business.	For	22.5% support	We believe shareholders would benefit from additional information on the company's operational water use and allow them to assess the company's management of related risks.
Alphabet	Company asked to report on alignment of water usage policies and practices with AI development.	Abstain	1.5% support	While we view water consumption as a material risk for Alphabet given its significant data center footprint that requires water cooling, the company already discloses information about its water-related initiatives for data centers and the business justification for them. We feel an additional report would be duplicative.

Policy activity

- Participated in a government consultation on the topic of per- and polyfluoroalkyl substances as hazardous substances.

Collaborative engagement with Impax

NEI has a longstanding history of collaborating on corporate engagements with Impax Asset Management. Impax is the sub-advisor for NEI Environmental Leaders Fund, NEI Global Corporate Leaders Fund, and NEI Global Sustainable Balanced Fund. Each firm brings a different realm of expertise to the table, as well as a different depth of connection with the companies held in the funds. Generally, we have strong alignment with how Impax approaches key topics of concern and how they approach the engagement process overall.

In 2025 we continued collaborating on four engagements. IDEX is a manufacturer of specialty engineering products, American Waterworks provides water and wastewater services, and Waste Management and Republic Services are

waste management companies. Topics discussed included impact on nature, environmental justice reviews, cybersecurity risk for critical infrastructure, circularity, and methane emissions.

One engagement objective that we had for the company American Waterworks is worth highlighting as an achievement. In 2022 and 2023, we requested the company to disclose how they assess their impacts and dependencies related to nature. In their 2024 sustainability report, we noted the company had enhanced their disclosure on this topic.

Other companies we have engaged together over the years include industrial gas supplier Air Liquide; aluminum packaging supplier Ball; and Hubbell, a maker of industrial electrical equipment. In 2026, some companies under discussion for potential engagement with Impax include Waste Connections and Linde.

Net-zero alignment

The bumpy road to net zero seemed to get even bumpier in 2025, with companies continuing to roll back their commitments and governments loosening previously ambitious climate policy. Investors were no exception, with several large ones departing climate-related collaborations and support for climate-related resolutions on the wane among these same investors. The number of climate-related resolutions dropped notably this proxy season as well, which could be read as investors self-censoring in the face of an increasingly company-friendly SEC and lacklustre support from large investors that are still weathering the anti-ESG storm. And while the number of climate-related proposals dropped, the number of anti-ESG proposals targeting company net-zero strategies continued to increase. As a result, we voted against numerous proposals—as did most investors, judging by the average support level of under 2%.

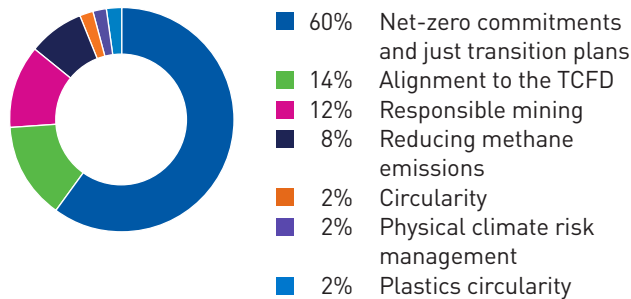
The Iran war and the closing of the Strait of Hormuz deepened the trend of countries elevating energy security as a national priority, but this was already a strong trend in 2025. The focus on energy security and the concerted attack on climate policy in the U.S. has created a less ambitious policy environment overall.

Engaging these companies on reducing emissions and building low-carbon resiliency during a time of historically high prices and anticipated future demand has been challenging, though not without its bright spots. Regardless of whether current demand for fossil fuels continues to grow or starts to decline in the face of competition from renewables, the topic of reducing methane emissions will continue to be one of the most important engagement topics for the sector. While we anticipate more action in 2026 and beyond, we were encouraged to see that an increasing number

of companies are looking to build out comprehensive methane measurement and management programs while certification programs are increasing their momentum.

Many of Canada’s largest energy players continued to spurn investor requests for climate-related disclosure despite the repeal of the most problematic elements of the Competition Act’s greenwashing rules. The continued lack of transparency on material climate-related issues is an untenable situation for an industry so exposed to climate risk and raises questions about many boards’ oversight role of such a critical issue. As a result, we voted against key members of the board, including the chair, at most of the major oil and gas companies in Canada that continue to eschew any climate-related disclosure.

Figure 18: Net-zero alignment engagement topics



The topics which roll up into themes are counted once for a given company. For example, if we meet with one company three times over the course of the year on the topic of reducing methane emissions, it will only count once. Source: NEI engagement records.

Proxy voting results

Table 13: Net-zero alignment proxy voting data summary, shareholder resolutions*

Topic	Abstain	Against	For	Withhold
Advisory vote on environmental policy (11 resolutions)	45%	18%	18%	18%
Circularity (12)	8%	33%	58%	0%
Climate lobbying (1)	0%	0%	100%	0%
Net-zero commitments and just transition plans (30)	0%	43%	57%	0%
Total (of 54 resolutions)	11%	35%	50%	4%

*Data include proposals we have deemed to be “anti-ESG.” That is why, for example, it appears we voted against 43% of net-zero commitment proposals, when in fact many of those were asking companies to eliminate climate commitments.

Table 14: Select proxy voting results for net-zero alignment

Company	Resolution summary	NEI vote	Vote result	Context
NextEra Energy	Company asked to report on plans to reduce and align GHG emissions with Paris Agreement goals.	For	34.6% support	We believe that supplementary disclosure as framed in the proposal would help shareholders gain clarity on how the company plans to address climate-related risks, given its withdrawal of interim and long-term emissions targets and its plan to develop additional natural gas generation and transmission assets.
Amazon	Company asked to report on the impact of data centres on its climate commitments.	For	18.4% support	Additional information on how Amazon is meeting climate commitments would enable shareholders to adequately evaluate how the company is managing risks vis-a-vis increasing energy demands due to the development of new data centres. A similar proposal at Meta Platforms achieved only 6.9% support.
Dollarama	Company asked to establish a formal action plan on minimizing all forms of operations waste.	For	21.6% support	We believe stakeholders would benefit from the company establishing a policy to minimize waste in its operations by setting objectives and developing a formal action plan.
Deere & Company	Company asked to report on expected return on investment of its emissions reduction goals.	Against	1.0% support	We deemed this proposal and many others like it at multiple companies to be anti-ESG. Deere discloses a clear business rationale for its sustainability efforts and its GHG emissions reduction goals. Given the scope of Deere’s current disclosures, it is not evident that the requested report would meaningfully enhance shareholders’ ability to evaluate the company’s financial performance. A similar proposal we voted against at NextEra Energy also received only 1.2% support.

Policy activity

- Provided feedback to the federal government on draft guidelines related to anti-greenwashing provisions in the Competition Act.
- Participated in the consultation process around the revamp of the Net Zero Asset Managers initiative.
- Participated in meetings with the BC Ministry of Energy and Climate Solutions and the Ontario Ministry of Energy and Mines on the build-out of a clean electricity grid as part of the federal government's push for nation building projects.
- Provided feedback to the International Sustainability Standards Board on proposed amendments to their climate-related disclosures.
- Signed a statement organized by Ceres to demonstrate private sector support for methane emissions regulation in the European Union.
- Submitted a letter to the U.S. Environmental Protection Agency, urging them to retain the organization's 2009 Endangerment Finding related to the significant harm caused by greenhouse gases; also signed a statement organized by Ceres for the same purpose.
- Sent an independent letter and signed onto a broader letter to the Prime Minister and Environment and Climate Change Canada urging the government to strengthen industrial carbon pricing and finalize methane regulations.
- Met with the Clean BC Review Panel to discuss priorities for the Clean BC policy.
- Provided comments to the U.S. Environmental Protection Agency opposing the organization's proposal to eliminate emissions reporting for industrial sectors and delay reporting for oil and gas facilities.

Corporate dialogues

GFL Environmental

This engagement story was originally published in Q1, 2026. Information is valid only as of that time.

Objective | Status

Enhance emissions reduction target | Achieved

Background and context

We first met with GFL in 2021, shortly after they turned public and when their sustainability strategy and reporting were nascent. After our initial meeting, the company expressed its appreciation that we were well researched and focused on practical advice, something they had not experienced and which had left them wary of engaging other investors. We have continued to meet with the company since that time, initially as a solo dialogue and then as the lead investor for the Climate Engagement Canada collaboration. We've had seven official engagement meetings during that time, along with multiple email and letter exchanges on the topics of net-zero alignment and circularity. Some engagements have been prompted by the company reaching out to us, while most have been at our request. The company has been very responsive, providing access to senior leadership and showing genuine receptiveness to investor input.

Why this matters

Waste management companies are some of our biggest contributors to financed emissions (e.g., they have a sizable emissions profile), so addressing this exposure is critical to meeting NEI's climate targets. What is unique for the industry is that effectively addressing their footprint is also a viable future growth strategy. The company's biggest contributor to emissions (as it is for all waste management companies) is the methane associated with the landfills it manages. The most effective way to address these emissions is to capture the methane and either flare it off, utilize it on site for fuel, or transport it via pipeline to be treated and turned into renewable natural gas ("RNG").

This last option is a growing market as various end users are looking to utilize RNG to replace part of their natural gas consumption due to its lower carbon footprint.¹⁴ Moreover, the second biggest contributor to GFL's footprint would be its fleet emissions (e.g., garbage trucks) which it has set targets to convert to compressed natural gas and which can be run off of their own RNG, creating internal efficiencies while reducing emissions. As well, a core aspect of the business is material recovery (i.e., recycling) and with a growing emphasis on circularity and end producer responsibility, this part of the business will also be a growth driver (and factored into their targets).

