

Report on NBI's Responsible Investment Approach

20
21



Take action
for a sustainable future
today



Table of contents

- 3** Message from the President and CEO
- 4** People at the heart of finance and investing
- 5** OP4+: A rigorous governance process
- 7** Innovation is central to our products
- 10** Our overall responsible investment approach
- 11** Responsible investment is part of our decision-making structure
- 12** Our responsible investment priorities from 2022 to 2023
- 14** Our commitments
- 16** National Bank's achievements
- 17** Case Studies
- 18** Conclusion

Message from the President and CEO



I am pleased to present the second annual report on National Bank Investments' (NBI's) approach to responsible investment. If we can draw a lesson from the situation over the last two years, it is that agility and sound risk management are essential to face the unexpected. In the face of an unprecedented global crisis, the resilience of businesses and individuals has been put to the test.

The accelerated transformation of the world of work and the reorganization of lifestyle habits have also highlighted the importance of balance between companies, their employees and society.

Given this context, consideration for stakeholders was no longer just a good practice to adopt, it became a competitive advantage.

At NBI, we believe that integrating ESG factors into the investment process of our external portfolio managers supports long-term value creation for investors while helping to address some of the global challenges we face.

Our open architecture not only gives us the agility to select the best portfolio managers, but also the opportunity to influence their decisions through our engagement and dialogue with them. The OP4+ approach also provides us with an efficient framework for choosing the firms with whom we do business. These two differentiating elements at NBI are certainly our strength and allow us to fulfill our commitment to investors and help them achieve their financial goals while ensuring a better and more sustainable future.

As you will see in this report, we are constantly looking to improve our approach. That's why in 2021, we added a diversity criterion within the investment team (Personal pillar), as well as two more excellence criteria to the + pillar, representing ESG criteria. These affect the carbon footprint of the portfolio and how the firm is involved in advancing responsible investment.

In March 2020, NBI was the first investment fund management company in Canada to launch actively managed ETFs whose investment process integrates the UN Sustainable Development Goals. In 2021, we expanded our product offering by rolling out some of our sustainable ETFs as mutual funds. I am particularly proud of this, as it demonstrates our commitment to offer responsible products to a larger number of investors, thereby meeting the diverse needs of our clients.

Lastly, I would like to mention that NBI has actively contributed to advancing the field of sustainable finance, notably by being one of the signatories of the Statement by the Quebec Financial Centre for a Sustainable Finance, alongside some 20 other institutions.

In 2022, we are committed to continuing our efforts to be a key player in the responsible investment market, as well as contributing to the progress of the challenges inherent to finance in a changing world.

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 investors achieve their financial goals.

As the leading provider with an open architecture in Canada, 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.

Our open architecture structure offers an ongoing process of diligence and full accountability. Our oversight is based on a review cycle in which the organization, people, processes, portfolio, performance and integration of ESG criteria by external portfolio managers are continuously assessed.









Balancing risk and return

We believe that the best way to support our goal of generating long-term results is by minimizing drawdowns. 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-managers are assessed on an ongoing basis.

More than 25 well-defined criteria	
 O rganization Strong organization with top-tier investment culture	<ul style="list-style-type: none"> › Organizational culture › Access to equity for employees › Financial stability
 P eople Stable group of talented investors	<ul style="list-style-type: none"> › Experience of senior managers and analysts › Key staff stability/Clear succession plan › Alignment of manager's and analysts' financial interests › Enough analysts to thoroughly cover the investment universe › Diversity within the investment team (gender, origin and experience)
 P rocess Emphasis on proven management processes to select securities, build portfolios and manage risk	<ul style="list-style-type: none"> › The portfolio managers are able to establish the competitive advantage of their strategy › The process is clear and repeatable, but flexible to adapt to structural market changes › Accountability in the decision-making process › Debate investment ideas in committee › The selling or revision process is well-defined › 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 ortfolio Optimized portfolio construction that follows the investment process and ensures sound diversification	<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 erformance Strong and predictable risk-adjusted returns	<ul style="list-style-type: none"> › The portfolio behaves as anticipated in different market conditions › Competitive pricing
 + Integration of Environmental, Social and Governance criteria	<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 in our manager selection and monitoring processes. Among other things, we evaluate the integration of ESG criteria into value creation, risk management, and the resources dedicated to responsible investment.

