NEI's Responsible Investment Program

A comprehensive, proven process for driving change and adding value.

NEI's RI Program is among the most respected in the industry. Over 30 years, our team has earned a reputation for driving change through:

» Rigorous, proprietary ESG evaluation of companies

» A corporate engagement program consistently rated A+ by the UN Principles for Responsible Investment
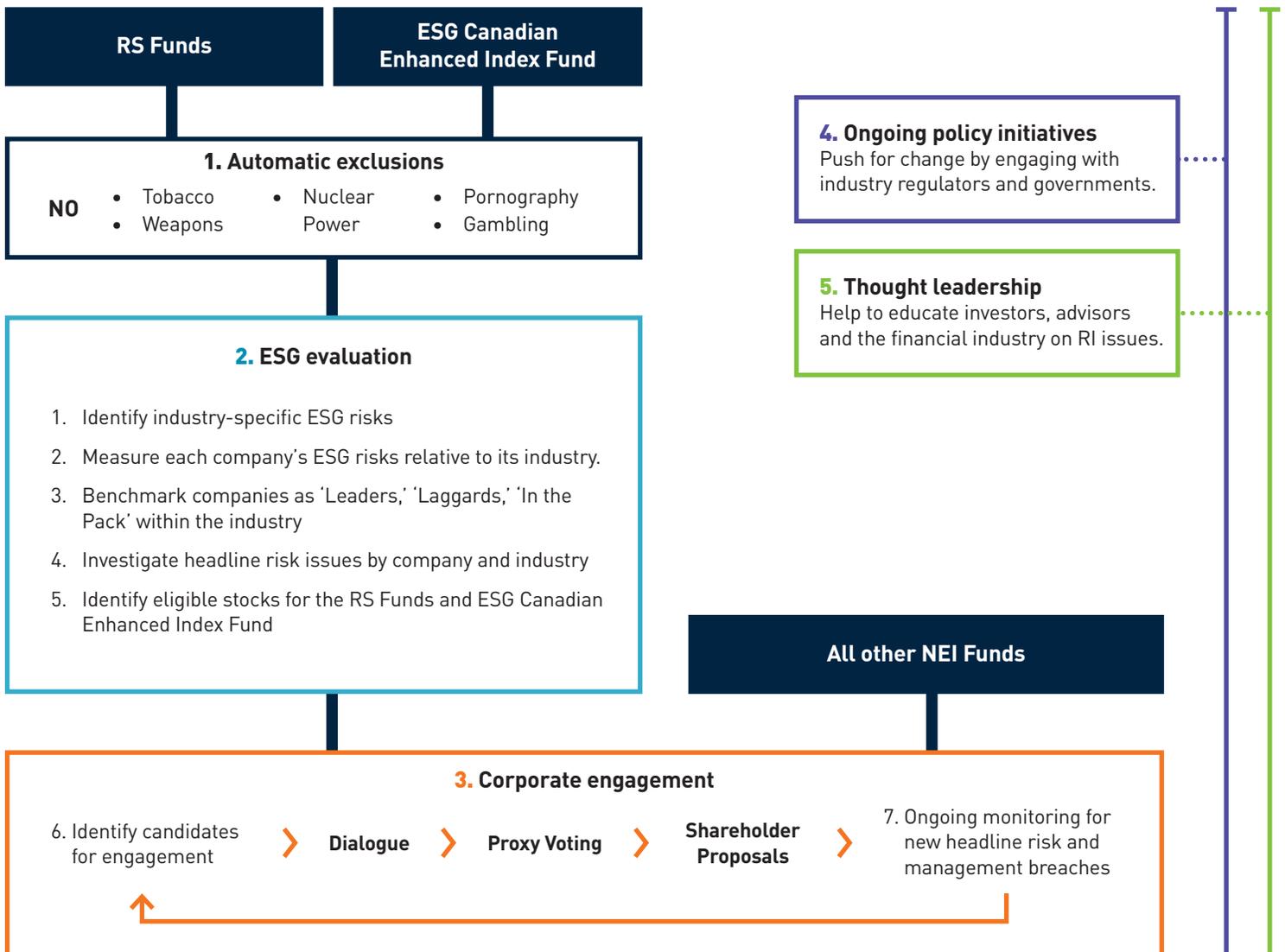
» RI policy leadership

What is Responsible Investing (RI)?