GFL had initially set a modest reduction target, which we had also engaged them on prior to setting it, and we had urged them to increase their ambition, particularly in light of the potential opportunity represented by the RNG market. In increasing its ambition, the company has set an important precedent for the industry, in that it considered multiple different methodologies to address the fact that each aspect of its footprint has a different profile. Moreover, the company also hired an external auditor to assess the scientific credibility of their approach so that they could verifiably state their approach to be science-based. The third-party confirmed their approach, which used the IEA, the Global Methane Assessment, and the Science Based Targets initiative.

¹⁴ <https://www.wri.org/research/renewable-natural-gas-climate-strategy-guidance-state-policy-makers>



Policy activity

We anticipated that 2025 would be a year spent urging policymakers to hold the line on existing policies, as opposed to increasing their ambition, and in many ways that was how things panned out.

Regardless of the jurisdiction, governments faced pressure to scale back their past ambition, be it progressive climate-related regulations or forward-thinking human rights expectations.

The dramatic efforts of the current U.S. administration to repeal or water down the key ESG-related policies and regulations that previous administrations put in place are undoubtedly having an impact in other countries. We were heartened to see that very few governments have taken the same approach as the U.S., so it appears we have reached a floor internationally below which no government has the appetite to completely roll back the progress made on climate, human capital, human rights and other foundational ESG-enabling legislation. However, it is also true that governments, such as in Canada and the European Union, did respond to the shift in the U.S. by either moderating the ambition of their policies or pausing new efforts.

Despite these headwinds, or perhaps because of them, the recognition among investors that policy advocacy is a vital component of effective stewardship is growing. Policy, like responsible investment itself, is a long game and efforts to shape and stimulate new regulations or standards can take years. It is imperative that investors continue to be consistent in their support for strong policy, regardless of the current environment. As we are learning in real time, dramatic changes in what is or is not possible on the policy front can sometimes just be an election away.

Most of our policy and standards actions are captured in the relevant stewardship sections above. Below are some further actions that don't necessarily fit into any one theme. We note that in a year where policymaking ambition was hard to come by, we still saw quite a bit of progress relative to various standards as the arc continues to bend toward better and more useful data for investors.

- Signed onto two letters to the European Commission that raised concerns about proposals to simplify and potentially weaken sustainability legislation.
- Provided comments to the Canadian Sustainability Standards Board's strategic priorities over a multi-year period.
- Provided comments to the U.S. Security and Exchange Commission's review of executive compensation disclosure rules, expressing concern that efforts to simplify the rules could mean the loss of material information.
- Signed onto a letter to the Financial Accounting Standards Board expressing concern over inadequate disclosures on accounting assumptions that investors rely on to allocate capital in the oil and gas sector.
- Participated in a survey from Institutional Shareholder Services about shareholder rights, board governance, executive compensation and other topics.
- Participated in a consultation on the latest draft of the Textiles and Apparel Sector Standard.



Impact

Our impact funds employ strategies intended to provide quantifiable positive environmental and social impacts, in addition to their primary objective of delivering positive long-term returns. In order for an investment to qualify as an impact investment for NEI, it must meet three criteria:

- **Financial return.** Investments must seek to generate a positive return.
- **Intention.** Investments must seek to generate positive social and/or environmental impact, preferably aligned to the UN Sustainable Development Goals.
- **Measurement.** Investments must be able to measure their intended impact using a defined methodology.

NEI does not internally assess individual holdings against impact criteria or for their impact potential; that responsibility lies exclusively with the sub-advisor for the relevant mandate. Different sub-advisors focus on different categories of impact, such as affordable housing, clean water and sanitation, education, resource efficiency, and waste management, among others. As of June 30, 2026, NEI offered more impact investment funds to Canadian retail investors than any other domestic asset manager and has the highest share of assets under management.¹⁵

¹⁵ Based on analysis of domestic retail mutual funds and ETFs identified by the Canadian Investment Funds Standards Committee as impact funds, with AUM sourced from Institutional Shareholder Services.

Important notes about the data:

- Impact data and methodologies are provided to us by our sub-advisors for the relevant funds and reported here as is.
- “As of” dates vary among data sets and funds. Impact metrics take a significant amount of time to collect, validate and compile; we do our best to provide the latest information available.
- Impact metrics cannot be aggregated among funds, as each sub-advisor’s methodology for calculating their metrics varies. For example, the tonnes of carbon emissions avoided by an investment in NEI Environmental Leaders Fund cannot be added to the same metric for an investment in NEI Clean Infrastructure Fund due to the differences in the calculation methodology.
- Currency references are in Canadian dollars unless specified otherwise.
- UN Sustainable Development Goals are abbreviated as SDG or SDGs.
- Percentage values in charts may not add up to 100 due to rounding.

NEI Canadian Impact Bond Fund

Investment objective: To achieve income and long-term total returns by investing in a diversified portfolio consisting primarily of Canadian fixed income securities and related debt and debt-like securities that are associated with measurable environmental and/or social impacts.

Sub-advisor: Addenda Capital

Fund inception date: July 17, 2023

Table 15: Impact highlights for 2024

5,541,923 tonnes CO ₂ e reduced GHG emissions ¹⁶	Equivalent to removing 1,292,683 gasoline-powered vehicles driven for one year ¹⁷
187,055 Mega-watts of renewable energy installed capacity	
361 Kilometres of wastewater and freshwater pipes	
43,689 affordable housing units maintained or in development	
102,986 degrees conferred annually by Canadian universities in which the fund invests	

CO₂e stands for “carbon dioxide equivalent.” All values are for fiscal year 2024 or the most recently available annual data for the investment entities. Metrics shown are for Addenda Fixed Income Pooled Fund, which is the representative strategy for NEI Canadian Impact Bond Fund. The discrepancy among holdings between the fund and the representative strategy is approximately 8%. Metrics are a combination of estimated/expected (ex-ante) and reported (ex-post) figures. The timespan for achieved or expected outcomes also varies based on annual results, aggregated results for the entire duration of the project, or other periods.

The metrics above represent the impact of the entire investment entity, not just Addenda’s proportional investment. In other words, to achieve the full impact represented by each of the metrics, one would have had to invest in the entire bond issuance that is producing those outcomes.

The following examples show how an investment in NEI Canadian Impact Bond Fund can be accurately described:

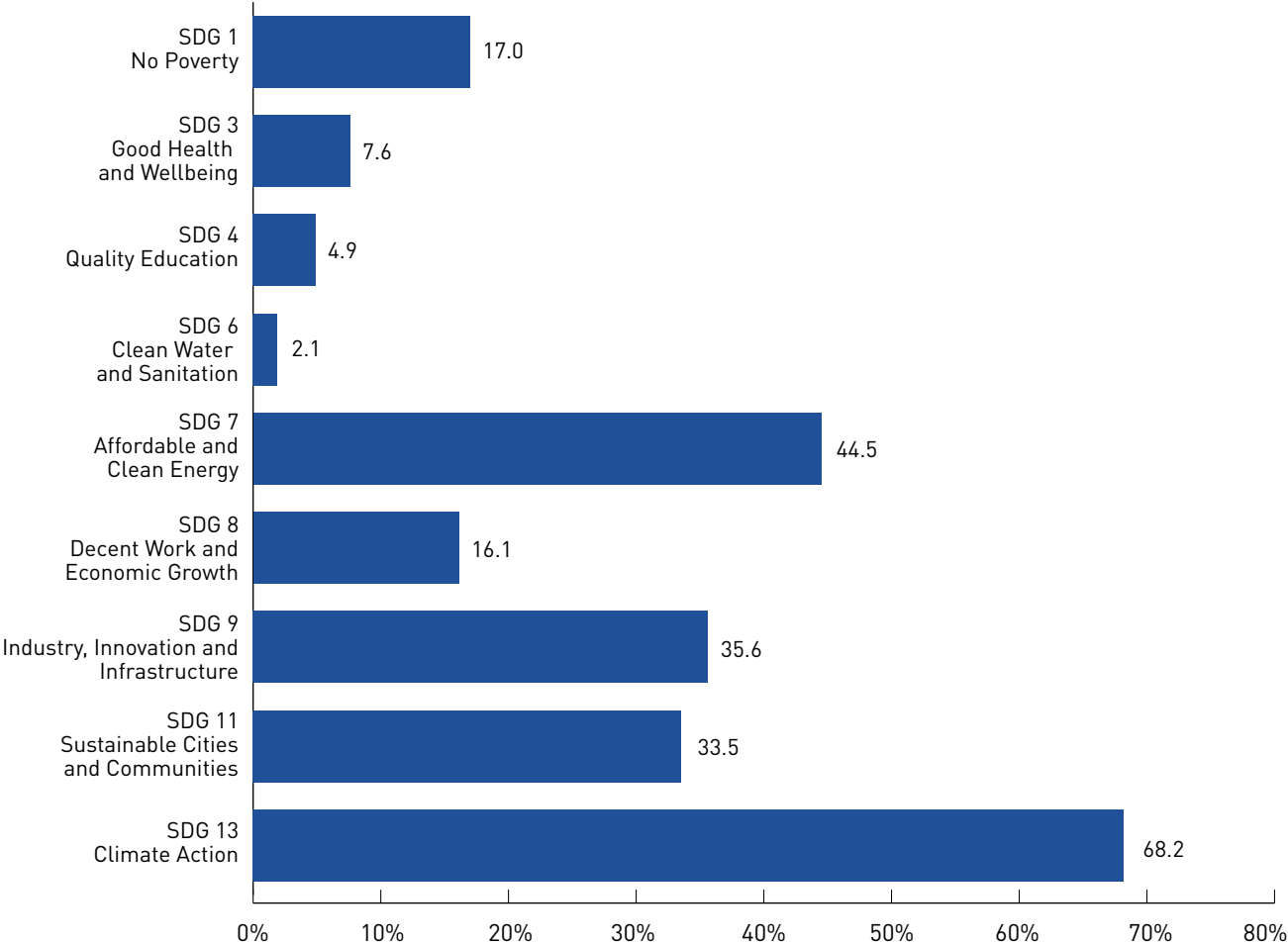
- An investment in NEI Canadian Impact Bond Fund is contributing to the reduction of over five and a half million tonnes of carbon emissions.
- An investment in NEI Canadian Impact Bond Fund is helping construct over 350 kilometres of wastewater and freshwater pipes.
- An investment in NEI Canadian Impact Bond Fund is contributing to the development or maintenance of more than 43,000 affordable housing units.