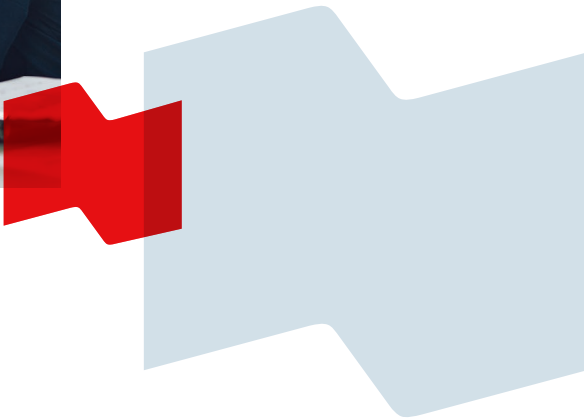
A tailored approach for each asset class

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.

Strategies

Exclusion	ESG investing	Best-in-class	Sustainable portfolio creation
Involves excluding companies, sectors or even countries that are not compatible with the mission or the investors' values.	Involves incorporating data on ESG criteria into the investment processes.	Involves investing in securities that are leaders in their class based on environmental, social and governance criteria.	Involves investing in securities that contribute to the achievement of one or more of the United Nations (UN) Sustainable Development Goals.



Innovation 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.

Here are the 17 SDGs:



New sustainable product shelf








Eager to innovate in terms of responsible investment, NBI has launched in recent years exchange-traded 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.

In 2021, to enhance its sustainable product offering, NBI added the NBI Sustainable Canadian Corporate Bond ETF (TSX: NSCC) to its ETF lineup, which already included the NBI Sustainable Canadian Equity ETF (TSX: NSCE), the NBI Sustainable Global Equity ETF (TSX: NSGE) and the NBI Sustainable Canadian Bond ETF (TSX: NSCB).

With a view to providing its clients with expanded access to these strategies, in June 2021, NBI rolled out certain ETFs in a mutual fund structure. Three funds have therefore been added to the sustainable product lineup.


- › NBI Sustainable Canadian Bond Fund
- › NBI Sustainable Canadian Equity Fund
- › NBI Sustainable Global Equity Fund

The table below presents how the four ETFs are aligned with the SDGs (data as at October 31, 2021).¹

SDG	NSGE NBI Sustainable Global Equity Fund	NSCE NBI Sustainable Canadian Equity Fund	NSCB NBI Sustainable Canadian Bond Fund	NSCC
 1. No poverty	5.8%	4.2%	5.2%	2.9%
 2. Zero hunger	4.1%	21.4%	0.0%	0.0%
 3. Good health and well-being	19.2%	11.1%	6.6%	2.9%
 4. Quality education	0.0%	4.4%	1.9%	1.7%
 5. Gender equality	0.0%	0.0%	3.9%	2.0%
 6. Clean water and sanitation	4.0%	1.2%	2.1%	0.4%
 7. Affordable and clean energy	19.3%	6.7%	46.5%	12.1%

Continued on next page

¹ Products' alignment with the SDGs is assessed by each of our external managers. The NSGE portfolio manager uses a minimum threshold where 25% of the company's revenues must be derived from products and services aligned with the SDGs. The NSCE portfolio manager assesses the alignment of the company's revenues with a materiality threshold of 10%, the alignment of its operations and the alignment of its values. The NSCB manager can invest in labelled bonds, where 100% of the capital finances projects with a positive environmental or social impact, as well as pure plays, where at least 90% of the issuer's revenues must be generated by eligible environmental or social projects or activities. A company or project can contribute to more than one of the SDGs at the same time. Cash is included when calculating the percentage of the market value of the portfolio contributing to at least one SDG.

