

NEI

Q4 2023

# ACTIVE OWNERSHIP REPORT

*Tracking the progress of our corporate engagement  
and policy activity*

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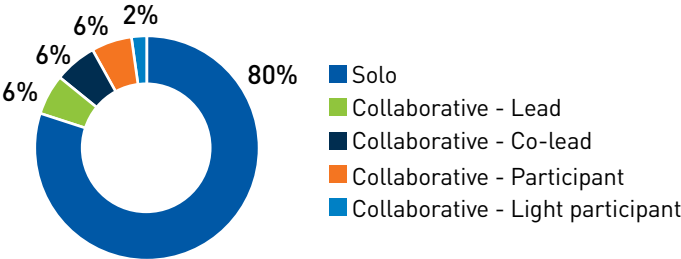
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# SUMMARY OF ACTIVITIES

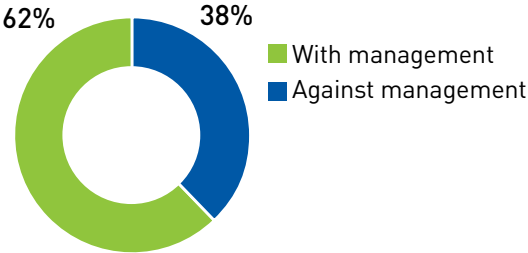
## NEI engagement role

In Q4 we led 92% of our engagements, meaning that we either conducted the engagement ourselves, or led or co-led a small group, or collaboration with other investors. Leads are responsible for setting the agenda, strategizing on the direction of the engagement, and chairing the meetings and correspondence with a company. Our outreach to Canadian oil and gas firms on joining the Oil & Gas Methane Partnership 2.0 (OGMP 2.0) accounted for much of our solo engagement in the quarter, as did our annual feedback on proxy outreach, where we highlighted issues of board diversity, equitable compensation and climate governance. Our ongoing work co-leading engagements through the Climate Engagement Canada initiative and our outreach to companies on digital rights also figured prominently in the period.



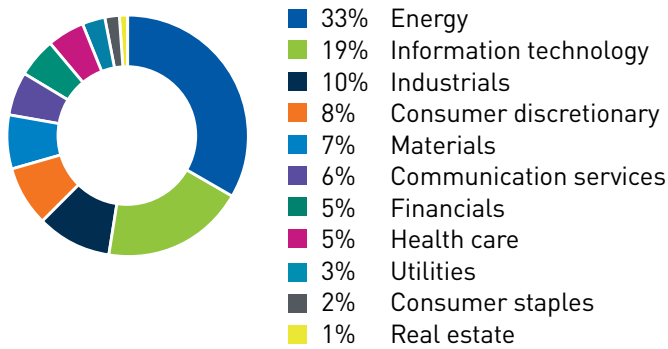
## Vote instruction

We voted 51 meetings in the quarter, supporting management on 62% of the ballot items. Votes against management represented 38% of total ballot items and related mostly to concern over director elections (two-thirds of cases), followed by compensation and audit-related issues. Eighteen shareholder resolutions were on the ballot of six U.S. companies. We abstained on two and voted against five, as we considered the companies' disclosures to be sufficient relative to what the proposals were requesting. We supported 11 resolutions that asked companies to produce a tax transparency report, report on risks related to misinformation and disinformation related to Artificial Intelligence, report on human rights-related risks in high-risk countries, report on gender pay gaps, and to install an independent chair of the board, among other topics.



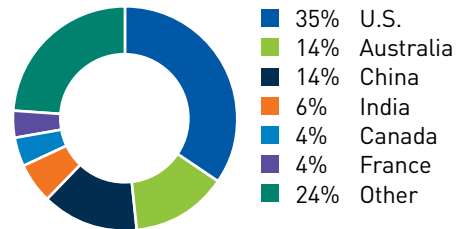
## Engagement by sector

The two dominant themes for engagement this quarter were net-zero alignment and inequality, accounting for 80% of engagements. As a result of our outreach on OGMP 2.0 (see above), the energy sector saw the most engagement, accounting for a third of all engagements, where the dominant theme was net-zero alignment. Our feedback on proxy efforts addressed multiple sectors and touched on themes of equitable compensation, climate governance and diversity and inclusion. The IT sector was the second-most engaged behind energy, at 18%, where digital rights was the predominant theme.



## Votes by country

Almost 40% of the meetings voted in the fourth quarter were in the U.S. and Canada. The remaining 61% were in international markets, led by meetings in Australia and China with 14% each. All 18 shareholder resolutions voted during the quarter were filed at six U.S. companies, nine of which were filed at Microsoft on various topics including tax transparency, human rights and digital rights.



# PROTECTING AND ENHANCING LONG-TERM VALUE THROUGH STEWARDSHIP

Adelaide Chiu, VP, Head of Responsible Investing

As an asset manager, NEI is committed to doing all that we can to help our investors achieve their goals. That entails seizing opportunities to grow their wealth while prudently managing risk. Easier said than done, as any investor would attest. Success requires many different tactics to be deployed as part of the overall investment strategy.

Some of the tactics we undertake, such as proxy voting and corporate engagement, are part of the package of rights bestowed on us as shareholders. At NEI we have long believed that investors have a *responsibility* to exercise these rights in pursuit of positive financial, environmental and social outcomes. In other words, to generate long-term sustainable value for clients. Related activities include policy advocacy and participation in collaborative groups, where the goal is to influence the direction of the investment industry, corporate culture, and the regulatory landscape on a broader scale.

Until now, we have grouped this work under the heading of active ownership. Beginning this year, you will see us using a new umbrella term: stewardship. We are not introducing new or *different* activities to our program; we are simply renaming it with renewed purpose and a broader remit.

The Principles for Responsible Investment defines stewardship as “the use of influence by institutional investors to maximise overall long-term value including the value of common economic, social and environmental assets, on which returns and clients’ and beneficiaries’ interests depend.”<sup>1</sup>

What we want to impress upon investors is the vital importance of the second, less familiar half of the definition, related to maximising overall long-term value of “common economic, social, and environmental

*assets on which returns and clients’ and beneficiaries’ interests depend.”* (Italics ours.) Working diligently to safeguard the value of such critical assets—a stable climate; citizens’ health and employment; fresh water, plants and animals and other natural resources; a diverse workforce—is every bit as important to what we do on behalf of clients as asset allocation, navigation of market cycles, and interest rate changes, to name just a few traditional investment considerations.

