

Report on Responsible Investment Advances

20 22



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for a sustainable future
today



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Message from the President and CEO



I am pleased to present the latest annual report on NBI's advances in responsible investment. In the last year, while markets have kept us holding our breath, responsible investment has also had its share of twists and turns.

First, although assets under management have stabilized, we have seen an increase in the adoption of responsible investment strategies, as highlighted in the latest Canadian RI Trends Report from the Responsible Investment Association (RIA). In fact, 94% of respondents said they integrate ESG considerations into their investment decisions. This number clearly shows that responsible investing is well established!

The year 2022 has also proved to be an eventful one on the regulatory front. In a near-mature but still poorly regulated market, the authorities have been looking into the risk of greenwashing. This essential effort will certainly contribute to the credibility of the responsible investment market as well as to the reinforcement of investors' confidence.

At NBI, we advocate a transparent narrative, supported by concrete commitments to responsible investing. As such, our OP4+ screening process is more relevant than ever. Its ESG pillar provides us with a solid framework for selecting rigorous portfolio managers who embrace the highest standards in responsible investing.

In addition, the alignment of our sustainable products lineup with the United Nations Sustainable Development Goals (SDGs) is part of our commitment to use a globally recognized framework to define our vision for sustainability.

In 2022, we enhanced the lineup with the addition of the NBI Sustainable Canadian Short Term Bond ETF (NSSB).

Other noteworthy initiatives in 2022 include the hiring of new staff dedicated to responsible investing. We have also signed an agreement with data provider Sustainalytics, which will allow us to improve the quantity and quality of our data.

Playing a leading role in the advancement of responsible investing is a top priority for us. That's why, over the past year, NBI has developed and rolled out training on the topic for advisors in our banking network. As responsible investing will increasingly be part of discussions with our clients, we believe it is critical that our advisors are equipped to have these conversations.

In 2023, we want to keep improving our practices and seize new opportunities in the responsible investment market. For example, we are continuing our efforts to optimize our internal processes, specifically with respect to the integration of ESG criteria by our portfolio managers. We also plan to roll out responsible investment training to all our advisory channels.

There are several other important initiatives that will come to fruition in the coming year as a result of the hard work and passion of the NBI team. Stay tuned and continue to be a part of the evolution towards more sustainable finance with us!

A handwritten signature in black ink, appearing to read 'Eric-Olivier Savoie'.

Éric-Olivier Savoie
President and CEO

People at the heart of finance and investing



Investing in the power of people™

National Bank Investments is an investment fund management firm committed to manufacturing and distributing diversified investment solutions and services designed to help Canadian investors achieve their financial goals.

As Canada's leading open-architecture provider, we are committed to providing diversified investment solutions with appropriate risk-return payoff that meet investors' changing needs.

We strive to be the best option for investors' portfolios. As a top-tier, asset manager and a key partner dedicated to innovation and excellence, we believe that people are at the heart of finance and investing. Now more than ever, we are investing in the power of people.



Fostering a rigorous approach

Over the years, our company and position in an ever-changing market have been defined by our innovative and entrepreneurial spirit. This strong positioning is the basis for numerous initiatives that effect change.

Our multi-channel approach gives investors the opportunity to benefit from a diverse range of solutions and the expertise of the best portfolio managers around the world.









Balancing risk and return

We value risk management in our portfolios by using an optimally diverse mix of styles, factors and portfolio managers.

We believe in making the most of the human abilities and interactions to deliver optimal risk-return investment solutions to our clients, their clients, and for the planet.

OP4+: A rigorous governance process

Our open architecture structure relies on conducting ongoing due diligence and ensuring full accountability. Our monitoring efforts are based on a cycle during which the organization, the people, the process, the portfolio, the performance, and the integration of ESG criteria of external sub-advisors are assessed on an ongoing basis.