Addenda Capital considers that impact investing is not limited to asset selection. We are also committed to engage and support issuers who share our vision of a more equitable and sustainable future. This result reinforces our conviction that fixed-income investments can play a structural role in institutional investors’ portfolios, while meeting growing expectations in terms of impact.

—Addenda Capital

¹⁶ Environmental impacts generated and expected.
¹⁷ U.S. Environmental Protection Agency’s Greenhouse Gas Equivalencies Calculator.

Figure 19: Revenue exposure to UN Sustainable Development Goals



As an impact investment can be aligned with more than one SDG, the sum of all SDGs exceeds 100%.

NEI Global Impact Bond Fund

Investment objective: To provide current income and long-term total returns by investing in debt instruments issued by companies, governments, and organizations located all over the globe whose products, services, or funding objectives help address some of the world's major social and environmental challenges.

Sub-advisor: Wellington Management

Fund inception date: July 14, 2020

Table 16: Selected fund holdings with impact metrics, 2025

Issuer	Theme	Impact metric
City of New York	Affordable housing	2,198 affordable housing units supported or provided for people who are unhoused or face barriers to securing stable accommodation
JPMorgan Chase	Alternative energy	4.25 million tonnes of GHG emissions avoided through funding of wind and solar projects
Government of Romania	Clean water and sanitation	6.35 billion Romanian leu to fund sustainable water management, responsible natural resource stewardship, clean and efficient transport, and climate resilience and adaptation initiatives
Chorus Ltd	Digital divide	1.21 million fixed line connections supporting New Zealand's core digital infrastructure to enable more equitable digital participation for rural and underserved communities
Raiffeisenbank AS	Financial inclusion	7,918 small and medium enterprises financed in the Czech Republic to foster economic growth and improve social mobility
Ascension Health	Health	11.9 million customers or patients provided with healthcare products or services across the U.S.
Oklahoma Development Finance Authority	Health	810,642 customers or patients provided with healthcare products or services in Oklahoma
City of Ottawa	Resource efficiency	164 million rides, the expected increase in public transportation usage in Ottawa (estimated in 2024)

Holdings have been selected to demonstrate the fund's range of contribution to social and environmental improvement. Financial performance was not a factor in the selection.

The metrics in Table 16 represent the impact of the entire investment entity associated with the issuer, not just Wellington's proportional investment. In other words, to achieve the full impact represented by each of the metrics, one would have had to invest in the entire bond issuance that is producing those outcomes.

The following examples show how an investment in NEI Global Impact Bond Fund can be accurately described:

- Bonds held in the fund are helping to build over two thousand affordable homes in New York City
- An investment in City of Ottawa bonds is projected to boost public transportation usage by an estimated 164 million people
- One of the investments in the fund is financing sustainable water management, natural resource stewardship, clean transport, and climate adaptation initiatives in Romania

In our view, public fixed income markets are a powerful force for impact investing, with the potential to provide attractive returns while helping investors make a significant, lasting difference for people and the planet, at scale. We see increasing demand for initiatives that drive inclusive economic growth, safeguard natural capital, and promote wellbeing, particularly in underserved communities.

—Wellington Management

NEI Global Sustainable Balanced Fund

Investment objective: To generate a combination of income and capital appreciation over the long-term by investing in a globally diversified portfolio of equity and fixed income securities which fit within the Fund’s definition of responsible investing.

Sub-advisor: Impax Asset Management

Fund inception date: July 5, 2005

NEI Global Sustainable Balanced Fund has a 60% allocation to equity investments and 40% allocation to fixed income investments. The fund holds NEI Environmental Leaders Fund and NEI Global Corporate Leaders Fund as its 60% equity allocation, while the 40% fixed income allocation is made up

of individual securities. The impact metrics in this section are for the fixed income allocation. Impact metrics for the equity allocation are in the sections for NEI Environmental Leaders Fund and NEI Global Corporate Leaders Fund, which follow this one.

Table 17: Contribution of fixed income allocation to environmental impact for 2024 based on a \$1M investment

Metric	Amount	Equivalence
Greenhouse gas emissions avoided	77 tCO ₂ e	53 cars off the road ¹⁸
Water provided/saved/treated	0.2 megalitres	1 households’ water consumption ¹⁹
Renewable energy generated	85 Megawatt hours	24 households’ electricity consumption ²⁰
Material recovered/waste treated	0.3 tonnes	0.3 household’s waste output ²¹

tCO₂e means “tonnes of carbon dioxide equivalent.” Impact of \$1M invested in the strategy for one year, based on the most recently reported annual environmental data for holdings in the strategy as of December 31, 2024. Impax’s impact methodology is based on equity value. The equivalencies presented in the righthand column are based on data accessed by Impax from U.K. sources (see footnotes). The impact metrics reported for Impax’s strategies relate to the benefits that the products and services of investee companies are enabling. Investing in listed impactful companies does not increase or add to that impact but is a concrete demonstration that the investment is strongly aligned to companies benefiting from, and enabling, the transition to a more sustainable economy. There can be no assurance that results in the future will be comparable to the results presented herein.

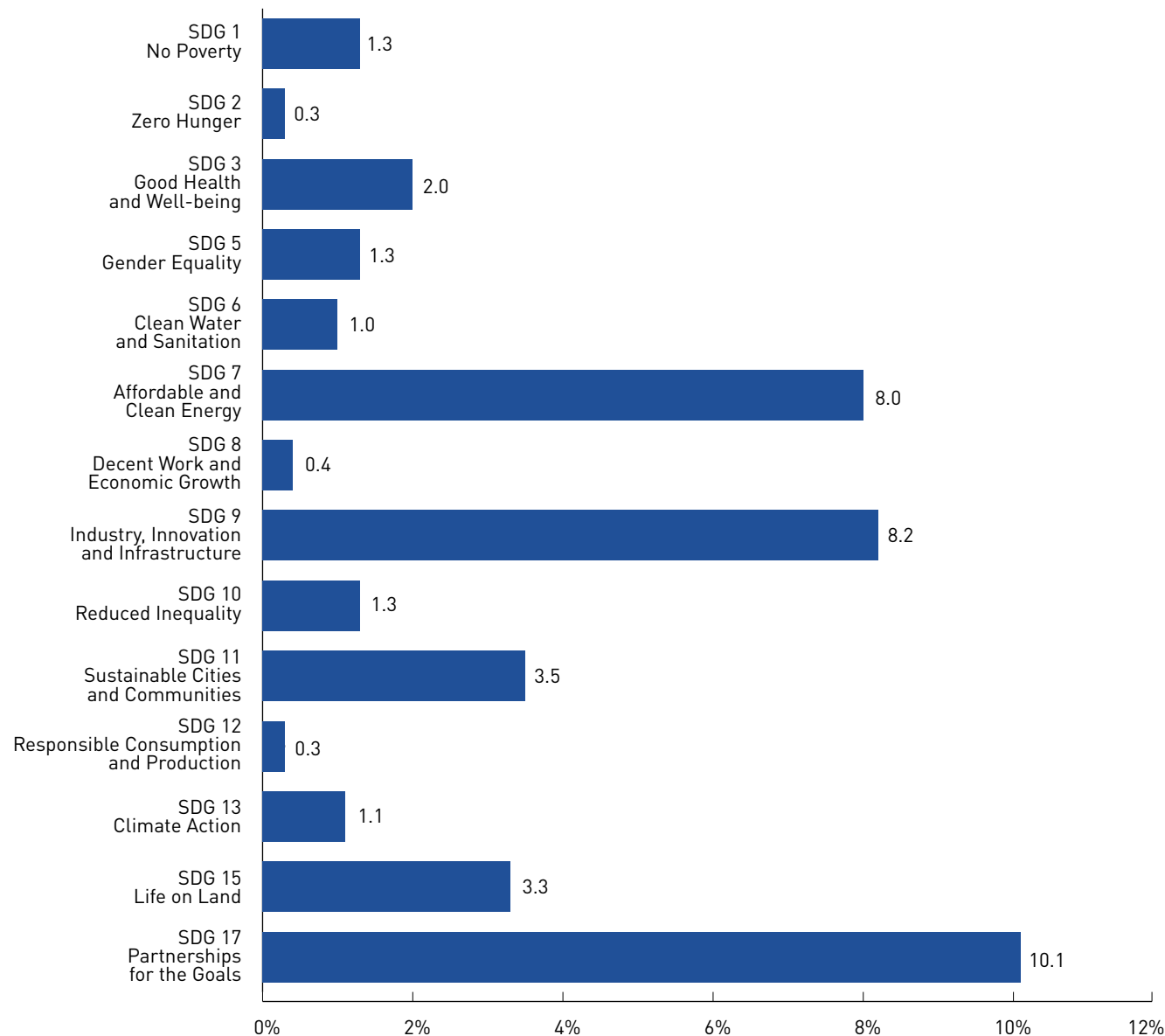
¹⁸ Cars off the road: Figures based on average tCO₂ emitted by a car in a year (derived from total number of all vehicles licensed in U.K. as of Q2 2024) taken from the vehicle licensing statistics data tables at <https://www.gov.uk/government/statistical-data-sets/vehicle-licensing-statistics-data-tables#all-vehicles>; total public road miles driven by all vehicles in Great Britain from October 2023 to September 2024, taken from provisional road traffic estimates, Great Britain: October 2021 to September 2022 at <https://www.gov.uk/government/statistics/provisional-road-traffic-estimates-great-britain-october-2023-to-september-2024>; average carbon tailpipe emissions of new cars taken from SMMT-Sustainability-Report-2022.pdf at <https://www.smm.co.uk/reports/sustainability/>. Calculated as 537bn km * 108.9/1,000,000 CO₂ t/km) / (40.45m cars) = 537,038,092,800*0.0001089/40,448,900 = 1.45 tCO₂/car as the average CO₂ emissions of a car in a year.