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Stewardship is not about promoting the performance of individual companies, sectors, or geographic regions at the expense of long-term value creation.

Digging deeper, we look to the International Corporate Governance Network as they explain the *purpose* of stewardship:

...investor stewardship helps to promote high standards of corporate governance which contributes to sustainable value creation, thereby increasing the long-term risk adjusted rate of return to investors and their beneficiaries or clients. At an investor level, stewardship is about preserving and enhancing long-term value as part of a responsible investment approach. This includes the consideration of wider ethical, environmental, and social factors and the consideration of relevant systemic risks as core components of fiduciary duty.

In a broader context, stewardship enhances overall financial market stability and economic growth, and, by focusing on long-term value creation, stewardship is directly linked to sustainable benefits for the economy, environment, and society.<sup>2</sup>

It is also useful to upend the definition and say explicitly what stewardship is not. Stewardship is not about promoting short-term performance; it is not about promoting the performance of individual companies, sectors, or geographic regions at the expense of long-term value creation. Even if this were beneficial to client returns in the *short term*, the negative impacts would eventually be felt and the damage at that point too late to reverse, both for portfolio returns and for the global economy and environment.

This edition of our Active Ownership Report marks the end of the quarterly publication. Later this year, NEI will publish its first comprehensive annual responsible investment report. That will be the ongoing home for disclosure about our stewardship and other RI activities such as security evaluations, sub-advisor

updates, impact metrics, and climate strategy progress. We look forward to continuing to share our progress on all that we do to help investors achieve their goals.

<sup>2</sup> <https://www.icgn.org/icgn-global-stewardship-principles>

# PROGRESS REPORT: BALL

## Sector

Materials

## Focus theme; sub-theme(s)

Nature; impact and dependency assessment | Net-zero alignment; circularity, mitigating supply chain impacts

## Related UN Sustainable Development Goal(s)



## Engagement activity

Collaborative meeting (first time) + follow-up email

## Responsiveness

Highly responsive

## Holding status (subject to change without notice)

NEI Environmental Leaders Fund;  
NEI Global Sustainable Balanced Fund

**Objective:** To seek and share information about Ball's management of nature-related risks, especially in relation to their supply chain, and to encourage greater disclosure.

We met with Ball Corporation alongside Impax Asset Management, sub-advisor to NEI Environmental Leaders Fund and NEI Global Sustainable Balanced Fund.<sup>3</sup> Ball is a U.S.-based aluminum packaging company specializing in "creative can and bottle designs based on sustainable manufacturing principles."<sup>4</sup> We are pleased with how the company is progressing on its environmental goals as it pursues low-carbon transition strategies as well as nature-related objectives, all in the context of supporting a circular economy. Earlier this year we completed an assessment of our holdings aimed at determining which companies are aligned to a credible net-zero pathway, and Ball ranked highly.<sup>5</sup>

The number one agenda item for our meeting was risk management of biodiversity factors, but as we spoke, the conversation evolved to focus on circularity. Most of Ball's environmental impacts and risks are connected to its supply chain, which consists primarily of miners. (Ball does not own mines.) They told us they are taking the same approach with their nature strategy as they are with their climate strategy, because the solution set is similar. As

natural resources become more scarce, and as mine operations become increasingly challenging in the context of greater community and social responsibility, as well as environmental impact, Ball must absorb the knock-on risks faced by the miners themselves. This could entail higher commodity prices, tighter supply, mine shutdowns, change in ownership, reputational risk in cases of mining controversies, or some combination. Ball notes in a regulatory filing that "a hypothetical 10 percent adverse change in the company's aluminum prices would result in an estimated \$3 million after-tax reduction in net earnings over a one-year period."<sup>6</sup> The way to mitigate these risks is by establishing circularity, the key to which is recycling.

The Aluminum Association refers to the metal as "infinitely" recyclable, noting that 75% of all aluminum ever produced is still in use today. What's more, according to the group, recycling aluminum takes only 5% of the energy required to produce new material,<sup>7</sup> making it a winning proposition for the energy transition *and* for reducing the serious impact of mining on nature.

Ball has a target of using 85% recycled content by 2030, up from 62% as of 2023. They also have a goal of sourcing aluminum only from sites certified by the Aluminum Stewardship Initiative (ASI), which aims

<sup>3</sup> NEI and Impax are partnering on a series of engagements with companies held in those two mandates; we will share more in the new year.

<sup>4</sup> [www.ball.com](http://www.ball.com)

<sup>5</sup> For an explanation of our net-zero alignment framework, refer to: <https://www.neiinvestments.com/content/dam/nei/docs/en/responsible-investing/reports/Whitepaper%20-%20A%20portfolio%20in%20transition%20EN.pdf>

<sup>6</sup> [https://s1.q4cdn.com/288660599/files/doc\\_financials/2023/ball-corporation-2023-10k.pdf](https://s1.q4cdn.com/288660599/files/doc_financials/2023/ball-corporation-2023-10k.pdf)

<sup>7</sup> Data points in this paragraph sourced from [www.aluminum.org/Recycling](http://www.aluminum.org/Recycling)

to “promote sustainability throughout the aluminum value chain.”<sup>8</sup> And, they have targets around water use, another major input into their business. They told us they are engaging with different levels of government in the U.S. regarding extended producer responsibility, which is “an approach to recycling that requires producers, such as manufacturers, distributors, and retailers to take responsibility for the life cycle of the products they sell.”<sup>9</sup>

**Next steps:** We followed up our virtual meeting with an email in early December. We requested additional disclosure about supply chain management and about the ASI and biodiversity risk. We also suggested the company explore combining their TCFD and TNFD<sup>10</sup> reporting, since that relationship is so intertwined for Ball and would appear to be a good fit. Combined climate and biodiversity reporting is a relatively new frontier pursued by only a few leading companies.