More than 25 well-defined criteria	
 <p>Organization Strong organization with top-tier investment culture</p>	<ul style="list-style-type: none"> › Organizational culture › Access to equity for employees › Financial stability
 <p>People Stable group of talented investors</p>	<ul style="list-style-type: none"> › Experience of senior managers and analysts › Key staff stability/Clear succession plan › Alignment of managers' and analysts' financial interests › Enough analysts to thoroughly cover the investment universe › Diversity within the investment team (gender, origin and experience)
 <p>Process Emphasis on proven management processes to select securities, build portfolios and manage risk</p>	<ul style="list-style-type: none"> › Portfolio managers are able to establish the competitive advantage of their strategy › Clear and repeatable process, but flexible to adapt to structural market changes › Accountability in the decision-making process › Debate investment ideas in committee › Well-defined selling or revision process › Risk management is an integral part of the portfolio construction process › Learn from past mistakes › Performance monitoring by an observer external to the investment team
 <p>Portfolio Optimized portfolio construction that follows the investment process and ensures sound diversification</p>	<ul style="list-style-type: none"> › Coherence between the process and the actual portfolio › Sound diversification › Current size of the portfolio and liquidity of the positions › Diligent use of cash on hand
 <p>Performance Strong and predictable risk-adjusted returns</p>	<ul style="list-style-type: none"> › Portfolio behaves as anticipated in different market conditions › Competitive pricing
 <p>+ Integration of Environmental, Social and Governance criteria</p>	<ul style="list-style-type: none"> › Signatory of the United Nations Principles for Responsible Investment (or similar organizations) › Incorporation of ESG criteria for value creation and risk management › Resources dedicated to responsible investment › Proxy voting and engagement in line with investment objectives › Measures and targets for portfolio footprint › Stewardship activities






We believe that the consideration of ESG criteria, in conjunction with traditional financial analysis, allows for a better assessment of risks and opportunities by our portfolio managers. We therefore include ESG criteria integration analysis in our manager selection and monitoring processes.

A tailored approach for each asset class

Portfolio managers selected by NBI each have their own approach to responsible investing. As such, each portfolio manager prioritizes different objectives, ranging from avoiding exposure to undesirable companies or economic sectors to aligning portfolios with key factors in sustainable development. This plurality in responsible investment approaches makes the richness of the NBI platform because it makes it possible to consider the particularities of each asset category.

When selecting a portfolio manager, NBI recognizes the expertise of each manager in their respective asset classes. We therefore respect the management philosophy and investment decisions of our portfolio managers, while encouraging them to adopt industry best practices.

The various approaches used by some portfolio managers

ESG Integration	Exclusions / Negative screening	Standards-based screening	Best-in-class / Positive screening	Sustainable portfolio creation
 <p>Integrate ESG criteria into the investment process.</p>	 <p>Exclude companies, sectors or countries that are not compatible with the mission or values of investors.</p>	 <p>Exclude companies that do not meet the minimum standards of international norms and conventions.</p>	 <p>Invest in companies that demonstrate superior ESG performance, or whose products or services are beneficial or address environmental or social challenges.</p>	 <p>Target investments that meet sustainable development themes.</p>



Sustainability is central to our products

The Sustainable Development Goals are a core component of the investment process

The 17 United Nations Sustainable Development Goals (SDGs) are the foundation for NBI's lineup of actively managed Sustainable Development ETFs. Adopted in 2015, the SDGs aim to fight poverty, protect the planet, and improve the lives of people around the world. The United Nations Member States hope to achieve tangible results with these objectives by 2030.

SUSTAINABLE DEVELOPMENT GOALS



Evolution of the Sustainable product shelf

Eager to innovate in terms of responsible investment, NBI has launched in recent years funds focused on sustainable development. These products compare favourably to our competitors', as they are the first Canadian investment products aligned with the United Nations Sustainable Development Goals (SDGs) in their investment process.

Sustainability and our managed solutions

Since 2021, NBI has started integrating these ETFs and mutual funds into some of its managed solutions, such as NBI Portfolios and NBI Private Wealth Management. Exposure to sustainability-focused strategies in these solutions has grown over the past year, as they add diversification and represent attractive investment opportunities.