¹⁹ Water consumption: Average annual U.K. household water usage of 121,851.60 litres. Impax water usage estimate based on U.K. average daily water usage per person in 2024 available at <https://www.statista.com/statistics/1211708/liters-per-day-per-person-water-usage-united-kingdom-uk/>.

²⁰ Electricity consumption: Average annual U.K. household electricity usage of 3.60 MWh, taken from annual domestic energy bills at <https://www.gov.uk/government/statistical-data-sets/annual-domestic-energy-price-statistics#history>.

²¹ Household waste: Office for National Statistics, 2022: Household and resident characteristics, England and Wales: Census 2021. Average annual U.K. household waste of 905kg. Source: Department for Environment, Food & Rural Affairs, 2023: Local authority collected waste management—annual results 2021/22. Office for National Statistics, 2022: Household and resident characteristics, England and Wales: Census 2021.

Figure 20: Revenue exposure to UN Sustainable Development Goals



Figures above are for 2024 based on Impax's internal data. Impax's methodology is based on identifying the portion of companies' revenues that relate to the targets and indicators within each goal. Impax focuses on those SDGs where the underlying targets of the goal are relevant to private sector investment opportunities, rather than public funding or policy action. Impax's investment process does not identify alignment with SDGs as a specific objective. Instead, the nature of Impax's investment philosophy results in some meaningful revenue exposure based on investee companies' eligible activities.

NEI Environmental Leaders Fund

Investment objective: To achieve long-term capital growth by investing primarily in equity and equity-related securities of companies active in the growing resource optimization and environmental markets located globally.

Sub-advisor: Impax Asset Management

Fund inception date: January 13, 2016

Table 18: Fund contribution to environmental impact for 2024 based on a \$1M investment

Metric	Amount	Equivalence
Greenhouse gas emissions avoided	129 tCO ₂ e	89 cars off the road ²²
Water provided/saved/treated	44 megalitres	367 households' water consumption ²³
Renewable energy generated	13 MWh (Megawatt hours)	4 households' electricity consumption ²⁴
Material recovered/waste treated	72 tonnes	79 households' waste output ²⁵

tCO₂e means “tonnes of carbon dioxide equivalent.” Impact of \$1M invested in the strategy for one year, based on the most recently reported annual environmental data for holdings in the strategy as of December 31, 2024. Impax’s impact methodology is based on equity value. The equivalencies presented in the righthand column are based on data accessed by Impax from U.K. sources (see footnotes). The impact metrics reported for Impax’s strategies relate to the benefits that the products and services of investee companies are enabling. Investing in listed impactful companies does not increase or add to that impact but is a concrete demonstration that the investment is strongly aligned to companies benefiting from, and enabling, the transition to a more sustainable economy. There can be no assurance that results in the future will be comparable to the results presented herein.

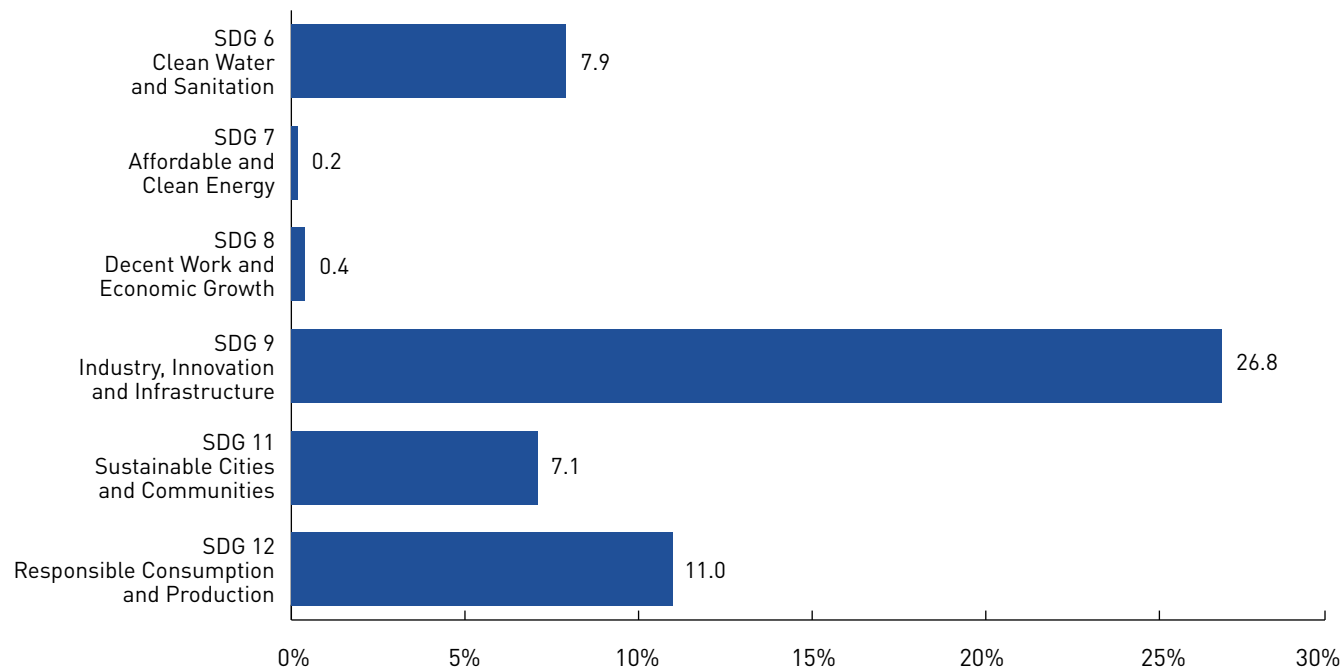
²² Cars off the road: Figures based on average tCO₂ emitted by a car in a year (derived from total number of all vehicles licensed in U.K. as of Q2 2024) taken from the vehicle licensing statistics data tables at <https://www.gov.uk/government/statistical-data-sets/vehicle-licensing-statistics-data-tables#all-vehicles>; total public road miles driven by all vehicles in Great Britain from October 2023 to September 2024, taken from provisional road traffic estimates, Great Britain: October 2021 to September 2022 at <https://www.gov.uk/government/statistics/provisional-road-traffic-estimates-great-britain-october-2023-to-september-2024>; average carbon tailpipe emissions of new cars taken from SMMT-Sustainability-Report-2022.pdf at <https://www.smm.co.uk/reports/sustainability/>. Calculated as 537bn km * 108.9/1,000,000 CO₂ t/km) / (40.45m cars) = 537,038,092,800*0.0001089/40,448,900 = 1.45 tCO₂/car as the average CO₂ emissions of a car in a year.

²³ Water consumption: Average annual U.K. household water usage of 121,851.60 litres. Impax water usage estimate based on U.K. average daily water usage per person in 2024 available at <https://www.statista.com/statistics/1211708/liters-per-day-per-person-water-usage-united-kingdom-uk/>.

²⁴ Electricity consumption: Average annual U.K. household electricity usage of 3.60 MWh, taken from annual domestic energy bills at <https://www.gov.uk/government/statistical-data-sets/annual-domestic-energy-price-statistics#history>.

²⁵ Household waste: Office for National Statistics, 2022: Household and resident characteristics, England and Wales: Census 2021. Average annual U.K. household waste of 905kg. Source: Department for Environment, Food & Rural Affairs, 2023: Local authority collected waste management—annual results 2021/22. Office for National Statistics, 2022: Household and resident characteristics, England and Wales: Census 2021.

Figure 21: Revenue exposure to UN Sustainable Development Goals



Figures above are for 2024 based on Impax's internal data. Impax's methodology is based on identifying the portion of companies' revenues that relate to the targets and indicators within each SDG. Impax focuses on those SDGs where the underlying targets of the SDG are relevant to private sector investment opportunities, rather than public funding or policy action. Impax's investment process does not analyze alignment with SDGs as an investment objective or component of portfolio construction. Impax simply maps SDG-related revenue exposure for portfolio companies, which is instead a byproduct rather than a feature of the investment process.

Our portfolio construction process is designed to optimize for financial outcomes and is paired with an engagement strategy that advocates for sustainable practices and policies. By working closely with companies, their regulators and the industries they operate within, we can encourage them to improve their sustainability practices, which we believe can lead to better financial performance.

—Impax Asset Management

NEI Global Corporate Leaders Fund

Investment objective: To achieve long-term capital growth by investing primarily in equity and equity-related securities of companies that provide products and services benefitting society.