SDG (continued)	NSGE NBI Sustainable Global Equity Fund	NSCE NBI Sustainable Canadian Equity Fund	NSCB NBI Sustainable Canadian Bond Fund	NSCC
 8. Decent work and economic growth	13.2%	45.2%	0.0%	0.0%
 9. Industry, innovation and infrastructure	12.6%	31.6%	85.9%	13.2%
 10. Reduced inequalities	2.6%	9.0%	1.9%	1.7%
 11. Sustainable cities and communities	0.0%	11.5%	93.9%	19.9%
 12. Responsible consumption and production	15.1%	12.4%	1.8%	0.4%
 13. Climate action	0.0%	1.2%	93.9%	19.9%
 14. Life below water	0.0%	1.2%	2.6%	0.8%
 15. Life on land	0.0%	1.2%	0.4%	0.4%
 16. Peace, justice and strong institutions	2.2%	7.9%	0.0%	0.0%
 17. Partnerships for the goals	0.0%	0.0%	0.0%	0.0%
Percentage of portfolio market value contributing to at least one SDG	98.1%	86.8%	99.1%	21.9%

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 fossil or nuclear energy.

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-managers must ensure that the fund's investments create value while contributing to the greater good.

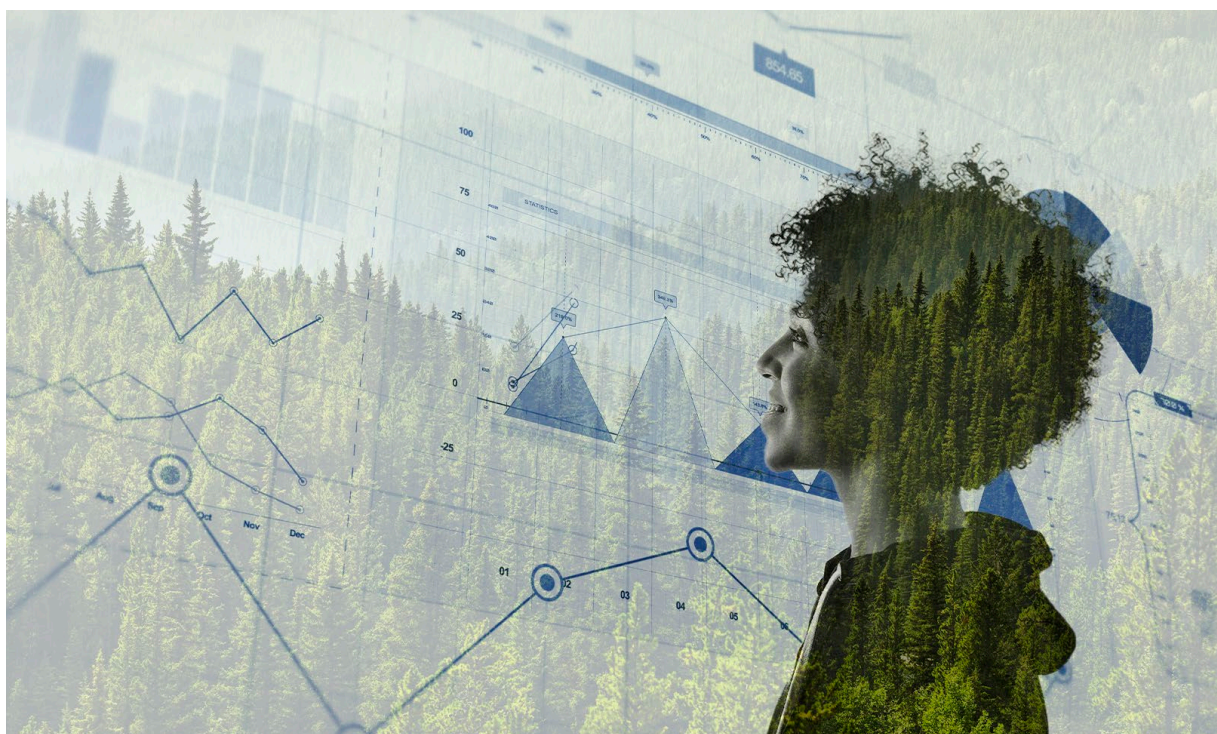
Our overall responsible investment approach

At NBI, we believe that responsible investing can create value in an investment solution. Accordingly, since March 2021, NBI has started to integrate some of its sustainable ETFs into NBI Portfolios.