In addition to being aligned with the SDGs, some products integrate other ESG criteria, such as excluding companies deriving a significant portion of their revenues from tobacco, prisons, alcohol, the military, weapons, and coal.

Whether by investing in government bonds that will be used to finance public transit infrastructure development projects or through buying shares in a company that generates a significant portion of its revenues by developing renewable energy infrastructure, our ETF sub-advisors must ensure that the underlying holdings create value while contributing to the greater good.

Our achievements in responsible investment

Results for the Principles for Responsible Investment (PRI) 2022

As a signatory of the PRI, all NBI's responsible practices are assessed on an annual basis. Our most recent results have confirmed the high standards we exercise within the firm. The table below provides details of the scores¹ obtained for the questions answered in the different modules. The full report can be viewed on the [PRI website](#).

Module	Score (%)
Investment and stewardship policy	89
Equity (public markets)	Index 88 Active management 87
Fixed income	Index 89 Active management 89
Real estate	100
Infrastructure	100

Launch of a fifth Sustainable ETF

In 2022, NBI enhanced its range of sustainable ETFs with the launch of the NBI Sustainable Canadian Short Term Bond ETF (NSSB), sub-advised by AlphaFixe Capital Inc.

More resources to achieve our goals

To ensure that we have the necessary resources to advance our responsible investment initiatives, NBI has expanded the team with the addition of human capital dedicated to strategic initiatives and communications. NBI also entered into an agreement with data provider Sustainalytics, enhancing its future tracking and reporting capabilities.



¹ Percentage obtained from the applicable assessed indicators, calculated as the total points obtained/total points available (considering only the indicators relevant to the signatory) in the module. For more information on the methodology used by the PRI in relation to the assessment, please consult the page describing the general framework and, more specifically, its assessment methodology.

Responsible investment is part of our decision-making structure

Responsible investment is an integral part of NBI's decision-making structure. At all levels of this structure, from the chairperson to the various committee members, ESG considerations are at the forefront of our approach, and we address them in innovative ways with the aim of generating tangible results.

NBI's priorities, including those related to responsible investing, are adopted by NBI's executive management. Our dedicated Risk and Execution team takes responsibility for daily responsible investment actions. It leads our efforts and helps advance our responsible investment strategy.