Sub-advisor: Impax Asset Management

Fund inception date: January 15, 2024

- For this fund, Impax Asset Management uses a classification system that supports the identification of investment opportunities in companies that provide products or services that address societal challenges. This equity market classification is defined as companies that:

 1. Derive at minimum 20% of revenues from “social markets,” meaning meeting basic needs, such as food, water, and shelter, or essential services, such as transportation and utilities;
- broadening economic participation by enabling access to education, jobs, financial services and/or digital services; or improving quality of life through accessible and affordable health care and wellness

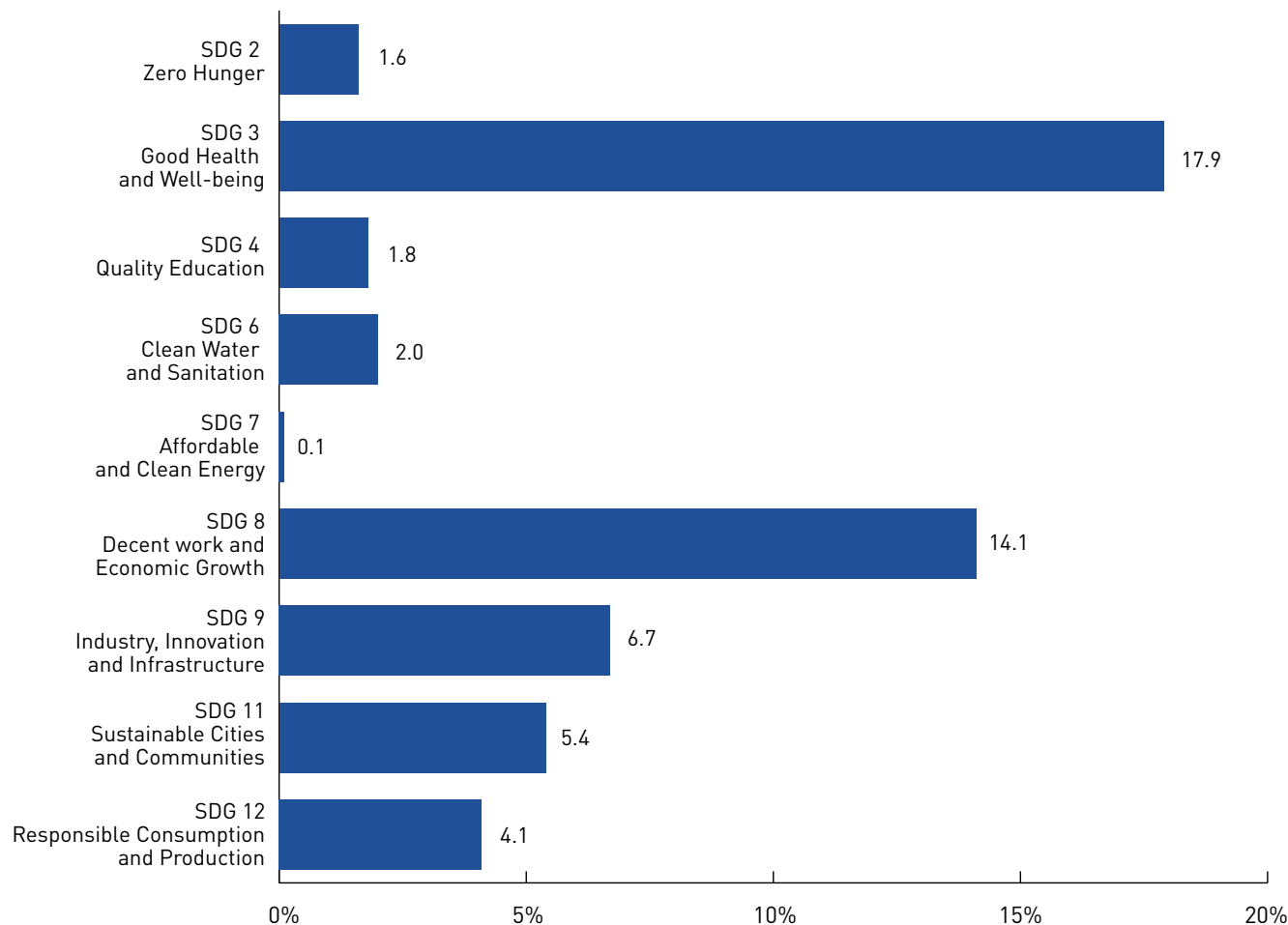
 2. Demonstrate positive behaviors through policies and programs that foster diverse, inclusive and equitable workplace cultures

Table 19: Fund contribution to social impact for 2024 based on a \$1M investment

Metric	Amount
Number of people provided with enhanced access to essential financial services	199
Number of patients treated	24
Tonnes of healthy and nutritious food produced or sold	7
Number of people digitally connected with broadband or high-speed internet	162

Based on the most recently reported annual data for holdings and assets under management as of December 31, 2024. Impax’s impact methodology is based on equity value. The impact metrics reported for Impax’s strategies relate to the benefits that the products and services of investee companies are enabling. Investing in listed impactful companies does not increase or add to that impact but is a concrete demonstration that the investment is strongly aligned to companies benefiting from, and enabling, the transition to a more sustainable economy. There can be no assurance that results in the future will be comparable to the results presented herein.

Figure 22: Revenue exposure to UN Sustainable Development Goals



Figures above are for 2024 based on Impax's internal data Impax's methodology is based on identifying the portion of companies' revenues that relate to the targets and indicators within each SDG. Impax has mapped 51 categories of business activities linked to 11 of the 17 SDGs and their underlying targets and indicators. Impax focuses on those SDGs where the underlying targets of the SDG are relevant to private sector investment opportunities, rather than public funding or policy action. Impax's investment process does not analyze alignment with SDGs as an investment objective or component of portfolio construction. Impax simply maps SDG-related revenue exposure for portfolio companies, which is instead a byproduct rather than a feature of the investment process.

NEI Clean Infrastructure Fund

Investment objective: To achieve long-term capital growth and income by investing primarily in equity and equity-related securities of companies which are developers, owners and operators, in full or in part, of renewable electricity technology plants and systems, and related infrastructure investments, with no geographic constraint.

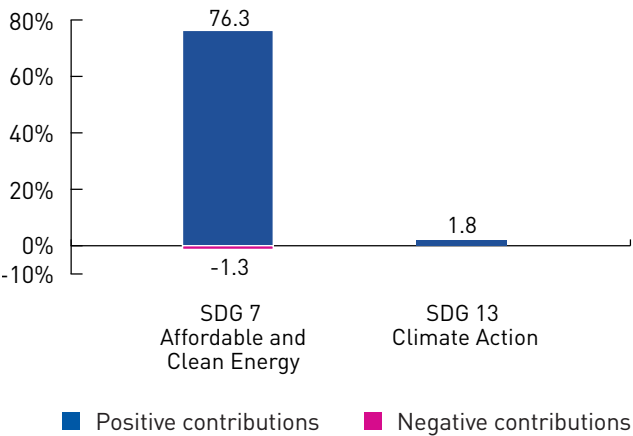
Sub-advisor: Ecofin Team at Redwheel²⁶

Fund inception date: March 1, 2022

In their own words...

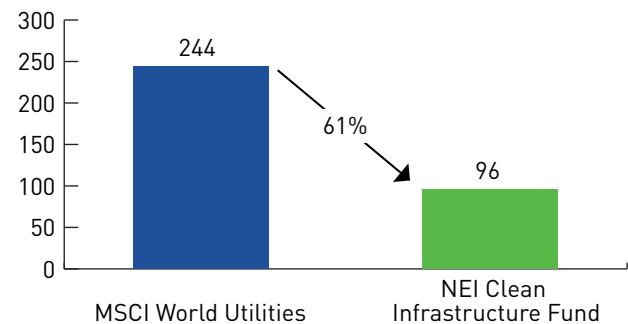
Ecofin’s Global Renewables Infrastructure strategy invests in companies that are gaining market share as economies and companies transition away from fossil fuel to renewable energy sources ... we believe the portfolio consists of companies that grow faster than the market with predictable cash flows, a combination that we expect to provide attractive absolute and risk-adjusted returns over time.

Figure 23: Sustainable contribution by SDG



Contribution to SDGs is measured primarily through revenue alignment except in the case of financial inclusion where loan book exposure is utilized, and in the case of renewable energy production wherein the proportion of generation is used.

Figure 24: Total CO₂ emissions per \$1 million invested, scope 1 only



As of June 30, 2026, a \$1 million investment in NEI Clean Infrastructure Fund implies the avoidance of 148 tonnes of carbon per year, compared to an equivalent investment in a similar index.

This chart shows that according to Ecofin’s calculations, NEI Clean Infrastructure Fund invests in companies that collectively emit 61% less carbon than a comparable group of utility companies included in a similar ETF. The Xtrackers MSCI World Utilities UCITS ETF replicates the performance of the MSCI World Utilities Net Total Return Index and provides exposure to global developed market equities in the utilities sector.

²⁶ Ecofin Advisors, LLC was acquired by RWC Asset Management LLP on October 1, 2024. As of that date, RWC Asset Management LLP became the acting sub-advisor for NEI Clean Infrastructure Fund.

NEI Impact Portfolios

NEI manages three multi-asset solutions designed to produce measurable environmental and social impacts alongside the investment returns our clients need to achieve their financial goals.

We do not currently amalgamate data from the underlying holdings in order to present portfolio-level results, as the data are collected, analyzed, and reported differently by each sub-advisor for the relevant funds.

In these tables we display the top holdings of each portfolio for any holding with a weight above 5%. Key impact metrics for each of the funds held in the portfolios are reported on the pages indicated. The holdings weight is as of May 31, 2026, and may change at any time.