<sup>8</sup> <https://www.dqsglobal.com/en-us/certify/asi-aluminium-stewardship-initiative-certification>

<sup>9</sup> <https://www2.gov.bc.ca/gov/content/environment/waste-management/recycling/extended-producer-responsibility>

<sup>10</sup> <https://www2.gov.bc.ca/gov/content/environment/waste-management/recycling/extended-producer-responsibility>

# PROGRESS REPORT: SONY

## Sector

Consumer discretionary

## Focus theme; sub-theme(s)

Nature; impact and dependency assessment (water)

## Related UN Sustainable Development Goal(s)



## Engagement activity

Co-lead of collaborative meeting (first time)

## Responsiveness

Responsive

## Holding status (subject to change without notice)

NEI Global Equity RS Fund;

NEI Global Value Fund

**Objective:** To seek and share information about Sony's management of water-related risks, and to support the development and setting of water use targets for the company's 2030 planning process.

We met with Sony as part of an investor collaboration organized by Ceres, a large non-profit organization made up of investors, companies, and other non-profit groups. The work stems from Ceres' Valuing Water Finance Initiative, a global investor-led initiative aimed at engaging companies with large water use footprints.<sup>11</sup> NEI is the lead investor for the Sony collaboration; we will co-lead a collaboration with Amazon in 2024.

The Valuing Water Initiative lays out six corporate expectations<sup>12</sup> that align with UN Sustainable Development Goal number six, "clean water and sanitation." For our discussion, we were primarily focused on expectations around water consumption. The main use case we were looking at is the manufacture of semiconductors, sales of which make up 11% of Sony's total revenue and which require significant volumes of water as an input. As with any critical input to a production process (see aluminum as an input for Ball Corporation on page 6), whatever risks there are to that input will be transferred up the chain. Sony needs a large, consistent supply of water for certain manufacturing sites around the world to maintain output, and if supply is affected by government-imposed restrictions, climate change, scarcity, reputational

damage in the community, or other factors, that can have a major impact on the business.

Sony's semiconductor operations are growing and expected to grow further, and the water footprint is growing as well. We want to understand how the company is addressing the potential long-term impacts on the business, how they intend to reduce their water use through recycling, and how they intend to support water accessibility in the communities where they operate, among other considerations.

It's clear that Sony has been addressing the material risk of water for a number of years. They have long-term climate and water use targets extending to 2050, as well as incremental five-year plans to help them get there. As an example of such a target, for 2025, they have a goal of reducing water use intensity by 5% at their high water-usage sites (not all of them are). In addition to reducing water withdrawal rates, Sony is also investing in water recycling technologies to improve that aspect of the production process.

**Next steps:** Sony is beginning the process of setting sustainability business goals for 2030. It is our intention to engage them along the way so that we can provide input. We also intend to dig deeper into the company's supply chain risks (component suppliers that also face water challenges), board oversight, and water use in high-risk geographic areas, among other related topics.

<sup>11</sup> <https://www.ceres.org/water/valuing-water-finance-initiative>

<sup>12</sup> <https://www.ceres.org/sites/default/files/Ceres%20Corporate%20Expectations%20for%20Valuing%20Water%202022.pdf>



# PROGRESS REPORT: WALMART

## Sector

Consumer staples

## Focus theme; sub-theme(s)

Human rights; human rights in the supply chain

## Related UN Sustainable Development Goal(s)



## Engagement activity

Collaborative meeting, third this year

## Responsiveness

Responsive

## Holding status (subject to change without notice)

NEI U.S. Equity RS Fund; NEI Canadian Equity Fund; NEI Global Equity Pool

**Objective:** Seek and share information about Walmart’s management of human rights risks in the supply chain, and push for enhanced disclosure about their processes and remediation efforts.

We met with Walmart as part of an ongoing collaboration organized by the Interfaith Center on Corporate Responsibility (ICCR), which has been engaging with Walmart for many years. It was our third meeting with the company in 2023 and our second as part of this group; the other meeting was with a collaborative on deforestation. While Walmart has certainly progressed in the area of human rights in the supply chain, we feel there is more they should be doing given their size, influence, and awareness of salient risks. Walmart employed 2.1 million people globally as of the end of 2023, making it the largest employer in the world.<sup>13</sup>

One of the key risks that Walmart faces in its supply chain is labour issues. These can range from pay practices to worker safety to child labour to anti-union behaviour. When problems such as these arise and make headline news, the potential for reputational damage to the company is significant. Many media outlets<sup>14</sup> reported it when The Canadian Ombudsperson for Responsible Enterprise (CORE) opened investigations into Walmart Canada (along

with the Canadian divisions of Hugo Boss and Diesel), regarding allegations the companies “have operations or supply chains in the Xinjiang region of the People’s Republic of China that have used or benefitted from the use of Uyghur forced labour.”<sup>15</sup> The New York Times published in February an in-depth article about migrant child labour in the U.S. that cited Walmart, among many other large, well-known companies in various sectors, which led some of the companies (including Walmart) to say they took the allegations seriously and would investigate their supply chains.<sup>16</sup>

Company representatives walked us through Walmart’s processes, including efforts used to identify and rectify human rights risks in core supply chains, such as apparel from Bangladesh, produce from the U.S. and Mexico, and seafood from Thailand. They told us about their current processes and shared that we may see more updates in 2024 on how they identify human rights risks. Walmart reported over 26,900 “active” supplier facilities in 2023, with third-party audits conducted across 66 countries.<sup>17</sup>

In alignment with the ICCR core working group, we do feel Walmart should be publicly disclosing more about what they’ve done to address allegations of child labour brought by the New York Times article. We also feel it would be beneficial for investors if Walmart

<sup>13</sup> <https://www.statista.com/statistics/264671/top-50-companies-based-on-number-of-employees/>

<sup>14</sup> CTV News, Global News, The Globe and Mail, among others.

<sup>15</sup> [https://core-ombuds.canada.ca/core\\_ombuds-ocre\\_ombuds/press-release\\_walmart-hugo-boss\\_diesel\\_communique.aspx?lang=eng](https://core-ombuds.canada.ca/core_ombuds-ocre_ombuds/press-release_walmart-hugo-boss_diesel_communique.aspx?lang=eng)

<sup>16</sup> <https://www.nytimes.com/2023/02/25/us/unaccompanied-migrant-child-workers-exploitation.html>

<sup>17</sup> <https://corporate.walmart.com/purpose/esgreport/social/people-in-supply-chains>

were to publish a list of their Tier One suppliers,<sup>18</sup> which many retailers do as a best practice, particularly in the apparel industry.<sup>19</sup> Companies often raise concerns around competitiveness when asked to disclose supplier names, though there are many companies that have done so anyway. We continue to encourage Walmart and others to consider how they can provide more information about their suppliers. This information helps us better assess human rights risks and how a company responds to those risks.

