

**DEVON  
FUNDS.**



**Quarterly  
Sustainability  
Report**



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# Interest Piece: Cleanaway (CWY.ASX) Fatalities

## On December 18, it was reported that a worker at Cleanaway's Melbourne regional landfill facility died after being struck by a truck.

This marked the ninth fatality in three years at Cleanaway and was an issue the Devon investment team had been monitoring. Our team had spent considerable time discussing whether recent fatalities at Cleanaway could have been isolated. However, we found it difficult to understand how, based on the sheer number of fatalities and their ongoing occurrence, this could not be systematic in nature and reflective of poor health and safety standards and culture across the business.

As a result, we sent a letter to the Chairman of Cleanaway Waste Management Group expressing our concerns. We acknowledged that the waste management industry presents challenges for workplace safety with heavy vehicles, and manual handling of hazardous materials. We also acknowledged that the company is in the process of reviewing its safety practices and has made changes to the safety weighting within the short-term incentive component of remuneration. The purpose of the letter was to further urge the company to investigate and address the issues with

urgency and to implement best-practice health and safety procedures across the entire organisation.

Following our letter to the Chairman of Cleanaway Waste Management, the Chair called our CIO. The Chair discussed how they do not take the fatalities lightly, he has done "ride alongs" in trucks with employees to try and understand what is going wrong. He also clarified that issues have been predominantly with third party contractors, and they feel from an organisational perspective they have done what they can (policies and processes) and now they'll have to look at engineered solutions, for example cameras and separate parking bays for trucks.

The company is in a difficult position and the CEO took a significant cut to the STI component of his remuneration package. At the 2025 AGM over 40% of shareholders voted against the remuneration report in a protest against the CEO's STI bonus. Institutional Shareholder Services (ISS) who are a proxy advisor noted that the CEO's \$1.2 million FY25 STI bonus is above market cap peer group median, despite the 30% reduction due to board discretion (as a result of fatalities). The 30% reduction, whilst significant, was still not aligned with best market practice of 50%.

Safety concerns tend to negatively effect share prices as they are seen to indicate poor workplace culture and can potentially lead to regulator fines, legal action, and employee turnover. Total Recordable Injury Frequency Rate (TRIFR) data is the most commonly and widely reported safety metric that measures all work-related incidents per million hours worked. Cleanaway's TRIFR has been consistently high overtime, which raises further concerns that a poor culture of health and safety has been embedded over many years. Below are the TRIFR figures for Cleanaway since FY20:

FY20	FY21	FY22	FY23	FY24	FY25
4.5	3.6	4.2	3.7	4.6	4.7

Source: Company reporting

Company directors have important legal duties under the Corporations Act. If directors breach these duties, they can face significant liabilities. One of the most common areas of liability for directors is failures in work health and safety where directors and officers can be imprisoned or fined if there is a failure in their company's work health and safety systems leads to death, serious injuries or illnesses. This highlights the importance for action at both a director and executive level, and reason for shareholders to engage.

- Alice Jones, ESG Analyst

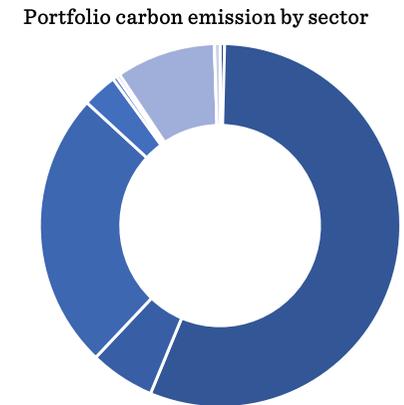
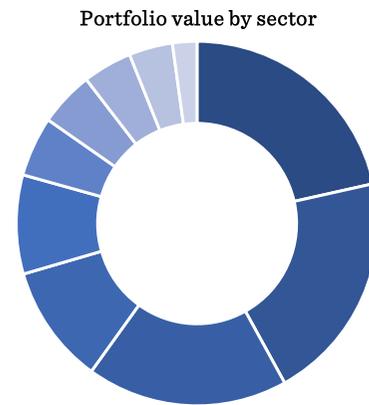
# Devon Sustainability Fund

## Carbon Metrics as of 31.12.25

Overall Portfolio CO<sub>2</sub> Emissions and Intensity as of 31 December 2025

Carbon Footprint	Carbon Emissions	Total Carbon Emissions	Carbon Intensity	Weighted Average Carbon Intensity	Data Availability (Carbon Intensity)
Portfolio	21	552	46	48	100
Benchmark	90	2,386	175	123	100
	T CO <sub>2</sub> e/\$M Invested	T CO <sub>2</sub> e		T CO <sub>2</sub> e/\$M Sales	% Market Value