NEI Impact Conservative Portfolio



Holding	Weight*	Impact metrics page #
■ NEI Global Impact Bond Fund	42%	45
■ NEI Canadian Impact Bond Fund	16%	43
■ NEI Environmental Leaders Fund	11%	49
■ NEI Global Corporate Leaders Fund	9%	51
■ NEI Global Dividend RS Fund**	6%	n/a
■ NEI Clean Infrastructure Fund	5%	53
■ Other	11%	n/a

NEI Impact Balanced Portfolio



Holding	Weight*	Impact metrics page #
■ NEI Global Impact Bond Fund	25%	45
■ NEI Canadian Impact Bond Fund	12%	43
■ NEI Environmental Leaders Fund	16%	49
■ NEI Global Corporate Leaders Fund	16%	51
■ NEI Global Dividend RS Fund**	9%	n/a
■ NEI Clean Infrastructure Fund	10%	53
■ Other	12%	n/a

NEI Impact Growth Portfolio



Holding	Weight*	Impact metrics page #
■ NEI Global Impact Bond Fund	10%	43
■ NEI Environmental Leaders Fund	30%	49
■ NEI Global Corporate Leaders Fund	26%	51
■ NEI Global Dividend RS Fund**	8%	n/a
■ NEI Clean Infrastructure Fund	13%	53
■ Other	13%	n/a

* As of July 31, 2025

**Not an impact fund.



Climate

The goal of our climate strategy is to drive real-world reductions in greenhouse gas emissions, so that as an investment manager, we can contribute to avoiding the worst effects of climate change as we seek to protect the value of our investors' assets.

Achieving that goal requires action on many fronts, beginning with alignment to net zero and running through our sub-advisor selection and monitoring process, security evaluation framework, active ownership program, policy and standards work, our commitment to transparency and reporting, and our duty as a corporate citizen.

Climate strategy pillars

Net-zero alignment

We commit to aligning our in-scope assets under management with the global goal of keeping the increase in the global average temperature to well below 2C above pre-industrial levels, in line with the Paris Agreement, and to reach net-zero global greenhouse gas emissions.

Stewardship

We commit to pursuing our corporate engagement activities with renewed vigour to amplify our influence, stressing the development of net-zero strategies and widespread adoption of the International Sustainability Disclosure Standards or their regional equivalent.

Climate-focused investment solutions

We commit to offering our current and prospective clients a selection of investment funds that include environmental impact considerations and climate change mitigation opportunities as a significant aspect of the funds' investment objectives or strategies.

Policies, standards, and collaborations

We commit to continuing our work with standard-setters, regulatory bodies, and the government to strengthen global oversight of our shared path to a low-carbon economy. We believe this can be better achieved when working with multiple stakeholders as part of a larger group.

Transparency and reporting

We commit to providing ongoing reports on progress toward our short- and long-term goals, highlighting our successes and areas for improvement and identifying our next steps.

Internal alignment

We commit to supporting the corporate sustainability strategy of our parent company Aviso in order to reduce the organization's operational carbon footprint and improve its environmental impact.²⁷

Status update: NEI commitment to the Net Zero Asset Managers initiative

NEI remains signatory to the Net Zero Asset Managers ("NZAM") initiative as of the Report's publication. Through our formal governance process as outlined in the Governance and implementation section on page 11, we elected to maintain our membership after NZAM resumed operations following its pause in 2025 to review its purpose and utility.

One caveat is that as of October 1, 2026, our updated climate targets were still in the approval process with NZAM. If our membership status changes based on our target discussions, we will inform our stakeholders as needed.

It's important to keep in mind that our climate commitments do not hinge on our participation in NZAM, or in any other group we are a part of. They reflect our independent commitment to reducing real-world greenhouse gas emissions through our investment portfolio as a means of managing risk for our clients, so that they can achieve their long-term financial goals.

Metrics and targets

Our targets for this year's report fall into three categories: portfolio decarbonisation, corporate alignment to a net-zero pathway, and asset growth in climate solutions investments; however, early in 2026 we dropped the third target category and will no longer report against it after this year. While we remain steadfast in our belief that investing in products and services designed to adapt to and mitigate the effects of climate change is an exceptional long-term opportunity, after five years since the target was established, we determined there are simply too many forces at play outside our control to pursue it with as much conviction and chance of success as we had originally intended.

Our selection of target categories and the target-setting approach within them was developed in line with the Net Zero Investment Framework (NZIF). References to the relevant NZIF guidance for each target category are provided in each section. Climate data in this section is sourced from MSCI.

²⁷ See Aviso's 2025 Corporate Sustainability Report here: <https://www.aviso.ca/en/who-we-are/annual-reports>

What are financed emissions?

Financed emissions are the greenhouse gas (GHG) emissions tied to the investment and lending activities of financial institutions. They can be thought of as the carbon footprint of an investment manager's portfolio or a bank's lending book. Emissions of all issuers in a portfolio (in-scope AUM only) are summed, and the proportional share attributable to each issuer is calculated based on the year-end issuer holdings within the portfolio, whether equity or debt.

What are scope 1, scope 2, and scope 3 emissions?²⁸

GHG emissions are grouped into "scopes" as a way of setting operational boundaries for the purposes of attribution.

Scope 1: Direct GHG emissions

Direct GHG emissions occur from sources that are owned or controlled by the company, for example, emissions from combustion in owned or controlled boilers, furnaces, and vehicles; emissions from chemical production in owned or controlled process equipment.

Scope 2: Electricity indirect GHG emissions

Scope 2 accounts for GHG emissions from the generation of purchased electricity consumed by the company. Scope 2 emissions physically occur at the facility where electricity is generated.

Scope 3: Other indirect GHG emissions

Scope 3 emissions are a consequence of the activities of the company, but occur from sources not owned or controlled by the company. Some examples of scope 3 activities are extraction and production of purchased materials; transportation of purchased fuels; and use of sold products and services.

Portfolio emissions

NEI's in-scope assets totaled 92.4% of total assets under management as of December 31, 2025, nearly the same as the previous year. In-scope assets are primarily made up of listed equities (including a small allocation to exchange-traded funds) and listed fixed income securities. We excluded derivatives and asset-backed paper, including mortgage-backed paper. We also excluded short positions, which would technically have reduced our emissions footprint.

Accounting for short positions in emissions reporting remains a contested topic, and since our short positions are such a small portion of our assets, we feel it is appropriate not to count them at this time. We included sovereign debt in the analysis, but since that asset class continues to show extremely low data coverage (<10%) and remains a small portion of our assets, we have not included it in our reporting.

²⁸ Source for definitions: World Resources Institute and World Business Council for Sustainable Development, The Greenhouse Gas Protocol, A Corporate Accounting and Reporting Standard, Revised Edition, 2004, 25.

Table 20: Portfolio GHG emissions

This table displays the scope 1 and 2 emissions of the companies held in NEI's portfolio as of December 31, 2025, according to the in-scope AUM described above. These emissions represent the scope 3 emissions of NEI.

	2025	2024	2023	2022	2021	2020	2019
In-scope AUM	92.4%	92.3%	84.9%	82.4%	80.9%	82.3%	79.4%
Absolute emissions (tCO₂e)	353,464	358,919	372,968	457,404	545,828	448,271	463,768
Financed emissions (tCO₂e/\$1M invested)	38.0	46.4	54.3	71.7	72.2	73.6	91.3
Data coverage	80.7%	90.4%	93.9%	84.3%	83.9%	85.5%	91.5%
Weighted average carbon intensity of corporate constituents (tCO₂e/\$1M sales)	144.5	135.4	164.2	201.9	203.2	195.2	190.3
Data coverage	80.8%	90.6%	96.9%	89.4%	89.0%	90.5%	93.2%

tCO₂e = Tonnes of carbon dioxide equivalent. Climate data source: MSCI. GHG emissions data is a combination of issuer reported and MSCI estimated. Though we present the 2025 portfolio emissions data as of December 31, 2025, underlying data for individual issuers may be as of an earlier or later date, depending on each issuer's reporting timeline. Data for the 2025 year were generated on August 12, 2026.

As Table 20 shows, our portfolio footprint continues to decline from both a financed emissions and absolute emissions perspective. We did see a slight increase in our weighted average carbon intensity (WACI), though this too displays a general downward trend over the seven years we have been tracking and reporting the figure. While we have not set a portfolio-wide decarbonisation target (see the section below for fund-specific portfolio decarbonisation targets), we do track and report these numbers in the interest of transparency. The data provides us the ability to identify portfolio-level trends to investigate and will eventually be the evidence we need to feel confident our portfolio is indeed decarbonising. The trend is clearly positive in that respect, but it would be premature to consider the current trajectory to be proof of long-term success.

One broad development we noted that may be contributing to an overall drop in financed emissions is that the relative weighting of high-impact names in our overall AUM dropped from 42% in 2024 to 37% in 2025, a decline that should notionally decrease our exposure to emissions-intensive names. The effect of this change has not been isolated from other factors that may have influenced the reported results.

Portfolio decarbonisation targets

Our portfolio decarbonization targets apply to two funds, covering approximately 13% of our AUM, or \$1.8B as of December 2025. Both funds are sub-advised by France-based Amundi Asset Management. Targets are set against a 2019 baseline of each fund's benchmark GHG emissions intensity, measured in tonnes of CO₂ equivalent per US\$1 million of sales (tCO₂e/\$M).

For both funds, we are targeting:

- By 2025, 30% reduction in GHG emissions from 2019 baseline
- By 2030, 60% reduction in GHG emissions from 2019 baseline
- By 2050, 100% reduction in GHG emissions from 2019 baseline (net zero)

NEI Global Total Return Bond Fund

- Benchmark²⁹ emissions intensity (2019 baseline): 363.0 tCO₂e/\$M sales (USD)
- Fund emissions intensity as of December 2025: 41.5 tCO₂e/\$M sales (USD)
- Emissions intensity reduction from benchmark baseline: 88%

Decarbonization approach, excerpt from NEI's simplified prospectus dated March 26, 2026:

The Fund follows a portfolio decarbonization approach intended to reduce the financed emissions of the corporate bond holdings of the Fund to net zero by 2050. (Financed emissions are defined as the proportion of emissions associated with the underlying holdings that are financed by the Fund's investment in those holdings.) To achieve this, some or all of the Fund's holdings will be linked to lower carbon emissions, and the Fund will strive to maintain a level of financed emissions that is lower than a projected pathway from the benchmark level at 2019 to net zero by 2050. Carbon emissions will be measured and reported in tons of CO₂ equivalent per US\$1 million in aggregate corporate revenue of Fund holdings.