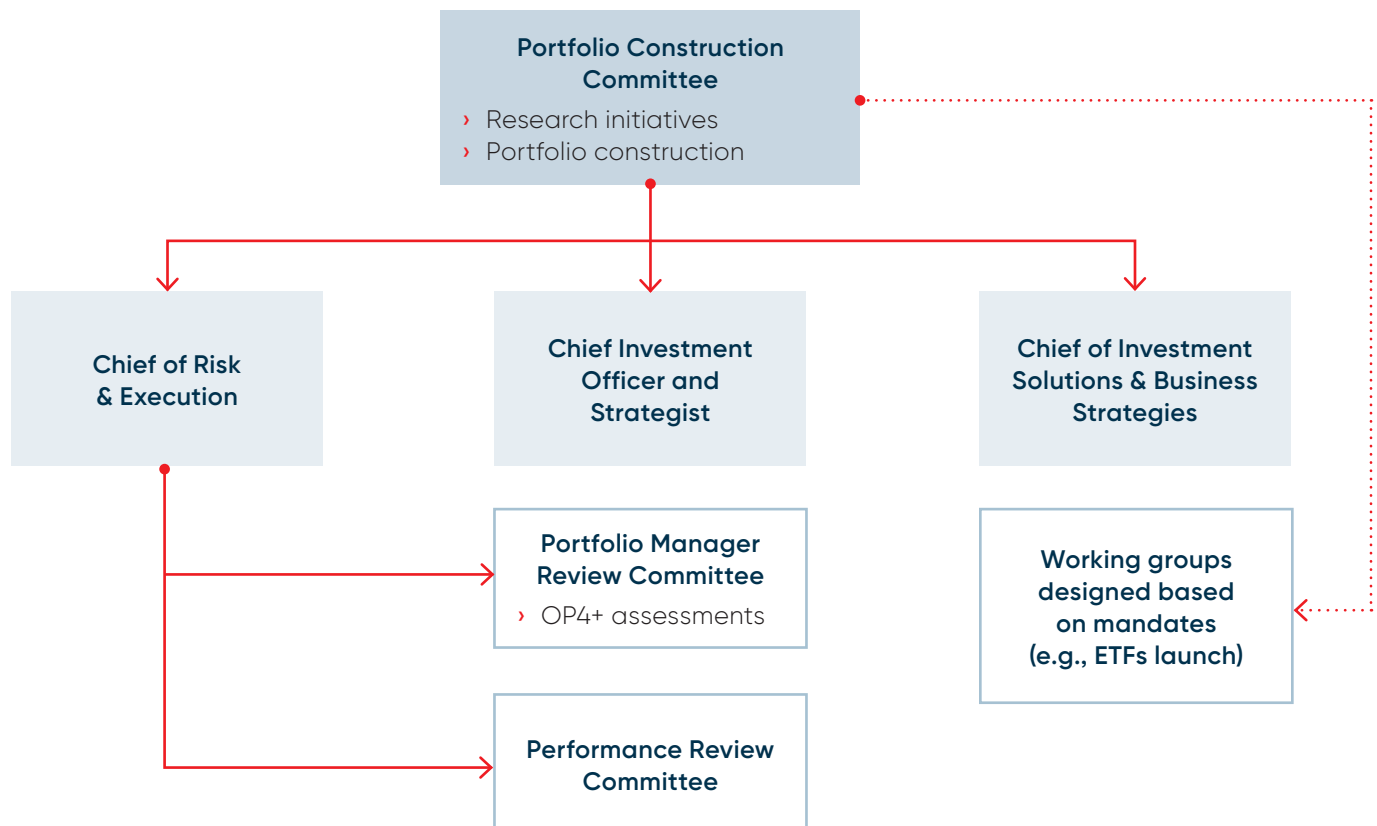
The team works with several members of the various investment teams, in addition to the over 75 portfolio management teams that make up the NBI platform.

The OP4+ evaluations, which includes the integration of ESG criteria by portfolio managers, are presented to the Manager

Review Committee. Responsible investment research is presented to the Portfolio Construction Committee, and working groups are occasionally formed to carry out various mandates.

Lastly, the current structure is leveraged as part of our responsible investment commitments. For instance, the Performance Review Committee also monitors NBI's sustainable investing products.

In addition to addressing responsible investment consistently within our structure, members of the NBI team are actively involved on various committees of National Bank of Canada and National Bank Financial, including the ESG investment committee. This gives us the opportunity to contribute more broadly to the organization's responsible investment initiatives.



Our responsible investment priorities

NBI is committed to integrating responsible investing into all its investment processes. To this end, we have developed an action plan based on three priorities.

① Become an industry leader through our responsible investment practices

Improving our investment processes

As part of our portfolio managers' ESG integration analyses, we asked them to disclose their climate plans. We found that many portfolio managers are now signatories to the Net Zero Asset Managers (NZAM) initiative, committing to align their assets under management with net zero emissions targets. A total of 30% of NBI's portfolio managers have made this commitment.

Advance our research initiatives in responsible investment

In 2022, our efforts focused mainly on two key projects for our portfolios. The first project concerns our exclusion strategy. We have defined standardized exclusions, making sure to align with those of our parent company, National Bank of Canada. The objective was to ensure that our decisions on exclusions do not contribute to introducing portfolio management biases and that we comply with good practices. The conclusions of this project will be implemented and communicated in 2023.

Our second project concerns climate risk in portfolio management. In collaboration with the Chief Investment Officer team, we initiated the development of a framework to integrate climate risk into long-term return forecasts. Inform our strategic asset allocation decisions. This research will continue in 2023 as we continue to refine our methodology.

② Play a key role in advancing responsible investment

Collaboration with industry: CFA Institute

Our commitment to promoting best practices in disclosure has led us to collaborate with the CFA Institute, a world-renowned organization that oversees financial analysis standards. As a result, NBI has become the very first open-architecture investment product manufacturer to commit to using the new ESG disclosure standards developed by the CFA Institute.