**Next steps:** We will continue to engage with Walmart as part of the ICCR group as we call for the company to improve disclosure around their human rights risks and remediation processes.

<sup>18</sup> Tier One suppliers are those with a direct relationship with the buyer.

<sup>19</sup> Fashion Revolution publishes lists of apparel companies who disclose the names of their suppliers: <https://www.fashionrevolution.org/tag/tier-1/>

# SUB-ADVISOR ENGAGEMENT HIGHLIGHTS

## Federated Hermes

*The following engagement case study was provided to NEI by Federated Hermes, sub-advisor to NEI Global Equity RS Fund. Holdings are subject to change without notice.*

Zoetis develops and manufactures animal health medicines and vaccines for livestock and pets across the globe. The company looks attractive across most factor categories, especially Corporate Behaviour, Growth and Profitability, and it is an ESG improver that compares favourably to peers across each ESG pillar, particularly Governance. The ESG improvement is reflected in its receptiveness to engagement and recent progress on our engagement objectives.

Recent discussions have included Taskforce on Nature-related Financial Disclosures (TNFD), climate strategy and diversity. The company has confirmed that it is working on TNFD disclosures and is conducting a materiality assessment, which we expressed an interest in contributing to.

On its climate strategy, the company was receptive to our suggestion that it sought validation of its emissions reduction targets from SBTi. We have also expressed concerns over the use of carbon offsets, although the company mentioned that offsets were a tool of last resort. It also argued that it has a robust internal approach to managing climate risks, including Task Force on Climate-related Financial Disclosures (TCFD) analysis and regular meetings with the Executive Committee and the Board.

On diversity, Zoetis plays a leadership role in several community initiatives to employ and promote diverse talent. The company was keen to receive feedback and we recommended analysing retention rates by demographic, suggesting that it could inform targeted measures. We also suggested conducting analysis on the productivity and innovation improvements yielded from community outreach, possibly measuring a return-on investment.

# POLICY ADVOCACY

## *Ambitious methane proposals poised to have an impact*

**Jamie Bonham, Head of Stewardship, Responsible Investing**

While progress on climate policy can often feel agonizingly slow and sometimes acrimonious, particularly as it pertains to the energy sector, 2023 ended with the announcement of ambitious proposed policies in both Canada and the U.S. that highlight the one area most everyone agrees the oil and gas sector can, and must, address: methane emissions. As we've noted previously, methane is a potent greenhouse gas that has up to 80 times the impact of CO<sub>2</sub> when it comes to warming the atmosphere,<sup>20</sup> and the oil and gas sector is one of North America's biggest sources of methane emissions. However, reducing methane emissions is also one of the most cost-effective reduction activities for the industry—so much so that certain abatement strategies can essentially be revenue positive. Methane is a key component of natural gas, so every molecule of methane kept from the atmosphere has an inherent financial value that can be realized.

Industry is keen to point to the success it has had in reducing methane emissions in recent years, and the gains are significant. According to the Canadian Association of Petroleum Producers, between 2012 and 2021, Canadian conventional oil and natural gas producers reduced methane emissions by 34% and emissions intensity by 46%.<sup>21</sup> Canada and the U.S. have previously set reduction targets of 40-45% by 2025, and it is looking like those targets may be met—a rare win on the climate front. Canada has built upon this momentum to set a 75% reduction target for 2030, and the draft regulations released late last year are meant to guide the path to that goal.

We have long been vocal in our support for enhanced methane regulations for the industry, having contributed to numerous consultations in Canada and the U.S. over the years. The new proposed regulations will be the most ambitious the industry has seen, and we do feel they could be effective. Our rationale has

been consistent and informed by our dialogues with energy companies, namely, reducing methane is the most cost-effective emissions reduction opportunity for the industry, by a longshot.

In general, the carbon emissions reductions demanded of industry by the science, and increasingly by governments, are immense. They require the rapid scaling of technologies that have yet to reach maturity, such as carbon capture, utilization and storage. Meanwhile, the industry has already made huge strides on methane reduction and there is a clear path to the goal, at a manageable cost. A 2023 study by Dunskey Energy + Climate Advisors<sup>22</sup> estimates the average cost of meeting the 75% methane reduction target in the Canadian oil and gas industry would be \$11/tonne. Weighed against the projected cost of carbon in Canada in 2030 of \$170/tonne it is an absolute steal, and dare we say, a no-brainer.

There is, however, a wrinkle. And it is a big one. While the technologies to reduce methane emissions are ready to go, we don't actually know how much the industry is emitting due to a track record of underreporting. A 2023 study of Alberta-based emissions confirmed this pattern, with researchers finding that actual emissions were 1.5x more than reported emissions, and that major sources of emissions were different than what was captured by industry reporting.<sup>23</sup> At the heart of this problem is that industry numbers are created by accounting assumptions—essentially adding up all the equipment managed and multiplying that by standard emission factors. The numerous studies that have contradicted industry numbers are created by direct measurement of emissions. The reason this discrepancy is alarming—aside from the implication that we are underestimating the sector's impact on global warming—is that the solutions the industry undertakes to reduce its footprint may not be the right

<sup>20</sup> <https://www.unep.org/news-and-stories/story/methane-emissions-are-driving-climate-change-heres-how-reduce-them>

<sup>21</sup> <https://www.capp.ca/wp-content/uploads/2023/08/ENG-FACT.pdf>

<sup>22</sup> <https://www.edf.org/sites/default/files/2023-07/Canada%20Methane%20Abatement%20Opportunity.pdf>

<sup>23</sup> Conrad, B.M., Tyner, D.R., Li, H.Z. et al. A measurement-based upstream oil and gas methane inventory for Alberta, Canada reveals higher emissions and different sources than official estimates. *Commun Earth Environ* 4, 416 (2023). <https://doi.org/10.1038/s43247-023-01081-0>

ones if they don't have an accurate assessment of where methane is leaking. This would be an inefficient use of capital and a dangerous distraction from the actions needed.