The achievement of the Fund's net-zero target as described above is dependent on external factors outside the control of the Manager and Sub-Advisor. External factors include but are not limited to technology advancement, commercial developments, climate change, and the regulatory environment. There can be no guarantee the Fund will meet its target.

NEI Global Dividend RS Fund

- Benchmark³⁰ emissions intensity (2019 baseline): 238.8 tCO₂e/\$M sales (USD)
- Fund emissions intensity as of December 2025: 103.0 tCO₂e/\$M sales (USD)
- Emissions intensity reduction from benchmark baseline: 56%

Decarbonization approach, excerpt from NEI's simplified prospectus dated March 26, 2026:

The Fund follows a portfolio decarbonization approach intended to reduce the financed emissions of the Fund to net zero by 2050. (Financed emissions are defined as the proportion of emissions associated with the underlying holdings that are financed by the Fund's investment in those holdings.) To achieve this, some or all of the Fund's holdings will be linked to lower carbon emissions, and the Fund will strive to maintain a level of financed emissions that is lower than a projected pathway from the benchmark level at 2019 to net zero by 2050. Carbon emissions will be measured and reported in tons of CO₂ equivalent per US\$1 million in aggregate corporate revenue of Fund holdings.

The achievement of the Fund's net-zero target as described above is dependent on external factors outside the control of the Manager and Sub-Advisor. External factors include but are not limited to technology advancement, commercial developments, climate change, and the regulatory environment. There can be no guarantee the Fund will meet its target.

²⁹ Benchmark is the corporate segment of the Bloomberg Global Aggregate Hedged Index.

³⁰ Benchmark is MSCI World.

Portfolio companies' alignment to a net-zero pathway

As a key aspect of our climate strategy, we have set targets designed to help focus our effort to drive reductions in real world emissions. Using NZIF to guide our work, we have developed a custom framework using multiple data points from different data providers to determine alignment. We consider a company to be aligned to a net-zero pathway if its commitments, actions, and performance put it on a likely trajectory of reducing its GHG emissions to net zero by 2050 or sooner. The goal is not to define the exact nature of an aligned company, since there is a great deal of uncertainty as to how companies will ultimately be successful in transitioning to a net-zero state. Rather, the goal is to have a credible and objective manner to assess our portfolio companies on their transition readiness, and to effectively prioritize our stewardship activities toward the companies that need the biggest push.

The targets are as follows:

- By 2025, 70% of financed emissions in material sectors are net zero, net-zero aligned, or the subject of engagement
- By 2030, 90% of financed emissions in material sectors are net zero, net-zero aligned, or the subject of engagement
- By 2040, 100% of financed emissions in material sectors are net zero or net-zero aligned

We narrowly missed hitting our target for the end of 2025, coming up just short of our goal of having 70% of our financed emissions in high-impact sectors either aligned or the subject of engagement. This was in large part due to the inherent challenges in our approach described below, where the nature of a constantly changing portfolio can shift us closer or further from our target at any time. Nevertheless, we were pleased to see the growth in names that were categorized as aligned and we were strategic in identifying key engagement targets.

We anticipate a significant increase in the number of engagements we will need to undertake to hit our next target, which is 90% of financed emissions in high-impact sectors either aligned or engaged by 2030. Based on current trends, the growth in companies that are aligned to a net-zero future is unlikely to increase at a rapid enough rate to ease the

requirement for engagement. Of course, the goal is for our engagement efforts to increase the number of aligned companies, and we do anticipate that happening in many instances, but we also recognize that several of our largest emitting names will be a challenge for years to come.

A complication with our approach is that because we have taken a relatively conservative view of what companies can be considered aligned, particularly as it comes to GHG emissions trends, companies can jump in and out of the alignment category from year to year. For example, if a company we had previously categorized as aligned jumps to being non-aligned in our year-end analysis due to changes in underlying factors, and we have intentionally avoided engaging the company to focus on other holdings, we could see a drop in the percentage of aligned AUM.

One aspect that has impacted our ability to accurately categorize companies is the increased regulatory and legal scrutiny over climate-related disclosure, particularly when it comes to net-zero targets. We have seen companies removing public disclosure on their emissions reduction targets, and since robust targets are incorporated into our alignment framework, their absence in disclosure documents will impact our assessment. That said, we are heartened to see the number of companies setting science-based targets continue to grow, a development that offsets the reluctance of some companies to disclose.

A different challenge has to do with the nature of corporate engagement itself. Our years of stewardship have taught us that success can often take years of persistent effort, and that corporate actors often require that year-over-year engagement to maintain the momentum, with many engagements having multiple touchpoints a year. Because our framework uses a rolling two-year period to account for engagement activities, a particularly deep engagement that might have involved five or six meaningful interactions over two years will only be counted once for the purposes of our targets. As a result, as the percentage of companies we aim to engage increases, the resources required to engage those companies will also increase. This may eventually cause tension with other stewardship objectives. We will look to learn from our experiences and further refine our approach to address these and other challenges.

Figure 25: High impact versus low impact sector % of in-scope AUM*

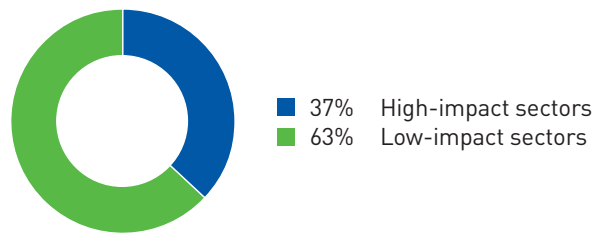
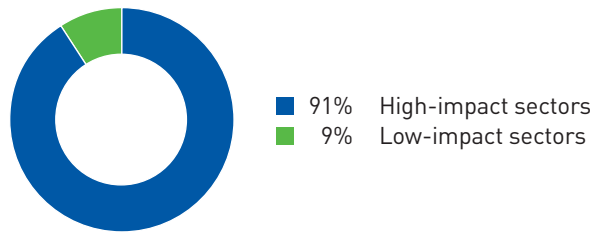
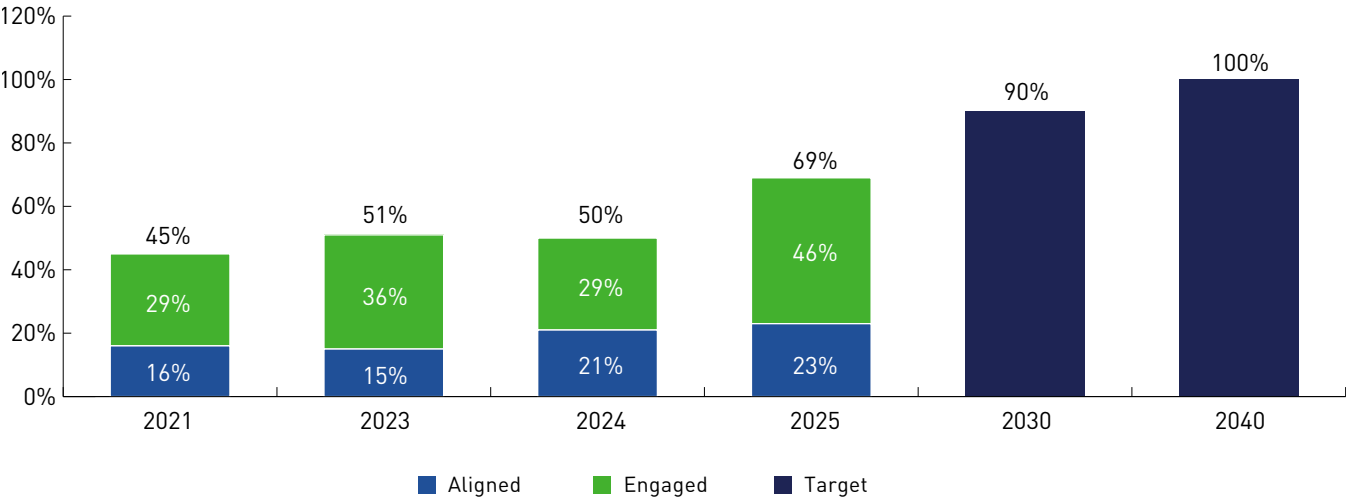


Figure 26: Financed emissions % of in-scope AUM*



*In-scope AUM is 92% of total AUM and includes listed equity, corporate bonds and sovereign bonds. High-impact sectors are defined by the Net Zero Investment Framework (NZIF) and include energy, industrials, utilities, materials, and certain sub-sectors within the information technology and consumer discretionary sectors. Any holdings not in those sectors or sub-sectors are deemed by default to be in low-impact sectors.

Figure 27: Summary of alignment results for NEI investment portfolio, 2025 holdings



Analysis conducted March 2026. In-scope AUM is 92% of total AUM and includes listed equity, corporate bonds and sovereign bonds. High-impact sectors are defined by the Net Zero Investment Framework (NZIF) and include energy, industrials, utilities, materials, and certain sub-sectors within the information technology and consumer discretionary sectors. Any holdings not in those sectors or sub-sectors are deemed by default to be in low-impact sectors. Companies engaged are based on a rolling two-year window; in this data set, companies may have been engaged at any time in 2024 or 2025. Data sources: MSCI, Sustainalytics, FactSet, Institutional Shareholder Services, Bloomberg.