Sectors	Market value	Contribution to portfolio emissions
Financials	21.5%	0.4%
Industrials	20.5%	55.9%
Health Care	18.0%	5.8%
Utilities	10.6%	24.7%
Communication Services	8.8%	3.1%
Real Estate	5.3%	0.4%
Consumer Discretionary	4.9%	0.3%
Materials	4.4%	8.9%
Information Technology	3.9%	0.0%
Consumer Staples	2.2%	0.5%



Source: MSCI | Benchmark: 50:50 composite of the S&P/NZX50 Portfolio Index and the S&P/ASX200G index hedged to NZD

- Financials
- Industrials
- Health Care
- Utilities
- Communication Services
- Real Estate
- Consumer Discretionary
- Materials
- Information Technology
- Consumer Staples

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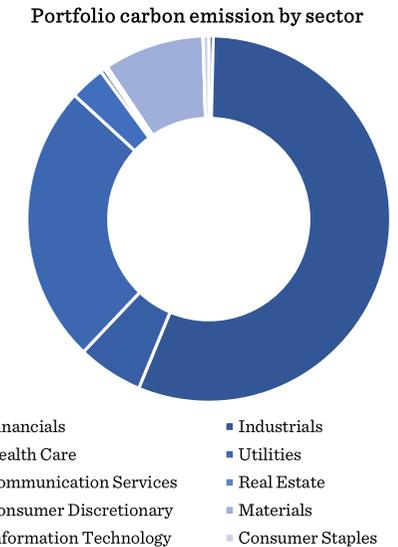
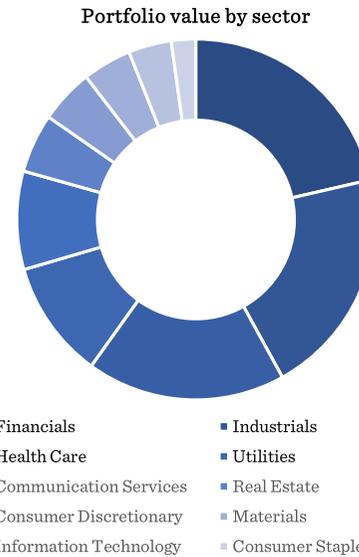
# TAHITO Te Tai o Rehua Fund

## Carbon Metrics as of 31.12.25

### Overall Portfolio CO<sub>2</sub> Emissions and Intensity as of 31 December 2025

Carbon Footprint	Carbon Emissions	Total Carbon Emissions	Carbon Intensity	Weighted Average Carbon Intensity	Data Availability (Carbon Intensity)
Portfolio	10	159	17	17	98
Benchmark	90	2,386	175	123	100
	T CO <sub>2</sub> e/\$M Invested	T CO <sub>2</sub> e		T CO <sub>2</sub> e/\$M Sales	% Market Value

Sectors	Market value	Contribution to portfolio emissions
Financials	21.5%	0.4%
Industrials	20.5%	55.9%
Health Care	18.0%	5.8%
Utilities	10.6%	24.7%
Communication Services	8.8%	3.1%
Real Estate	5.3%	0.4%
Consumer Discretionary	4.9%	0.3%
Materials	4.4%	8.9%
Information Technology	3.9%	0.0%
Consumer Staples	2.2%	0.5%



Source: MSCI | Benchmark: 50% NZX 50 Portfolio index (including imputation credits) / 50% ASX Accumulation 200 index (in NZD).

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# Devon Global Sustainability Fund