The solution is better measurement and reporting on methane at the source, something that has been a core part of our engagement with companies in the sector for years. This is where the Oil & Gas Methane Partnership 2.0 (OGMP 2.0) comes in. OGMP 2.0 is a collaboration between the UN, civil society and industry that is focused on driving best practice in methane measurement and management. Companies that sign onto OGMP 2.0 commit to working toward the use of direct measurement technologies to create accurate methane inventories to back ambitious reduction targets.

In 2023 we endeavoured to engage all Canadian oil and gas companies in our portfolio on the topic of joining OGMP 2.0 and expanding their use of direct measurement technologies. We hosted a workshop, wrote letters, and met directly with 30 companies. Many companies have indicated they are assessing the standard and whether they might join. While OGMP 2.0 has the participation of over 100 leading companies globally, not one of them is based in Canada. We hope to change that in 2024.

There is one aspect of the government's emissions reduction proposal that dovetails with our ask on OGMP 2.0. The government has floated the idea that facilities with continuous, direct measurement technologies in place will be able to forgo certain elements of the draft regulations that require in-person inspections. That means companies that do pursue industry best practices (as exemplified by OGMP 2.0) could realize tangible benefits from a regulatory relief perspective. We see this as a win-win situation and will look to encourage governments and companies to pursue better measurement of methane in order to realize the substantial climate benefits that will come from meeting, and exceeding, our 75% national targets.



# POLICY HIGHLIGHTS

## Focus theme: Human rights

- Joined fellow members of the Investor Alliance on Human Rights in a meeting with a UN working group to explain investor perspectives on how human rights are, should be and could be considered in ESG approaches; we also submitted a written response to the UN's consultation on this issue
- Attended two workshops run by the Principles for Responsible Investment to provide insight into the data needs of investors, especially with respect to human rights

## Focus theme: Inequality

- Joined an investor statement about protecting and promoting good workplace mental health as a business imperative, encouraging companies to take actions on this issue
- Joined an investor statement calling on U.S. companies to take steps toward the payment of a living wage to direct and contract workers, in line with international human rights standards

## Focus theme: Net-zero alignment

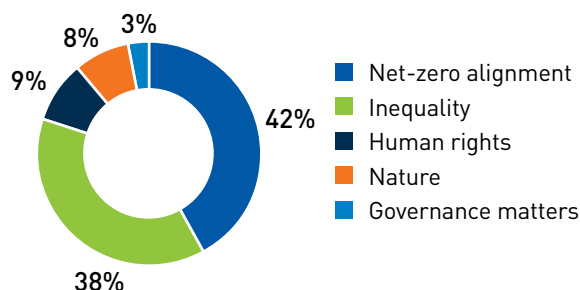
- Joined a sign-on letter supporting the adoption of the International Sustainability Standards Board's climate-related reporting framework at a global level, which was released at COP 28
- Submitted comments to the Office of the Superintendent of Financial Institutions (OSFI) in response to the consultation on its Draft Standardized Climate Scenario Exercise, showing our support for OSFI's role in building expertise across the financial industry on the use of climate scenarios, and ensuring OSFI is able to monitor and assess risk exposure across the industry

## Other

- Submitted comments on the Ontario Securities Commission's Statement of Priorities highlighting, among other things, support for progressing mandatory climate-related reporting, enhancing diversity and inclusion reporting requirements, and integrating Indigenous perspectives into the regulator's work

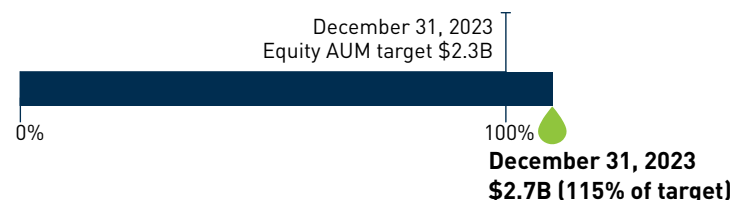
# COMPANY ENGAGEMENT LIST

## Engagements by focus theme



## Progress toward 2023 engagement target

NEI has a goal of engaging companies representing at least 30% of equity assets under management by the end of 2023. As of December 31, 2023, NEI equity AUM was \$7.7B with an engagement target of \$2.3B.



## Alphabetical list of companies engaged between October 1 and December 31, 2023

Most companies in the table below were among NEI's holdings throughout the three-month period. Companies identified as "Not currently held" may have been sold in the period or any prior period, or may never have been owned. Engagement with companies NEI does not own should not be taken as an intent to invest by NEI or its sub-advisors. The list may not be exhaustive. Holding status is subject to change without notice.

Company	Sector	Focus theme	Sub-theme/topic	NEI holdings
<b>Accenture</b>	Information technology	Inequality	Equitable compensation	NEI Global Equity RS Fund; NEI Global Dividend RS Fund
<b>Adobe</b>	Information technology	Inequality	Equitable compensation	NEI U.S. Equity RS Fund; NEI Global Equity RS Fund; NEI Global Equity Pool
<b>Advantage Energy</b>	Energy	Net-zero alignment	Net-zero commitments and transition plans	NEI Growth & Income Fund; NEI Canadian Equity Fund; NEI ESG Canadian Enhanced Index Fund
<b>Africa Oil Corp</b>	Energy	Net-zero alignment	Net-zero commitments and transition plans	NEI ESG Canadian Enhanced Index Fund
<b>Air Liquide</b>	Materials	Inequality	Equitable access	NEI International Equity RS Fund; NEI Environmental Leaders Fund
<b>Air Water</b>	Materials	Inequality	Diversity, equity and inclusion	NEI International Equity RS Fund
<b>Alphabet</b>	Communication services	Inequality	Equitable compensation	NEI U.S. Equity RS Fund; NEI Global Sustainable Balanced Fund; NEI Global Equity RS Fund; NEI Canadian Equity RS Fund; NEI Canadian Equity Fund; NEI Global Growth Fund; NEI Canadian Dividend Fund; NEI Global Value Fund; NEI Global Equity Pool