Table 21: Top 10 contributors to financed emissions

Company	Financed emissions*	Sector	Country	Aligned	Active engagement
Capital Power	18,143	Utilities	Canada	N	Y
Air Liquide	14,728	Materials	France	N	Y
Veolia Environnement	12,445	Utilities	France	Y	N
American Electric Power	11,946	Utilities	U.S.	Y	N
Canadian Natural Resources	9,917	Energy	Canada	N	Y
Emera	8,821	Utilities	Canada	N	N
Ameren Corp.	8,695	Utilities	U.S.	N	N
Linde	8,487	Materials	U.S.	N	Y
Cargojet	8,055	Industrials	Canada	N	Y
Mullen Group	7,383	Industrials	Canada	N	Y

*Tonnes of CO₂ per US\$1M invested, sorted highest to lowest.

Table 22: Top 10 aligned companies

Company	Financed emissions*	Sector	Country
Veolia Environnement	12,445	Utilities	France
American Electric Power Co.	11,946	Utilities	U.S.
Shell	5,409	Energy	U.S.
Enbridge	4,950	Energy	Canada
Waste Management	4,535	Industrials	U.S.
Fortis	4,251	Utilities	Canada
Air Canada	3,142	Industrials	Canada
Canadian National Railway	3,073	Industrials	Canada
ENI	2,463	Energy	Italy
Union Pacific Corp.	2,094	Industrials	U.S.

*Tonnes of CO₂ per US\$1M invested, sorted highest to lowest.

Climate solutions investments

The third category of our Net Zero Asset Managers (NZAM) commitment relates to growing assets in climate solutions to enable the transition to a low-carbon economy. The guidance provided by Net Zero Investment Framework (NZIF) encourages investment managers to “create investment products aligned with net-zero emissions by 2050 and facilitate increased investment in climate solutions,”³¹ and to set a goal “for allocation to climate solutions representing a percentage of revenues or capex from AUM... increasing over time, in line with investment trajectories based on a net-zero pathway.”³²

Our target is as follows:

- By 2030, tripling of assets in climate solutions investments

Our definition of climate solutions investments is tied to our impact mandates,³³ which seek to make a positive, measurable impact on such environmental challenges as climate change mitigation and adaptation. We are measuring progress toward this goal as growth in AUM in our local currency (C\$), but for NZAM purposes, we are required to report figures in US\$.

Table 23: Progress toward climate solutions investment target

	Baseline (2021)	June 30, 2026	% change	Target (2030)
CAD	\$1.99B	\$2.50B	25.6%	\$5.97B
USD	\$1.57B	\$1.76B	12.1%	\$4.71B

Source for currency conversion rate: Bank of Canada.

As noted above, this target is retired as of 2026. This is the last year we will report against it.

Scenario analysis

NEI has not to this point undertaken climate scenario analysis to any meaningful degree. It would be a relatively straightforward exercise for us to run an analysis using a third-party application, but interpreting the output comprehensively and further, incorporating the results into our investment decision-making process at the asset allocation and/or security selection level would require a significant commitment of resources that we are not ready to undertake given what we perceive to be an outcome of uncertain value to our business. While we continue to be open to working with our sub-advisors and others to better understand the tool, this is the last year we will refer to scenario analysis in our climate reporting until such time as we have a change in our position.

³¹ Paris Aligned Investment Initiative, Net Zero Investment Framework Implementation Guide, version 1.0, March 2021, 9.

³² Paris Aligned Investment Initiative, Net Zero Investment Framework Implementation Guide, version 1.0, March 2021, 10.

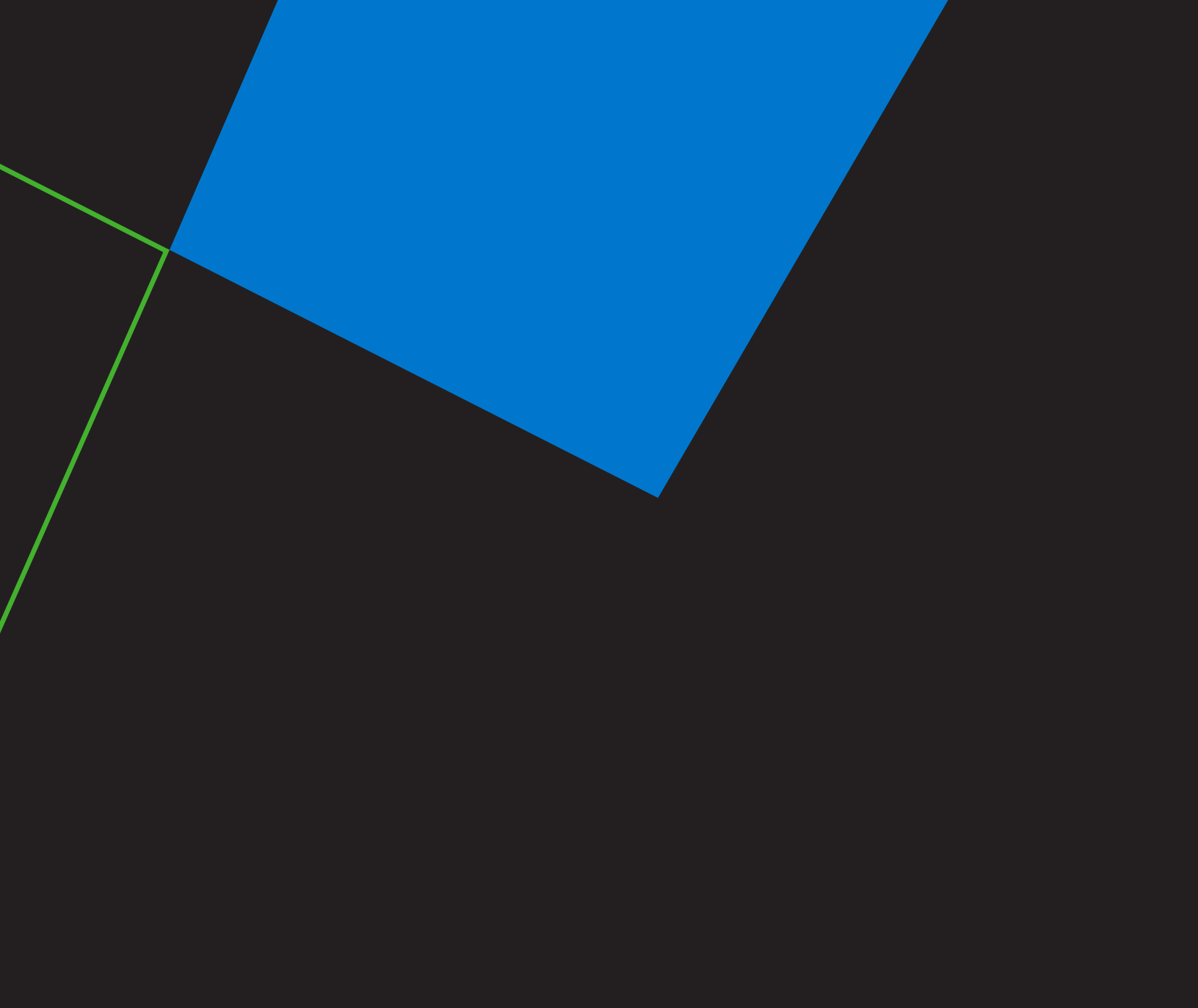
³³ NEI Canadian Impact Bond Fund, NEI Global Impact Bond Fund, NEI Clean Infrastructure Fund, NEI Environmental Leaders Fund, NEI Global Sustainable Balanced Fund.

Appendix A: Collaborations

NEI participates in many organizations with the goal of helping companies better manage risk as they strive to grow and maintain sustainable value. We also participate in policy working groups and other related collaborative initiatives.

Group name (alphabetical order)	NEI role*	Date joined
Access to Medicine Foundation	Investor member; Expert Review Committee (2024), Independent external reviewer of 2024 Access to Medicine Index Report	2018
Access to Nutrition	Investor participant	2014
Canadian Coalition for Good Governance	Member of E&S Committee	2005
CDP (formerly Carbon Disclosure Project)	Signatory; participant in Non-Disclosure Campaign, Science-Based Targets Campaign	2006
Ceres	Investor participant in Valuing Water Finance Initiative (lead on one engagement, co-lead on one other); participant in Carbon Asset Risk Working Group, Canadian O&G Working Group, Midstream Working Group, Water and High-Tech Working Group	2008
Climate Action 100+	Lead and co-lead on two engagements, participant in others	Inception 2017
Climate Engagement Canada	Founding participant; co-lead or lead on four engagements, participant in five others	Inception 2021
Energy Futures Lab	Ambassador; participant in the Alberta Competitiveness Advisory Committee	2019
FAIRR Initiative (Farm Animal Investment Risk & Return)	Investor participant	2014
Initiative for Responsible Mining Assurance	Chair of the board; member of executive committee	2021
Institutional Investors Group on Climate Change	Investor member	2026
Interfaith Center on Corporate Responsibility	Associate member; member of leadership team on Excessive Executive Compensation, Finance Working Group, Health Equity Working Group	2006
International Corporate Governance Network	Member of Global Policy Committee	2008
Investor Alliance for Human Rights	Advisory committee member, co-lead on one Ranking Digital Rights engagement, participant in others	2018
Investor Initiative on Hazardous Chemicals	Investor member. Lead on one engagement and supporting investor on one other	2024
Know the Chain	Co-lead on one and supporting investor on five engagement streams	2019
Nature Action 100	Investor participant	2023
Principles for Responsible Investment	Sustainable Systems Investment Manager Reference Group; various collaborations over time (Methane Collaboration, Oil and Gas Advisory Committee, Transition Collaboration)	2006 (year PRI was formed)
Responsible Investment Association	Board member; executive committee member; sustaining member; participant in Policy Stewardship Group	1999
Taskforce on Nature-related Financial Disclosures	Forum member	2023
World Benchmarking Alliance	Investor participant in Collective Impact Coalition for Ethical AI, lead on two engagements, co-lead on one other	2022

*NEI role as of February 28, 2026. May not be current as of this report's publication.



NEI

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