Educate and inform

At NBI, we believe that the transmission of knowledge is essential to a good understanding and, thus, a greater adoption of responsible investment.

In 2022, the NBI team continued its content creation and distribution initiatives. For example, in collaboration with the Bank training team, NBI has designed and rolled out responsible investment training for advisors in the banking network.

This training will provide them with the knowledge and tools to answer clients' questions about responsible investment and thus improve their service offering. In addition, responsible investment experts at NBI participated in events bringing together experts from the responsible investment industry, such as those organized by the Responsible Investment Association (RIA) and ÉducÉpargne.

③ Be a leading corporate citizen

We're involved in the community, and we give back to society

NBI employees play an active role in and help organize fundraising and awareness activities, including an annual campaign to benefit the United Way, an organization dedicated to breaking the cycle of poverty and exclusion.

We support the next generation in finance

Created in 2019 by NBI, the NBI-HEC Montréal Fund offers students the opportunity to take up a unique challenge: managing a multi-asset portfolio according to current market conditions, which are more complex than ever.

Going well beyond traditional stock selection, the management of the fund includes portfolio construction following a top-down approach (including ESG criteria), risk budgeting, selection of investment vehicles and translating the economic context into a strategic (3 to 5 years) and tactical (monthly) asset allocation strategy. The NBI team provides ongoing supervision to more than 20 student analysts as part of this initiative.

After developing a responsible investment policy last year, the student team was able to apply this reference framework in 2022. For example, they had to take ESG criteria into account when researching active management within emerging markets.

In addition, they designed a database allowing them to quantify the portfolio's total level of ESG commitment. All these initiatives make it one of the first student funds in Canada to adopt and implement a responsible investment policy involving several asset classes.

With more than \$5 million in assets under management, the NBI-HEC Fund is also one of the most significant student funds in the country in terms of value.

We continuously ensure data confidentiality

NBI has implemented and maintains ongoing governance of access profiles on its applications and databases. Data access rights are governed by each user's job function to limit the accessibility and potential use of confidential data. Authorizations are granted only to employees and third parties whose access is essential. Ongoing monitoring of users is performed to ensure proper and secure use of information.

We govern according to the highest standards

NBI adheres to a rigorous governance structure, with oversight committees that bring together leading experts and partners to provide a critical and effective look on matters of significance, such as the management of conflicts of interest, portfolio construction and asset allocation, risk management, portfolio manager selection, investment performance review and the introduction of new products and activities.



Our commitments

At NBI, we believe that responsible investment can generate higher financial returns while producing positive social and environmental outcomes. Through our ongoing and growing commitments, we are actively involved in the Canadian community in accelerating the shift to a more sustainable financial system, including through the concrete initiatives and actions presented in this section.

NBI is a signatory to the Principles for Responsible Investment

Signatory of:



The [Principles for Responsible Investment \(PRI\)](#) are a voluntary and aspirational set of investment principles that offer a menu of

possible actions for incorporating ESG issues into investment practice. More than 3,400 members collaborate on the global initiatives established by the United Nations, and nearly 170 of them are in Canada.

Signing the PRI, which is internationally recognized, publicly demonstrates our commitment to responsible investment and allows us to join a global community that seeks to build a more sustainable financial system.



As of October 31, 2022, 98% of assets under NBI's management were managed by PRI signatories.

This corresponds to \$52.8 billion out of \$53.8 billion total assets under management.

NBI is a member of the Responsible Investment Association



The [Responsible Investment Association \(RIA\)](#) is Canada's industry association for responsible investment.