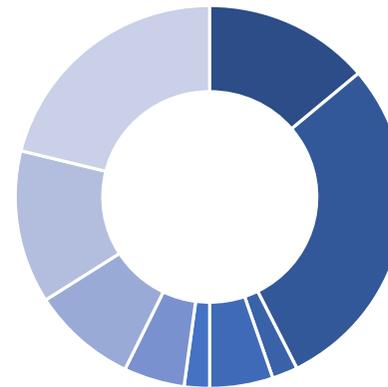
## Carbon Metrics as of 31.12.25

Overall Portfolio CO<sub>2</sub> Emissions and Intensity as of 31 December 2025

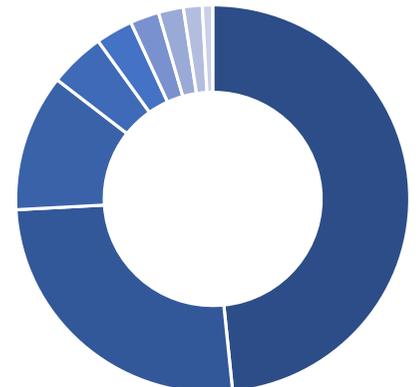
Carbon Footprint	Weighted Average Carbon Intensity	Financed Emissions - Absolute	Financed Emissions - Economic Intensity	Data Availability (Carbon Intensity)
Portfolio	59	20,333	10	99
Benchmark	111	85,247	40	100
	T CO <sub>2</sub> e/\$M Sales	T CO <sub>2</sub> e	T CO <sub>2</sub> e/\$M Invested	% Market Value

Sectors	Market value	Contribution to portfolio emissions
Consumer Discretionary	13.7%	28.4%
Information Technology	28.5%	15.1%
Utilities	2.1%	6.7%
Real Estate	5.2%	2.7%
Materials	2.1%	1.8%
Consumer Staples	5.0%	1.4%
Healthcare	8.7%	1.2%
Industrials	12.8%	0.9%
Financials	20.9%	0.5%

Portfolio value by sector



Portfolio carbon emission by sector



- Consumer Discretionary
- Information Technology
- Utilities
- Real Estate
- Materials
- Consumer Staples
- Healthcare
- Industrials
- Financials

Source: MSCI | Benchmark: MSCI All Country World Weighted Average Carbon Intensity (WACI): A proxy for the carbon efficiency of fund construction when compared to the benchmark. This metric is calculated as a weighted average of each holding's carbon intensity, using the % market value in the fund. Each holding's carbon intensity normalizes its total emissions by output and is calculated as the company's total emissions divided by its revenue. | Financed Emissions - Absolute: The total emissions financed by the fund. This metric accounts for mandate size by summing the result of '% Enterprise value incl cash financed X Emissions' for each holding. | Financed Emissions - Economic Intensity: Emissions financed per \$1 million invested in the mandate. This metric is calculated by summing the result of '% Enterprise value incl cash financed X Emissions' for each holding and then dividing by the fund's total market value. Please note that in our ongoing efforts to align our reporting with the latest industry standards and provide more accurate and meaningful data, we have updated our terminology. The metric previously referred to as "Total Carbon Emissions" is now termed "Financed Emissions - Absolute" and the metric previously referred to as "Carbon Emissions" is now termed "Financed Emissions - Economic Intensity. | % MV of Carbon Eligible Securities: For the fund this indicates the holdings in scope for carbon footprint analysis,

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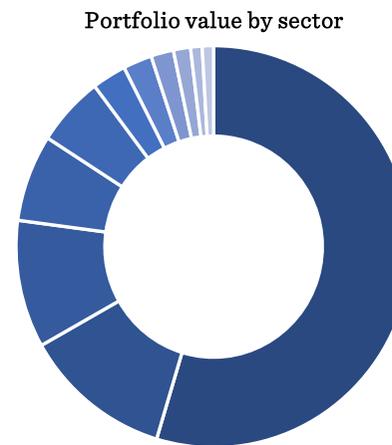
# Devon Global Impact Bond Fund

## Carbon Metrics as of 31.12.25

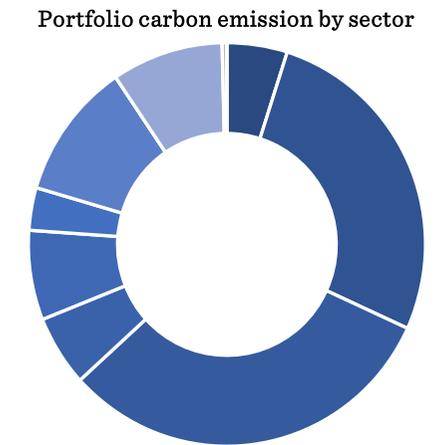
### Overall Portfolio CO<sub>2</sub> Emissions and Intensity as of 31 December 2025

Carbon Footprint	Weighted Average Carbon Intensity	Financed Emissions - Absolute	Financed Emissions - Economic Intensity	Data Availability (Carbon Intensity)
Portfolio	26	2,603	12	81
Benchmark	193	15,260	69	95
	T CO <sub>2</sub> e/\$M Sales	T CO <sub>2</sub> e	T CO <sub>2</sub> e/\$M Invested	% Market Value