Company	Sector	Focus theme	Sub-theme/topic	NEI holdings
<b>Alvopetro Energy</b>	Energy	Net-zero alignment	Net-zero commitments and transition plans	NEI Canadian Small Cap Equity Fund
<b>American Water Works</b>	Utilities	Nature	Impact and dependency assessment	NEI Environmental Leaders Fund
<b>AO Smith</b>	Industrials	Net-zero alignment; Inequality	Alignment to TCFD; Diversity, equity and inclusion	NEI Global Dividend RS Fund
<b>Apple</b>	Information technology	Inequality; Human rights	Equitable compensation; Supply chain risks	NEI U.S. Equity RS Fund; NEI Global Sustainable Balanced Fund; NEI Global Equity RS Fund; NEI Global Equity Pool
<b>ARC Resources</b>	Energy	Net-zero alignment	Net-zero commitments and transition plans	NEI Canadian Bond Fund; NEI Canadian Equity RS Fund; NEI Canadian Dividend Fund; NEI Fixed Income Pool; NEI ESG Canadian Enhanced Index Fund
<b>Athabasca Oil</b>	Energy	Net-zero alignment	Net-zero commitments and transition plans	NEI ESG Canadian Enhanced Index Fund
<b>Ball</b>	Materials	Net-zero alignment; Nature	Circularity; Impact and dependency assessment	NEI Global Sustainable Balanced Fund; NEI Environmental Leaders Fund
<b>Bank of America</b>	Financials	Net-zero alignment	Net-zero commitments and transition plans	NEI Global Sustainable Balanced Fund; NEI Global Equity RS Fund; NEI Canadian Dividend Fund; NEI Global Impact Bond Fund
<b>Bank Rakyat Indonesia Persero</b>	Financials	Nature	Deforestation	NEI Emerging Markets Fund
<b>Baytex Energy Trust</b>	Energy	Net-zero alignment	Net-zero commitments and transition plans	NEI ESG Canadian Enhanced Index Fund
<b>Boardwalk Real Estate Investment Trust</b>	Real estate	Human rights	Human rights due diligence	NEI Canadian Small Cap Equity Fund; NEI ESG Canadian Enhanced Index Fund
<b>Broadcom</b>	Information technology	Inequality	Equitable compensation	NEI U.S. Equity RS Fund; NEI Global Sustainable Balanced Fund; NEI Global Equity RS Fund; NEI Global Equity Pool
<b>Canadian Natural Resources</b>	Energy	Net-zero alignment	Net-zero commitments and transition plans	NEI Canadian Equity RS Fund; NEI Growth & Income Fund; NEI Canadian Equity Fund; NEI ESG Canadian Enhanced Index Fund



<b>Company</b>	<b>Sector</b>	<b>Focus theme</b>	<b>Sub-theme/topic</b>	<b>NEI holdings</b>
<b>Canadian Tire</b>	Consumer discretionary	Human rights; Nature	Supply chain risks; Impact and dependency assessment	NEI Canadian Equity RS Fund; NEI Growth & Income Fund; NEI Canadian Equity Fund; NEI Canadian Dividend Fund; NEI ESG Canadian Enhanced Index Fund
<b>Cargojet</b>	Industrials	Net-zero alignment	Alignment to TCFD	NEI Canadian Small Cap Equity RS Fund; NEI ESG Canadian Enhanced Index Fund
<b>Cenovus Energy</b>	Energy	Net-zero alignment	Net-zero commitments and transition plans	NEI Growth & Income Fund; NEI Canadian Equity Fund; NEI Fixed Income Pool; NEI ESG Canadian Enhanced Index Fund
<b>CGI</b>	Information technology	Inequality; Human rights	Diversity, equity and inclusion; Digital rights	NEI Canadian Equity RS Fund; NEI ESG Canadian Enhanced Index Fund; NEI Canadian Equity Pool; NEI Global Equity Pool
<b>Cigna</b>	Health care	Human rights	Digital rights	NEI Global Value Fund
<b>Clearway Energy OP</b>	Utilities	Inequality	Diversity, equity and inclusion	NEI Global Sustainable Balanced Fund; NEI Global High Yield Bond Fund; NEI Global Impact Bond Fund
<b>Comcast</b>	Consumer discretionary	Inequality	Equitable compensation	NEI U.S. Equity RS Fund; NEI Global Sustainable Balanced Fund; NEI Global Dividend RS Fund; NEI Canadian Equity Fund; NEI U.S. Dividend Fund; NEI Global Equity Pool
<b>Crescent Point Energy Trust</b>	Energy	Net-zero alignment	Net-zero commitments and transition plans	NEI ESG Canadian Enhanced Index Fund
<b>Croda International</b>	Materials	Nature	Impact and dependency assessment	NEI Environmental Leaders Fund
<b>Daimler Trucks FI Canada</b>	Industrials	Governance matters	Business ethics	NEI Fixed Income Pool
<b>Dollar General</b>	Consumer discretionary	Inequality	Human capital	NEI Canadian Dividend Fund; NEI U.S. Dividend Fund
<b>Enbridge</b>	Energy	Net-zero alignment	Net-zero commitments and transition plans	NEI Canadian Bond Fund; NEI Canadian Equity RS Fund; NEI Global Total Return Bond Fund; NEI Fixed Income Pool; NEI ESG Canadian Enhanced Index Fund
<b>Enerplus Corporation</b>	Energy	Net-zero alignment	Net-zero commitments and transition plans	NEI ESG Canadian Enhanced Index Fund
<b>Fox</b>	Communication services	Inequality	Human capital	NEI Global Dividend RS Fund