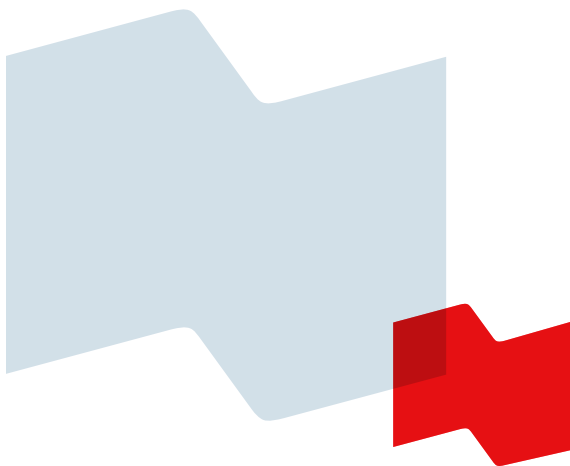
By joining the RIA, NBI demonstrates its commitment to responsible investment and is actively involved in advancing five strategic priorities to foster the adoption of responsible investing in Canada:

- › **Market education:** Drive demand for responsible investment.
- › **Integration:** See that investment professionals develop their responsible investment knowledge.
- › **Advocacy:** Take action to change regulatory and public policies.
- › **Promotion:** Ensure the strengthening of the brand and reputation of RIA as an ambassador for responsible investment in the industry.
- › **Reinforcement:** Ensure the growth of RIA's financial and human resources to ultimately strengthen capabilities.

NBI is a signatory to the Canadian Investor Statement on Diversity and Inclusion

This [statement](#) recognizes the existence of systemic racism and its impact on Black and Indigenous communities and Peoples of Colour in Canada and globally. It recognizes the existence of inequalities and discrimination with respect to factors including but not limited to gender, sexual orientation, age, disability, religion, culture and socio-economic status.

NBI recognizes these persistent inequities in business and society and is committed to addressing them. We apply several diversity criteria in terms of gender, origin and experience to our manager selection and monitoring processes. NBI's commitment is an extension of National Bank's ongoing efforts to create an increasingly inclusive and diverse workplace and society.



NBI is a signatory to the Canadian Investor Statement on Climate Change

The [statement](#) recognizes that climate change presents a major threat to long-term growth and prosperity, and that there is an urgent need to accelerate the transition to a net zero economy.

NBI is committed to undertaking the following actions to support the goal of achieving global net zero emissions by 2050 or sooner:

- › Integrate climate-related risks and opportunities into our investment processes.
- › Develop a climate action plan that details the actions we are taking to support the global goal of achieving net zero emissions by 2050 or sooner.
- › Implement a stewardship and engagement strategy to advance our expectations of the companies and securities that make up our investment solutions.
- › Ensure that any climate-related policy advocacy we undertake supports a just transition and the ambition of achieving global net zero emissions by 2050 or sooner and engage with our industry associations to encourage climate advocacy efforts that are consistent with these goals.
- › Finally, provide annual disclosures that align with the recommendations of the [Task Force on Climate-related Financial Disclosures \(TCFD\)](#) to report on our progress. This includes best efforts reporting on our financed emissions.

NBI is a founding member of Climate Engagement Canada



[Climate Engagement Canada \(CEC\)](#) drives dialogue between the financial community and corporate issuers to promote a just transition to a net zero economy.

As a signatory, NBI is actively involved in the transition to a net zero greenhouse gas emission economy by 2050, in line with the Paris Agreement. NBI participates in various other committees involved in advancing sustainable financing and Canadian and global climate goals. This is part of NBI's mission to foster the growth and development of responsible investment and to continuously implement concrete measures to combat climate change.

National Bank is a founding signatory of the Statement by the Quebec Financial Centre for a Sustainable Finance



This [statement](#), a first in North America, aims to affirm Quebec's historic leadership in sustainable finance: supporting, developing and promoting local expertise, and positioning

financial institutions to deal with major environmental, social and governance (ESG) issues.

Together with the Bank, NBI is committed to:

- › Developing local expertise in sustainable finance and investment.
- › Promoting the establishment or growth of local teams and business units in sustainable finance in Quebec.
- › Supporting the local development of sustainable finance products and services.
- › Promoting the growth of funds managed by locally established managers with leading-edge expertise in responsible investment.
- › Promoting greater disclosure and transparency in sustainable finance.
- › Strengthening the integration of ESG factors into signatories' operations, internal processes and practices, and encouraging our partners to do the same.