RI incorporates ESG analysis of company performance into the investment decision-making process to help **generate sustainable value for investors and society.**

What is ESG?

The term ESG describes three broad categories of issues—environmental, social and governance—taken into consideration to help identify sustainable investment value. **If RI is the goal, ESG analysis helps you get there.**

How NEI applies Responsible Investing

RS Funds

ESG Canadian Enhanced Index Fund

1. Automatic exclusions

NO
- Tobacco
- Weapons
- Nuclear Power
- Pornography
- Gambling

2. ESG evaluation

1. Identify industry-specific ESG risks
2. Measure each company's ESG risks relative to its industry.
3. Benchmark companies as 'Leaders,' 'Laggards,' 'In the Pack' within the industry
4. Investigate headline risk issues by company and industry
5. Identify eligible stocks for the RS Funds and ESG Canadian Enhanced Index Fund

4. Ongoing policy initiatives
Push for change by engaging with industry regulators and governments.

5. Thought leadership
Help to educate investors, advisors and the financial industry on RI issues.

All other NEI Funds

3. Corporate engagement

6. Identify candidates for engagement ⟩ **Dialogue** ⟩ **Proxy Voting** ⟩ **Shareholder Proposals** ⟩ 7. Ongoing monitoring for new headline risk and management breaches

1. Automatic exclusions

Our RS Funds and NEI ESG Canadian Enhanced Index Fund exclude companies that derive 10% or more of their revenue from the manufacture and sale of Tobacco, Weapons, Nuclear Power, Pornography and Gambling.

2. ESG evaluation

After automatic exclusions, we conduct proprietary evaluations of the remaining companies. At NEI, we don't rely on external scoring by ESG research firms. We have our own ESG scoring system, using multiple data sources that are analyzed in-house.

3. Corporate engagement

We use our rights as shareholders to engage with company management on ESG issues for select companies across the NEI lineup. Our objectives are to advise companies of ESG risks, encourage improvement, and propose workable solutions to ESG challenges.

Our ESG evaluation process often identifies candidates for engagement—companies with specific ESG risks or leaders whose actions can raise the bar for their respective industries.

Corporate engagement or 'active ownership' is a three-pronged approach.

Dialogue

Letters, emails, phone calls, and face-to-face meetings are tools we use to advance the conversation in pursuit of our ESG-related objectives for companies.

Proxy voting

NEI aims to vote every proxy for every company in our funds on issues such as executive compensation and board diversity.

Shareholder proposals

When engagement isn't progressing, we may file a shareholder proposal to inspire action on a specific ESG issue.

In 2019, NEI engaged 152 companies in dialogue on ESG topics, representing 33% of our equity holdings.

We voted on **10,775** proxy items

We attended **858** annual shareholder meetings

We took **25** policy actions

4. Ongoing policy initiatives

We engage with governments, industry regulators and standards-setting organizations to facilitate the adoption and effectiveness of RI approaches.

5. Thought leadership

We help investors, advisors and the financial industry better understand dominant and emerging RI issues by regularly sharing our proprietary, research-driven views.

What sets NEI apart?

- **Leadership** – NEI is a pioneer that has been using ESG analysis and engagement for over 30 years. Few asset managers can match the breadth of NEI's RI program and our depth of experience.
- **A step ahead** – We are the 'canary in the coal mine,' often the first investor to raise concerns over an issue.

- **Transparency** – Every element of our program— approaches, objectives, reporting and results—is publicly available on our website.
- **Commitment** – Responsible investing is who we are—we are committed solely to positive investment outcomes and positive change.

NEI is leading the industry and redefining what responsible investing means.

NEI

» DEMAND MORE. WE DO.