By choosing to add sustainable products to [NBI Portfolios](#), we are consolidating our commitment to selecting the best products with a long-term vision. Selecting portfolio managers for our investment solutions based on OP4+ criteria has allowed us to identify those that stand out not only for their approach to responsible investment, but also for the quality of their investment process.

In addition, our research has demonstrated the benefits of diversification in certain asset classes, such as Canadian equities and global equities. Thanks to the low correlation in the value added from sustainable portfolio managers with that of current NBI Portfolio managers, the portfolio's sources of returns are better diversified. Moreover, having a framework like the SDGs helps identify tomorrow's winners in the transition to a more sustainable world.

These adjustments to our solutions reflect NBI's commitment to building the best possible portfolio for our clients, and we believe we can achieve this in part through incorporating sustainable products.



Responsible investment is part of our decision-making structure

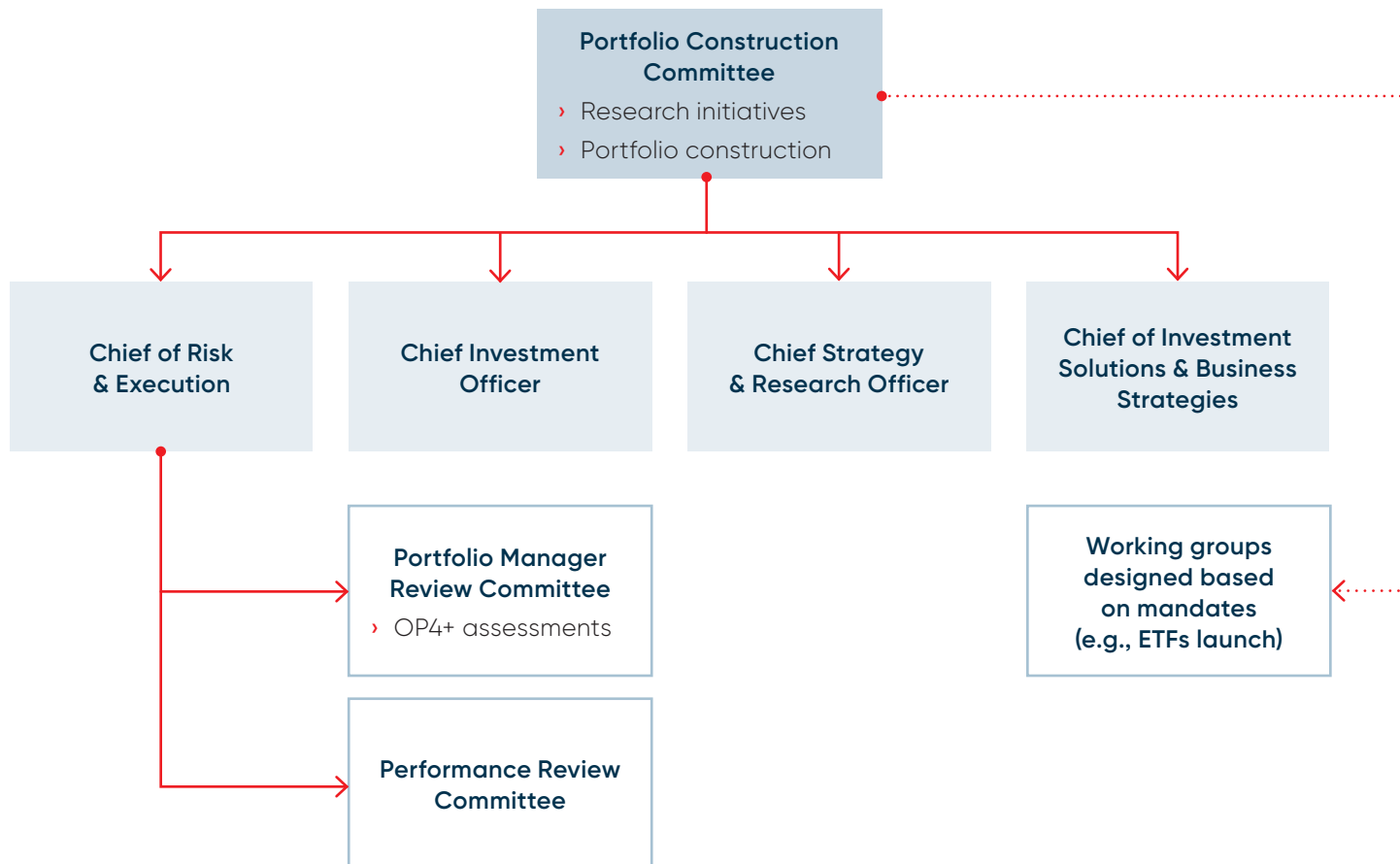
Responsible investment is an integral part of NBI's decision-making structure. At all levels of this structure, from the chairperson to the various committee members, ESG considerations are at the forefront of our approach, and we address them in innovative ways with the aim of generating tangible results.