NBI has pledged to direct by 2025 \$5 billion in assets to local portfolio managers who, in keeping with the excellence criteria of our open architecture, will integrate ESG criteria in the best interest of our investment solutions and to better meet the evolving needs of our clients.















As of October 31, 2022, 60% of assets under management were managed by Quebec firms. This represents \$32.3 billion out of a total of \$53.8 billion in total assets under management.

Our sustainable development solutions and their impact

Our equity Sustainable solutions

Environmental and social impact^{1,2}

Product	Morningstar sustainability score	Carbon intensity vs. index ³	% of women on the board of directors vs. index	Water withdrawal intensity vs. index ⁴	% of securities with SBTi targets vs. index ⁵	% of portfolio contributing to at least one SDG	Alignment with SDGs
NBI Sustainable Canadian Equity ETF (NSCE) NBI Sustainable Canadian Equity Fund		94 285	38.2% 37.2%	2,226 11,767	27% 14%	87.3%	     
NBI Sustainable Global Equity ETF (NSGE) NBI Sustainable Global Equity Fund		137 159	32.3% 31.4%	30,152 21,994	50% 31%	96.0%	   

1 Data from Sustainalytics as of October 31, 2022.

2 The Fund's benchmark index, as disclosed in the prospectus.














3 WACI total carbon intensity (tCO₂e/\$m)

4 Unit of measure: m³/US \$m.

5 Based on the Science-Based Targets initiative methodology. Short-term targets, set or committed.

Our fixed income Sustainable Solutions

Environmental and social impact^{1,2}

Product	% of green bonds vs. index	% of social bonds vs. index	% of sustainable bonds vs. index	Carbon intensity vs. index ³	% of securities with SBTi targets vs. index ⁴	% of portfolio contributing to at least one SDG	Alignment with SDGs
NBI Sustainable Canadian Bond ETF (NSCB) NBI Sustainable Canadian Bond Fund	76.4% 3.9%	3.4% 1.3%	14.9% 0.3%	4.9 48.1	72.5% 49.9%	94.8%	     
NBI Sustainable Canadian Corporate Bond ETF (NSCC)	18.4% 3.5%	2.9% 0.6%	7.0% 1.1%	5.1 48.1	50.4% 49.9%	28.3%	   
NBI Sustainable Canadian Short-Term Bond ETF (NSSB)	20.3% 1.9%	3.6% 1.6%	13.1% 0.3%	3.3 29.1	67.4% 63.5%	37.0%	  