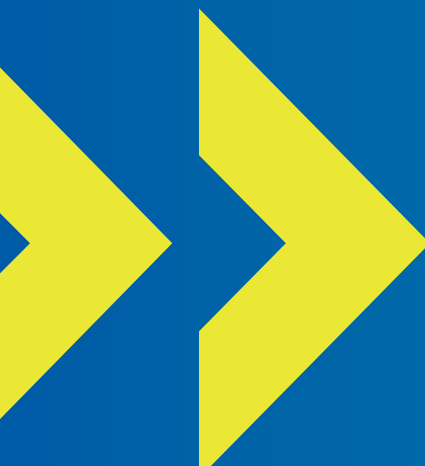
<b>Company</b>	<b>Sector</b>	<b>Focus theme</b>	<b>Sub-theme/topic</b>	<b>NEI holdings</b>
<b>Freehold Royalties</b>	Energy	Net-zero alignment	Net-zero commitments and transition plans	NEI Canadian Small Cap Equity RS Fund; NEI ESG Canadian Enhanced Index Fund
<b>Gibson Energy</b>	Energy	Net-zero alignment	Net-zero commitments and transition plans	NEI Canadian Bond Fund; NEI ESG Canadian Enhanced Index Fund
<b>Hess</b>	Energy	Inequality	Diversity, equity and inclusion	NEI Global Equity RS Fund; NEI Global Dividend RS Fund
<b>IDEX</b>	Industrials	Net-zero alignment	Alignment to TCFD	NEI Global Dividend RS Fund; NEI Environmental Leaders Fund
<b>Imperial Oil</b>	Energy	Net-zero alignment	Net-zero commitments and transition plans	NEI Canadian Equity RS Fund; NEI ESG Canadian Enhanced Index Fund
<b>International Business Machines (IBM)</b>	Information technology	Inequality	Diversity, equity and inclusion	NEI Global Dividend RS Fund
<b>International Petroleum</b>	Energy	Net-zero alignment	Net-zero commitments and transition plans	NEI ESG Canadian Enhanced Index Fund
<b>Inter Pipeline</b>	Energy	Net-zero alignment	Net-zero commitments and transition plans	NEI Fixed Income Pool
<b>JD.com</b>	Consumer discretionary	Human Rights	Digital rights	NEI Global Growth Fund
<b>Johnson &amp; Johnson</b>	Health care	Inequality	Equitable access	NEI U.S. Dividend Fund; NEI Global Value Fund
<b>JPMorgan Chase</b>	Financials	Net-zero alignment; Inequality	Net-zero commitments and transition plans; Equitable compensation	NEI U.S. Equity RS Fund; NEI Global Sustainable Balanced Fund; NEI Canadian Dividend Fund; NEI Global High Yield Bond Fund; NEI Global Impact Bond Fund; NEI Global Total Return Bond Fund; NEI Global Equity Pool
<b>Kelt Exploration</b>	Energy	Net-zero alignment	Net-zero commitments and transition plans	Not currently held
<b>Keyence</b>	Information technology	Inequality	Diversity, equity and inclusion	NEI Environmental Leaders Fund
<b>Keyera</b>	Energy	Net-zero alignment	Net-zero commitments and transition plans	NEI Canadian Bond Fund; NEI Fixed Income Pool; NEI ESG Canadian Enhanced Index Fund

Company	Sector	Focus theme	Sub-theme/topic	NEI holdings
<b>Kinder Morgan</b>	Energy	Net-zero alignment	Net-zero commitments and transition plans	NEI U.S. Dividend Fund
<b>Knight Swift Transportation</b>	Industrials	Inequality; Net-zero alignment	Diversity, equity and inclusion; Alignment to TCFD	Not currently held
<b>Kubota</b>	Industrials	Inequality	Diversity, equity and inclusion	NEI Environmental Leaders Fund; NEI Global Growth Fund
<b>Leon's Furniture</b>	Consumer discretionary	Inequality	Diversity, equity and inclusion	NEI Canadian Small Cap Equity RS Fund
<b>Linamar</b>	Consumer discretionary	Inequality; Net-zero alignment	Diversity, equity and inclusion; Alignment to TCFD	NEI Canadian Equity RS Fund; NEI Growth & Income Fund; NEI Canadian Equity Fund; NEI Canadian Small Cap Equity Fund; NEI ESG Canadian Enhanced Index Fund
<b>Linde</b>	Materials	Inequality	Equitable access	NEI Global Dividend RS Fund; NEI Environmental Leaders Fund
<b>Lucero Energy</b>	Energy	Net-zero alignment	Net-zero commitments and transition plans	Not currently held
<b>Magna International</b>	Consumer discretionary	Inequality	Equitable compensation	NEI Canadian Equity RS Fund; NEI Growth & Income Fund; NEI Canadian Equity Fund; NEI Canadian Dividend Fund; NEI ESG Canadian Enhanced Index Fund; NEI Canadian Equity Pool
<b>Manulife Financial</b>	Financials	Governance matters	ESG management and disclosure	NEI Canadian Bond Fund; NEI Growth & Income Fund; NEI Canadian Equity Fund; NEI Canadian Dividend Fund; NEI Fixed Income Pool; NEI ESG Canadian Enhanced Index Fund; NEI Canadian Equity Pool
<b>MEG Energy</b>	Energy	Net-zero alignment	Net-zero commitments and transition plans	NEI Global High Yield Bond Fund; NEI ESG Canadian Enhanced Index Fund
<b>Meituan</b>	Communication services	Inequality	Diversity, equity and inclusion	NEI Global Growth Fund
<b>Meta Platforms</b>	Information technology	Human Rights	Digital rights	NEI U.S. Equity RS Fund; NEI Canadian Equity Fund; NEI Global Value Fund; NEI Global Equity Pool
<b>Microsoft</b>	Information technology	Inequality	Equitable compensation; Human capital	NEI U.S. Equity RS Fund; NEI Global Sustainable Balanced Fund; NEI Global Equity RS Fund; NEI Global Dividend RS Fund; NEI Environmental Leaders Fund; NEI Canadian Dividend Fund; NEI Global Equity Pool