Sectors	Market value	Contribution to portfolio emissions
Financials	11.7%	1.3%
Communication Services	2.6%	7.1%
Utilities	2.2%	8.3%
Real Estate	1.5%	1.5%
Healthcare	1.2%	1.9%
Consumer Discretionary	0.6%	0.9%
Industrials	0.5%	2.9%
Not Classified	0.4%	0.0%
Consumer Staples	0.3%	2.4%
Information Technology	0.2%	0.1%
Materials	0.2%	0.0%
Energy	0.0%	0.0%



- Financials
- Utilities
- Healthcare
- Industrials
- Consumer Staples
- Materials
- Communication Services
- Real Estate
- Consumer Discretionary
- Not Classified
- Information Technology
- Energy



- Financials
- Utilities
- Healthcare
- Industrials
- Consumer Staples
- Materials
- Communication Services
- Real Estate
- Consumer Discretionary
- Not Classified
- Information Technology
- Energy

Source: MSCI | Benchmark: MSCI All Country WorldWeighted Average Carbon Intensity (WACI): A proxy for the carbon efficiency of fund construction when compared to the benchmark. This metric is calculated as a weighted average of each holding's carbon intensity, using the % market value in the fund. Each holding's carbon intensity normalizes its total emissions by output and is calculated as the company's total emissions divided by its revenue. | Financed Emissions - Absolute: The total emissions financed by the fund. This metric accounts for mandate size by summing the result of '% Enterprise value incl cash financed X Emissions' for each holding. | Financed Emissions - Economic Intensity: Emissions financed per \$1 million invested in the mandate. This metric is calculated by summing the result of '% Enterprise value incl cash financed X Emissions' for each holding and then dividing by the fund's total market value. Please note that in our ongoing efforts to align our reporting with the latest industry standards and provide more accurate and meaningful data, we have updated our terminology. The metric previously referred to as "Total Carbon Emissions" is now termed "Financed Emissions - Absolute" and the metric previously referred to as "Carbon Emissions" is now termed "Financed Emissions - Economic Intensity. | % MV of Carbon Eligible Securities: For the fund this indicates the holdings in scope for carbon footprint analysis, inclusive of only corporate holdings. | % Data Availability: This indicates the % of Carbon Eligible MV (defined and shown below) with data coverage. Data availability for financed emissions metrics may differ from that for carbon intensity metrics.

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# Artesian Green and Sustainable Bond Fund (NZD)

## Carbon Metrics as of 31.12.25

### Overall Portfolio CO<sub>2</sub> Emissions and Intensity as of 31 December 2025

Carbon Footprint	Carbon Emissions	Total Carbon Emissions	Carbon Intensity	Weighted Average Carbon Intensity	Data Availability (Carbon Intensity)*
Portfolio	74	2,027	110	137	39
Benchmark	62	1,699	98	44	11
	T CO <sub>2</sub> e/\$M Invested	T CO <sub>2</sub> e		T CO <sub>2</sub> e/\$M Sales	% Market Value

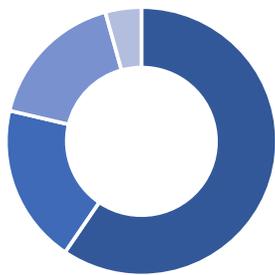
### Corporate Bonds

Sectors	Market value	Contribution to portfolio emissions
Financials	52.8%	0.8%
Utilities	17.0%	90.4%
Consumer Discretionary	15.1%	3.0%
Consumer Staples	3.8%	4.5%

### Green Bonds

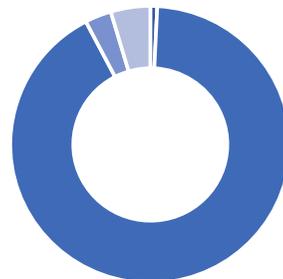
Sectors	Market value	Contribution to portfolio emissions
Financials	50.0%	55.5%
Utilities	26.3%	6.4%
Consumer Discretionary	13.2%	13.2%
Materials	7.9%	23.4%

Portfolio value by sector



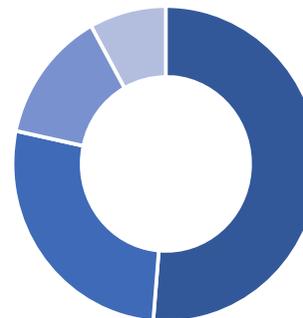
- Financials
- Utilities
- Consumer Discretionary
- Consumer Staples