1 Data provided by the portfolio sub-advisor, based on their methodology for measuring issuers.

2 The Fund's benchmark index, as disclosed in the prospectus.

3 Unit of measure: m³/US\$m.

4 Based on the Science-Based Targets initiative methodology. Short-term targets, set or committed.

Case Studies¹

Stock	Activities	SDG integration strategy	Targeted SDGs
NBI Sustainable Canadian Equity ETF (NSCE) NBI Sustainable Canadian Equity Fund Portfolio sub-manager: Fiera Capital Corporation			
Stantec inc.	Stantec is an engineering, architecture, and related professional services enterprise, serving private and public sector clients in North America and internationally. The company provides a broad range of consulting, project delivery, design build, and technology capabilities for infrastructure, buildings, water, energy and resources, and the environment.	Stantec's major contribution lies in the restoration and preservation of the environment and the communities it serves. The company prioritizes the inclusion of sustainable alternatives (building energy efficiency, zero-emission buses, renewable energy, energy-efficient lighting design, climate change mitigation, etc.) in the services it provides to help society transition to sustainability. In 2023, Stantec was identified as the seventh most sustainable company in the world, and the first in its industry peer group. It also disclosed a 4% gender pay gap in North America, one of the very few companies in Canada to disclose this information.	
NBI Sustainable Global Equity ETF (NSGE) NBI Sustainable Global Equity Fund Portfolio sub-manager: AllianceBernstein Canada Inc.			
Hexcel	Hexcel manufactures carbon fiber and composite materials that are much lighter than traditional materials, such as aluminum and steel. Hexcel carbon fiber and composite materials are used in airplanes and other vehicles as well as wind turbines, improving fuel and energy efficiency, and reducing carbon output.	Carbon fiber is displacing steel and aluminum in aircraft for light weighting to improve fuel efficiency. The carbon fiber content in new generation airplanes is roughly 50% compared to the 10-15% in the prior generation of aircraft, reducing CO ₂ emissions by 20-25%. Carbon fiber has helped innovate the wind power business by allowing for large turbines and taller towers, lowering the costs of wind energy adoption.	
NBI Sustainable Canadian Bond ETF (NSCB) NBI Sustainable Canadian Short Term Bond ETF (NSSB) NBI Sustainable Canadian Corporate Bond ETF (NSCC) NBI Sustainable Canadian Bond Fund Portfolio sub-manager: AlphaFixe Capital			
Choice Properties REIT	Choice Properties REIT is Canada's largest real estate investment trust. Its portfolio is comprised of retail properties largely leased to Loblaw, one of Canada's largest food retailers.	In November 2022, Choice Properties issued its first green bond. The funds raised have helped finance several green buildings, which will allow the emitter to reduce its energy consumption and carbon footprint. The issuer is the first Canadian real estate investment trust to adopt a net-zero-issue target that has been approved by Science-Based Target Initiatives (SBTi). It ensures that companies' greenhouse gas reduction targets are in line with science-based trajectories.	

¹ The information presented in this section has been provided by each of the portfolio sub-managers.

Engagement at NBI

We believe that engagement creates value in an investment strategy and fosters sustainable development results. Since our external portfolio managers have in-depth knowledge of the companies held in their portfolios, we ask them to continually discuss with the management team of these companies about issues that could affect their business and outlook. We rely on our external portfolio managers to prioritize issues, determine the best way to interact with target companies and implement an escalation strategy when necessary.

The main themes on which our portfolio managers conducted engagement activities in 2022



A few examples of engagement activities

Better ESG data for a power producer

Sub-advisor: Fiera Capital Corporation

Fiera engaged with a well-known power generation company to encourage greater rigour in its disclosure, as well as partner with external ESG data aggregators, as the data was outdated and inaccurate. Among other things, the Fiera team reiterated their need for robust data to guide decision-making. The company indicated that it would review the process with the third party and provide a comprehensive annual ESG report that would also include the information Fiera was seeking.

Supporting the financial sector in its environmental disclosure

Sub-advisor: Manulife Investment Management

As part of its assessment of banks' climate exposure, Manulife conducted an in-depth analysis to understand the Partnership for Carbon Accounting Financials (PCAF) standards. The PCAF standards define the methodology for financial institutions to assess and disclose the greenhouse gas (GHG) emissions of their loans and investments. This information will be critical to understanding the banks' net zero lending strategy, including their sustainable financing. For example, Manulife encourages banks to disclose both carbon intensity per dollar of loan and intensity per unit produced, provide both loan exposure including only drawn balances and loan exposure including the overall commitment, and for banks to agree on a common definition for sectors.

Conclusion

This report illustrates NBI's commitment to integrating responsible investment throughout its operations and further strengthen its role as an active player in this area in Canada. As such, in 2023 NBI will aim to implement its initiatives resulting from research and innovation in its investment practices, continue to play a committed social role and be a first-class corporate citizen by doing business with partners who have inclusive practices and by supporting the fight against climate change.

Other resources

Other NBI documents:

- › [NBI Responsible Investment Policy](#)
- › [Proxy voting policies and records](#)

To learn more about National Bank of Canada:

- › [NB Corporate Responsibility Reports](#)



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This report may contain forward-looking statements about future performance, strategies or prospects, and possible future action. The words “may,” “could,” “should,” “would,” “suspect,” “outlook,” “believe,” “plan,” “anticipate,” “estimate,” “expect,” “intend,” “forecast,” “objective” and similar expressions are intended to identify forward-looking statements. Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties about general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events. The above list of important factors that may affect future results is not exhaustive. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

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