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 and National Bank Financial Wealth Management, 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 from 2022 to 2023

NBI adopted an action plan based on three priorities to integrate responsible investment into all its investment processes.

① Become an industry leader through our responsible investment practices

Improving our investment processes

In January 2021, as part of its efforts to identify leading portfolio managers, NBI added excellence criteria to the OP4+ analysis framework. Most changes related to the + pillar, providing a more in-depth analysis of ESG factors by the portfolio managers responsible when selecting securities for NBI funds and investment solutions.

Two criteria have been added to the + pillar:

1. Measuring the portfolio's footprint and setting an objective for reducing it.
2. Making a commitment to advance responsible investment.

In addition, the analytical framework for the People pillar has been expanded to include an analysis of diversity within the investment team. Gender, ethnic background, and experience are now analyzed and considered.

Advance our research initiatives in responsible investment

In 2021, the NBI investment team focused on how to improve its asset allocation process with ESG data. Among other things, they looked at how to integrate environmental considerations into long-term asset allocation. Their research has led to the identification of potential approaches to achieve this. The findings also highlighted the importance of environmental risk in our portfolios.

② Play a key role in advancing responsible investment

Through its active contribution to key projects such as the development of principles, activities and key considerations of the foundation for a transition finance taxonomy, NBI is contributing to the advancement of sustainable finance, as well as Canadian and global climate goals. The development of this foundation responds to the recommendations of the Government of Canada's Expert Panel on Sustainable Finance final report and helps to mobilize the capital needed to transition to a net zero greenhouse gas (GHG) economy by 2050. NBI has contributed to various committees related to this project.

In addition, NBI has served on several responsible investment advisory committees, including a technical committee of Finance Montréal for a project aiming to strengthen responsible investment expertise within the Quebec asset management industry. For more information, consult our [Our commitments](#) section.

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 2021, the NBI team put forward content creation and distribution initiatives. For example, it developed a quarterly publication entitled Round Table on Responsible Investment, intended for advisors and investors. This publication presents the point of view of portfolio managers on specific topics related to responsible investment.

In addition, responsible investment experts at NBI shared their knowledge and discussed trends via platforms such as podcasts, webinars, and through their participation in collaborative events with other industry players.

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 National Bank Investments Inc. (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 an investment strategy asset allocation. The NBI team provides ongoing supervision to more than twenty student analysts as part of this initiative.

In 2021, the students developed a responsible investment policy detailing the concrete actions they deployed to achieve the objectives related to the ESG dimensions of the NBI-HEC Fund. The interest of the approach lies in its integration of the portfolio's two orientation axes: active and passive management. It is also one of the first student funds in Canada to adopt a responsible investment policy covering 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

New initiatives have been put in place with respect to access management, third-party management and data privacy. NBI ensures that information technology resources can review authorized access profiles and attribution rules, perform due diligence on all new third parties, and ensure that the accessibility and potential use of confidential data are minimized.

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.