Portfolio carbon emission by sector



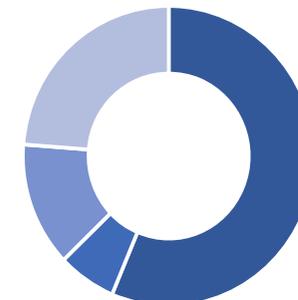
- Financials
- Utilities
- Consumer Discretionary
- Consumer Staples

Portfolio value by sector



- Financials
- Utilities
- Consumer Discretionary
- Materials

Portfolio carbon emission by sector



- Financials
- Utilities
- Consumer Discretionary
- Materials

\*Please note the limited data availability due to the nature of the asset class.

Source: MSCI | Benchmark: Bloomberg AusBond Composite 0-5 Yr Index, 100% hedged to NZD. The distinction between Corporate Bonds and Green Bonds is determined by MSCI according to their internal methodology, based on issuer and bond level metadata.

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# Stewardship Devon Sustainability Fund

## The Devon investment team has frequent engagements with companies held within the Devon Sustainability Fund.

The Devon Sustainability Fund aims to generate capital growth over the long term by investing in those New Zealand and Australian listed companies that exhibit sustainable characteristics and which demonstrate credible strategies to improve their outcomes with respect to Environmental, Social and Governance (ESG) factors.

### Engagement spotlight

During Q4, the Devon Investment Team spoke with the Chairman of Chorus off the back of the ISS voting report we received that recommended a vote against the Chair for a “major corporate governance failure”. This failure was that the AGM will be held on a virtual only basis with no opportunity for shareholders to attend in person.

The Chair explained that they held the AGM last year as a virtual only meeting, as in previous years they have had limited in person attendance (<10). This wasn’t picked up by ISS last year and therefore the board received no feedback, and given they didn’t have any contentious motions thought they would host the meeting virtually again this year. Now that they have received negative feedback they will revert back to hybrid meetings in the future.

The Chair could understand concerns that in a virtual only format the Q&A section could be misused to control dialogue if there were contentious issues, and we agreed it was more of a matter of principle to allow in person attendees if something contentious were to arise.





# Stewardship TAHITO Te Tai o Rehua Fund

Putting Environment and People before Profit: The TAHITO Te Tai o Rehua Fund is a values-led ethical and sustainable Australasian equities fund for investors who want competitive market returns but equally would like to see their capital applied to a high ethical standard and in investments that are making a positive social and environmental impact.

## Engagement spotlight

Goodman Property Trust demonstrates exceptional environmental leadership as Aotearoa's leading industrial property provider. With five years of Toitū carbonzero certification, 41% corporate emissions reduction, Science-Based Targets aligned to 1.5°C, and 100% renewable electricity, GMT proves the property sector can lead on climate action. Their Embodied Carbon Innovation Fund and urban ngahere programs (6,000+ native plants) extend environmental kaitiakitanga beyond compliance into genuine regeneration.

GMT's transformation journey ahead is equally exciting. Their environmental excellence demonstrates organisational capacity for deeper collective self-intelligence - extending relational consciousness into authentic partnership with tangata whenua, strengthening community reciprocity, and welcoming Māori governance voices. Recent management internalisation creates the a better transformation window. When companies respect the whenua and people that sustain them, everyone prospers.

TAHITO has made the following recommendation for improvements to transform GMT:

## Stakeholder Governance

- Publish multi-capital reporting framework (social, natural, human, financial)
- Establish stakeholder assembly including workers, community, iwi representatives
- Commit to Social Enterprise (SEI) or B-Corp certification pathway
- Develop benefit corporation framework prioritising collective wellbeing

## Transformation Evidence

Demonstrate measurable shift from substantive to relational mode through:

- Community-led development projects
- Indigenous co-governance models
- Wealth redistribution mechanisms
- Decision-making prioritising collective wellbeing



# Stewardship Devon Global Sustainability Fund

During the last quarter of 2025, Wellington Management Group (the underlying fund manager of our Global Sustainability Fund) had 42 engagements with names held in the portfolio on a broad range of ESG topics.

This Fund aims to generate long term total returns by investing in a selective portfolio of global companies that generate high return on capital relative to their peers, and whose management teams and boards display exemplary stewardship to sustain those returns over time.

## Engagement spotlight

Wellington has exited their position in spirits company Diageo following a series of governance missteps and weakening fundamentals which eroded their conviction in the company's stewardship and future returns.