Company	Sector	Focus theme	Sub-theme/topic	NEI holdings
<b>Mullen Group</b>	Industrials	Inequality; Net-zero alignment	Diversity, equity and inclusion; Alignment to TCFD	NEI Canadian Small Cap Equity RS Fund; NEI Canadian Small Cap Equity Fund; NEI ESG Canadian Enhanced Index Fund
<b>Nintendo</b>	Communication services	Inequality	Human capital	NEI Global Dividend RS Fund; NEI Global Growth Fund
<b>NXP Semiconductor</b>	Information technology	Human Rights	Russia sanctions alignment	NEI Global Sustainable Balanced Fund
<b>Oracle</b>	Information technology	Inequality; Human Rights	Equitable compensation; Digital rights	NEI U.S. Equity RS Fund; NEI Canadian Equity Fund; NEI Canadian Dividend Fund; NEI U.S. Dividend Fund; NEI Global Equity Pool
<b>Packaging Corp of America</b>	Materials	Net-zero alignment; Inequality	Net-zero commitments and transition plans; Diversity, equity and inclusion	NEI Global Value Fund
<b>Paramount Resources</b>	Energy	Net-zero alignment	Net-zero commitments and transition plans	NEI ESG Canadian Enhanced Index Fund
<b>Parex Resources</b>	Energy	Net-zero alignment	Net-zero commitments and transition plans	NEI Canadian Small Cap Equity Fund; NEI ESG Canadian Enhanced Index Fund
<b>Pembina Pipeline</b>	Energy	Net-zero alignment	Net-zero commitments and transition plans	NEI Canadian Bond Fund; NEI Canadian Dividend Fund; NEI Fixed Income Pool; NEI ESG Canadian Enhanced Index Fund
<b>PepsiCo</b>	Consumer staples	Net-zero alignment	Circularity	NEI Global Dividend RS Fund; NEI U.S. Dividend Fund
<b>Peyto Exploration &amp; Development</b>	Energy	Net-zero alignment	Net-zero commitments and transition plans	NEI Growth & Income Fund; NEI Canadian Equity Fund; NEI ESG Canadian Enhanced Index Fund
<b>Pfizer</b>	Health care	Inequality	Equitable compensation	NEI Global Equity RS Fund; NEI Global Dividend RS Fund; NEI Canadian Equity Fund; NEI Canadian Dividend Fund; NEI U.S. Dividend Fund
<b>Richelieu Hardware</b>	Industrials	Inequality; Net-zero alignment	Diversity, equity and inclusion; Alignment to TCFD	NEI Canadian Small Cap Equity RS Fund; NEI ESG Canadian Enhanced Index Fund
<b>Roche Holding</b>	Health care	Inequality	Equitable access	NEI Global Equity RS Fund; NEI Global Dividend RS Fund; NEI Canadian Equity Fund; NEI Global Value Fund; NEI Global Equity Pool

Company	Sector	Focus theme	Sub-theme/topic	NEI holdings
<b>Royal Bank of Canada (RBC)</b>	Financials	Inequality	Diversity, equity and inclusion	NEI Canadian Bond Fund; NEI Canadian Equity RS Fund; NEI Growth & Income Fund; NEI Canadian Equity Fund; NEI Canadian Dividend Fund; NEI Money Market Fund; NEI Fixed Income Pool; NEI ESG Canadian Enhanced Index Fund; NEI Global Equity Pool
<b>Shell</b>	Energy	Net-zero alignment; Nature	Net-zero commitments and transition plans; Impact and dependency assessment	NEI U.S. Equity RS Fund; NEI Canadian Dividend Fund; NEI Global Equity Pool
<b>ServiceNow</b>	Information technology	Inequality	Equitable compensation	NEI U.S. Equity RS Fund; NEI Global Equity Pool
<b>Shopify</b>	Information technology	Inequality	Equitable compensation	NEI Global Growth Fund; NEI ESG Canadian Enhanced Index Fund; NEI Canadian Equity Pool
<b>Softbank</b>	Communication services	Human rights	Digital rights	NEI Global Value Fund
<b>SoftBank Group</b>	Communication services	Inequality	Diversity, equity and inclusion	NEI Global Value Fund
<b>Sony</b>	Consumer discretionary	Nature	Water	NEI Global Equity RS Fund; NEI Global Value Fund
<b>Suncor Energy</b>	Energy	Net-zero alignment	Net-zero commitments and transition plans	NEI Canadian Bond Fund; NEI Growth & Income Fund; NEI Canadian Equity Fund; NEI Canadian Dividend Fund; NEI Fixed Income Pool; NEI ESG Canadian Enhanced Index Fund
<b>Superior Plus</b>	Utilities	Net-zero alignment	Net-zero commitments and transition plans	NEI Growth & Income Fund; NEI Canadian Equity Fund; NEI Canadian Dividend Fund; NEI ESG Canadian Enhanced Index Fund
<b>Taiwan Semiconductor Manufacturing</b>	Information technology	Nature; Net-zero alignment; Governance matters	Water; Net-zero commitments and transition plans; ESG management and disclosure	NEI Global Equity RS Fund; NEI Environmental Leaders Fund; NEI Global Growth Fund; NEI Emerging Markets Fund
<b>Tamarack Valley Energy</b>	Energy	Net-zero alignment	Net-zero commitments and transition plans	NEI ESG Canadian Enhanced Index Fund
<b>Tencent Holdings</b>	Information technology	Human rights	Digital rights	NEI Emerging Markets Fund

<b>Company</b>	<b>Sector</b>	<b>Focus theme</b>	<b>Sub-theme/topic</b>	<b>NEI holdings</b>
<b>Terumo Corporation</b>	Health care	Inequality	Diversity, equity and inclusion	NEI International Equity RS Fund
<b>TFI International</b>	Industrials	Net-zero alignment; Inequality	Alignment to TCFD; Diversity, equity and inclusion	NEI Canadian Equity RS Fund; NEI ESG Canadian Enhanced Index Fund
<b>Toromont Industries</b>	Industrials	Net-zero alignment; Inequality	Alignment to TCFD; Diversity, equity and inclusion	NEI Canadian Equity RS Fund; NEI ESG Canadian Enhanced Index Fund
<b>Tourmaline Oil</b>	Energy	Net-zero alignment	Net-zero commitments and transition plans	NEI Growth & Income Fund; NEI Canadian Equity Fund; NEI ESG Canadian Enhanced Index Fund; NEI Canadian Equity Pool
<b>Trimble</b>	Information technology	Inequality	Diversity, equity and inclusion	Not currently held
<b>VeriSign</b>	Information technology	Inequality	Diversity, equity and inclusion	NEI U.S. Equity RS Fund; NEI Global Equity Pool
<b>Vermilion Energy Trust</b>	Energy	Net-zero alignment	Net-zero commitments and transition plans	NEI ESG Canadian Enhanced Index Fund
<b>Walmart</b>	Consumer staples	Nature	Deforestation	NEI U.S. Equity RS Fund; NEI Canadian Equity Fund; NEI Global Equity Pool
<b>Waters Corp</b>	Information technology	Inequality	Diversity, equity and inclusion	NEI Environmental Leaders Fund; NEI Global Growth Fund
<b>Whitecap Resources</b>	Energy	Net-zero alignment	Net-zero commitments and transition plans	NEI ESG Canadian Enhanced Index Fund
<b>Winpak</b>	Materials	Net-zero alignment	Net-zero commitments and transition plans; Circularity	NEI Canadian Small Cap Equity RS Fund; NEI Growth & Income Fund; NEI Canadian Equity Fund; NEI Canadian Small Cap Equity Fund; NEI ESG Canadian Enhanced Index Fund; NEI Canadian Equity Pool



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