We promote diversity and inclusion

National Bank has set specific targets to be achieved by December 31, 2023, in terms of Inclusion and Diversity, which are based on clear guidelines and established in collaboration with the Inclusion and Diversity Council. Our vision is to create the most stimulating work environment in the country while building an inclusive culture and a diverse talent pool to support our social commitment.

	Global workforce		Managers and executives	
	As at December 31, 2021	2023 Target	As at December 31, 2021	2023 Target
Women	53.80%	56%	31.40%	36%
Visible minorities	23.10%	26%	5.80%	7%

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, 2021, 98% of assets under NBI's management were managed by PRI signatories.

This corresponds to \$56.4 billion out of \$57.5 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, in particular by applying several criteria of excellence to our manager selection and monitoring processes. This is to ensure greater diversity in terms of gender, origin and experience within our external portfolio management teams. 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 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, 2021, 54.1% of assets under management were managed by Quebec firms.
This represents \$31.1 billion out of a total of \$57.5 billion in total assets under management.

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.

National Bank's achievements

National Bank is committed to positively impacting people's lives by building long-term relationships with our customers, employees, and the community. Here are some initiatives and achievements from 2021 that demonstrate the importance of sustainable development and maintaining the best balance of interests across all stakeholders in society. For more information on National Bank's initiatives related to sustainable development, please consult the Social Responsibility section at [nbc.ca](https://www.nbc.ca).



Environment

We are working to develop a green economy

- › Adoption of a net zero GHG emission target for our operating and financing activities by 2050. This target is in line with the most ambitious goal of the Paris Agreement, limiting global warming to 1.5°C.
- › Protecting the Arctic and position on coal: We've formalized the Bank's practice of not offering or granting new financing related to oil and gas exploration, exploitation, or production in the Arctic. The Bank has also made an official commitment not to finance new thermal coal mining and processing activities.



Social

We enrich communities

The Bank has pursued a number of initiatives launched in 2020 to support its employees and provide assistance to clients and communities across Canada affected by the COVID-19 pandemic.

Promoting inclusion and diversity

- › Publication of a first booklet entirely dedicated to inclusion and diversity, with the title [Take action for a more inclusive future today](#).
- › For the third year in a row, the Bank was selected for the Bloomberg Gender-Equality Index.
- › The Bank has participated in a number of initiatives intended to actively support women, cultural communities, the LGBTQ+ community, persons with disabilities and Indigenous persons.

Supporting the community

- › Over \$6 million in donations announced to support health and community outreach programs.
- › Over \$3 million donated to enhance relationships between the education sector and the business world.
- › As is the case every year, we gave back millions of dollars to the community through donations, sponsorships and fundraisers, in addition to supporting hundreds of organizations across Canada.














Governance

We govern according to the highest standards

- › Publication of our second [Report on Environmental, Social and Governance Advances](#).
- › The mandates of all the committees of the Board of Directors include ESG-related responsibilities.
- › Succession planning for directors takes into account the Board's diversity policy (gender, age, designated groups, sexual orientation, ethno-cultural groups and geographic origins).
- › Succession planning for all senior management positions, including the President and Chief Executive Officer.

Case Studies¹

The securities that make up the NBI shelf of sustainable products are carefully selected in order to meet one or more Sustainable Development Goals. Here are a few examples.