What began as a post-Covid slowdown has evolved into balance sheet stress. Diageo's leverage drifted above target and margin risk rose. Wellington lost conviction in a recovery in the long-term return on equity of the company with less opportunity for premiumization, less capital to consolidate premium brands, and moderation in spirits consumption. Governance concerns compound these issues. With recent changes in leadership, the CFO, Nik Jhangiani, just nine months into the role, stepped in as interim CEO. While Jhangiani is highly regarded for his execution skills while at beverage company CCEP, he lacks the spirits and brand experience of previous CEOs and is supported by a board that is similarly limited in its experience in the spirits industry. That combination falls short against a challenging market backdrop.

Wellingtons engagement with the board left

them concerned over their ability to select new leadership or provide challenge and direction to the evolving executive team. For a brands business, this is a weak governance foundation on which to rebuild, which ultimately led them to exit their position.





# Stewardship Devon Global Impact Bond Fund

Wellington Management Group (the underlying fund manager of our Global Impact Bond Fund) see a meaningful opportunity to supplement our knowledge of companies, and to enhance our influence on their long-term success, through engagement.

This Fund aims to deliver long-term total returns in excess of the index by investing in a diverse portfolio of global bonds. The Fund seeks to invest primarily in debt issued by companies that are addressing the world's environmental and social problems.

## Engagement spotlight

Wellington engaged with the CFO and treasurer of a not-for-profit health care system with hospitals and medical clinics across the US. During their meeting, Wellington sought an update on the management of labour shortages, an issue that has affected health care operators and their patients. Stress and burnout among providers have stretched facilities and presented risks to quality of care. Although the situation is improving, we remain engaged to ensure that management is taking the necessary steps to resolve shortages, invest in their workforce, and improve employee satisfaction. The issuer has improved relations with unions, implementing a rolling contract negotiation and renewal process. It has also reduced reliance on high-cost contract labour. We are pleased with efforts to improve labour relations and ensure quality patient care. The engagement facilitated a deeper understanding of systemic and idiosyncratic challenges facing health care providers and cemented our view of the issuer as a positive investment.





# Stewardship Artesian Green and Sustainable Bond Fund (NZD)

Artesian seeks to actively engage with companies and issuers in exploring ways to align their business strategy, and operating policies with best practice international standards and ESG frameworks, as well as engaging within the wider industry.

The Artesian Green & Sustainable Bond Fund (NZD) is managed by Artesian Corporate Bond Pty Ltd (“Artesian”). The strategy for the Fund is to invest in a diversified portfolio of Australian and international bonds labelled as Green, Social or Sustainable Bonds that have been screened in accordance with Artesian’s screening processes.

## Engagement spotlight

A key feature of Artesian’s engagement approach is the commitment to additionality. Based on the identification of tangible environmental and social benefits, and where appropriate, Artesian actively engage with issuers and potential issuers to encourage consideration of labelled securities.

During Q4, Artesian engaged with MTR Corporation (MTRC). This discussion followed an earlier meeting in late 2024, during which Artesian highlighted MTRC’s provision of universal basic mobility and the associated greenhouse gas emissions avoided. In that context, Artesian promoted and proposed the consideration of a labelled security.

MTRC provided an update on its funding strategy, sustainable finance framework, asset eligibility, and the potential use of green or social bond formats. As well as the company’s long-term decarbonisation strategy, ESG governance, SBTi alignment, and Scope 3 emissions methodologies.

MTRC expressed a favourable view toward green

labelling in Australia, noting that all MTRC assets are inherently green, as mass transit clearly aligns with the ICMA Green Bond eligibility criteria. They also noted that use-of-proceeds alignment for green bonds is straightforward, supported by a substantial capital expenditure pipeline, including rail new builds, station upgrades, and energy efficiency initiatives.

The company stated “Everything we do is green. We will happily label a bond green in markets where investors value it.” As a result, any inaugural AUD issuance in 2026 is highly likely to be structured as a Green Bond.

The meeting and MTRC’s comments were particularly encouraging, reflecting the alignment between Artesian’s promotion of labelled securities, the suitability of this funding format for MTRC, and the issuer’s recognition of Artesian’s advocacy and support for such an issuance. Overall, the engagement provided clear evidence that Artesian is delivering credible and well-regarded insights to issuers and potential issuers, while actively supporting the appropriate development and expansion of the labelled bond market. This directly aligns with two of Artesian’s core stewardship ambitions.