Stock	Activities	SDG integration strategy	Targeted SDGs
NBI Sustainable Canadian Equity ETF (NSCE) NBI Sustainable Canadian Equity Fund Portfolio sub-manager: Fiera Capital Corporation			
Canadian Pacific (CP)	Canadian Pacific ensures the efficient movement of critical goods from production sites to commercial enterprises through its transcontinental freight rail network in Canada and the United States, covering more than 13,000 miles of main tracks, 11 ports and a network of more than 100 transshipment facilities.	Rail transport is four times less GHG-intensive than truck transport. In 2021, CP published an ambitious climate strategy to reduce GHG emissions in line with a trajectory well below 2°C by 2030. They also committed to a net zero GHG target by 2050. As part of a pilot project, CP launched North America's first H2 OEL hydrogen locomotive, using hydrogen fuel cells and battery technology.	     
NBI Sustainable Global Equity ETF (NSGE) NBI Sustainable Global Equity Fund Portfolio sub-manager: AllianceBernstein Canada Inc.			
West Pharmaceuticals (WPS)	West Pharmaceutical Services Inc. is a leader in innovative, high-quality injectable solutions and services. As a trusted partner to established and emerging drug developers, WPS helps ensure the safe and efficient delivery of essential medicines, helping to improve patients' lives.	As a supplier of essential packaging components for generic medicines (especially biologics), WPS helps expand access to safe and effective medicines. WPS' sustainable, high-yield franchise occupies an attractive niche in the pharmaceutical supply chain. It helps to lower the prices of biologic drugs, increasing their use.	
NBI Sustainable Canadian Bond ETF (NSCB) NBI Sustainable Canadian Bond Fund Portfolio sub-manager: AlphaFixe Capital			
Arrow Lakes Power (ALP)	Arrow Lakes Power is a Canadian company operating in the energy industry. It has a 185-megawatt hydroelectric generating station on the Columbia River in British Columbia.	In Canada, while the majority of electricity comes from hydropower, a considerable portion comes from other, more polluting sources. ALP's unlabelled green bond is entirely linked to the financing of the Hugh Keenleyside Dam, a hydroelectric dam on the Columbia River in British Columbia. This project will avoid the emission of 261 tonnes of CO ₂ eq. per million dollars in the atmosphere annually.	   

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

Conclusion

This report illustrates NBI's commitment to integrating responsible investment throughout its operations and further strengthen its role as an active leader in this area in Canada. As such, NBI will aim to pursue its research and innovation initiatives in its investment practices and to play a committed social role by partially allocating assets to local managers. NBI will also continue to 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 for external managers](#)

To learn more about National Bank of Canada:

- › [NB Social Responsibility](#)



1-877-463-7627



nbinvestments.ca

This document is provided by National Bank Investments Inc. ("NBI"), a wholly owned subsidiary of National Bank of Canada, for informational purposes only and may not be reproduced, distributed or published without the written consent of NBI or its affiliated entities. The information and the data supplied in the present document, including those supplied by third parties, are considered accurate at the time of their printing and were obtained from sources which we considered reliable. We reserve the right to modify them without advance notice. No representation or guarantee, explicit or implicit, is made as for the exactness, the quality and the complete character of this information and these data. The opinions expressed are not to be construed as solicitation or offer to buy or sell shares mentioned herein and should not be considered as recommendations. The opinions are not intended as investment, financial, economic, legal, accounting or tax advice nor are they provided to promote any particular investments and should in no way form the basis for your investment decisions.

NBI Funds (the "Funds") are offered by National Bank Investments Inc., a wholly owned subsidiary of National Bank of Canada. Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus of the Funds before investing. The Funds' securities are not insured by the Canada Deposit Insurance Corporation or by any other government deposit insurer. The Funds are not guaranteed, their values change frequently and past performance may not be repeated.

NBI ETFs are offered by National Bank Investments Inc., a wholly owned subsidiary of National Bank of Canada. Management fees, brokerage fees and expenses all may be associated with investments in exchange-traded funds (ETFs). Please read the prospectus or ETF Facts document(s) before investing. ETFs are not guaranteed, their values change frequently and past performance may not be repeated. ETF units are bought and sold at market price on a stock exchange and brokerage commissions will reduce returns. NBI ETFs do not seek to return any predetermined amount at maturity.

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.

National Bank Investments is a member of Canada's Responsible Investment Association and a signatory of the United Nations-supported Principles for Responsible Investment. TM INVESTING IN THE POWER OF PEOPLE is a trademark of National Bank of Canada, used under license by National Bank Investments Inc.

© NATIONAL BANK INVESTMENTS is a registered trademark of National Bank of Canada, used under license by National Bank Investments Inc.

© 2022 National Bank Investments Inc. All rights reserved. Any reproduction, in whole or in part, is strictly prohibited without the prior written consent of National Bank Investments Inc.