

Responsible Investment Policy



Table of Contents

3	INTRODUCTION	9	POSITION STATEMENTS
3	Scope	9	Enabling Strong Governance
4	GOVERNANCE	9	Mitigating and Adapting to Climate Change
4	Roles and Responsibilities	9	Protecting Biodiversity and Nature
5	Monitoring and Reporting	10	Addressing Human Rights and Inequality
5	Tools	10	Committing to Indigenous Reconciliation
5	Conflicts of Interest		
6	RESPONSIBLE INVESTMENT APPROACHES	11	POLICY REVIEW
6	Manager Selection, Appointment, and Monitoring		
7	Incorporation of ESG Criteria		
7	Negative Screening (Exclusions)		
8	Stewardship		
8	Portfolios with a Responsible-Focused Investment Objective		



Introduction

National Bank Investments Inc. (“NBI”) aims to be an actor of change towards a more sustainable financial system. We aim to share our expertise, influence our partners and the financial community, and meet the needs of Canadian investors. Through this lens, responsible investing is a key component of our investment strategy. We believe that considering environmental, social, and governance (“ESG”) criteria along with traditional financial analysis allows for a better assessment of risks and opportunities, resulting in better investment decisions. In particular, some ESG risks, such as climate change and human rights violations, are systemic and require appropriate attention.

By ESG criteria, we refer to environmental, social, and governance factors related to an investment. They represent three major groups of non-financial factors used to identify material risks and/or growth opportunities in various investments. The environmental criterion evaluates environmental risks/opportunities that a company might face and how the company is managing them. This criterion may consider various aspects such as energy use, waste or contaminated land. The social criterion covers the business’s relationships with clients, suppliers, employees, the community, and any other relevant stakeholders. Employees’ working conditions, personal data protection or relations with local communities are examples of social aspects evaluated by this criterion. Finally, the governance criterion evaluates a company’s corporate structure and culture. Transparency, board composition, executive compensation, ethical standards, conflict of interest management and political contributions are various examples of governance criteria.

Scope

The NBI Responsible Investment Policy (also referred to as the “Policy”) sets out how different responsible investment approaches¹ are incorporated into NBI’s open architecture platform primarily through our portfolio manager selection, appointment, and monitoring process. For clarity, the term “Portfolio Manager” used throughout this Policy includes both portfolio managers and portfolio sub-advisors.

This Policy applies to publicly offered NBI-labelled mutual funds and NBI-labelled exchange-traded funds (together, “the Funds” or “the NBI Funds”). It is applicable to the extent that it is consistent with the investment objectives and investment strategies stated in each fund’s prospectus (the “Prospectus”) and is appropriate to the asset. Notable exceptions are those investment instruments that do not permit responsible investment approaches.² Where NBI Funds invest in underlying funds, the application of this Policy varies according to NBI’s degree of influence over investment activities of the underlying fund.

¹ NBI refers to the definitions of responsible investment approaches as jointly defined by the Principles for Responsible Investment, the CFA Institute, and the Global Sustainable Investment Alliance.

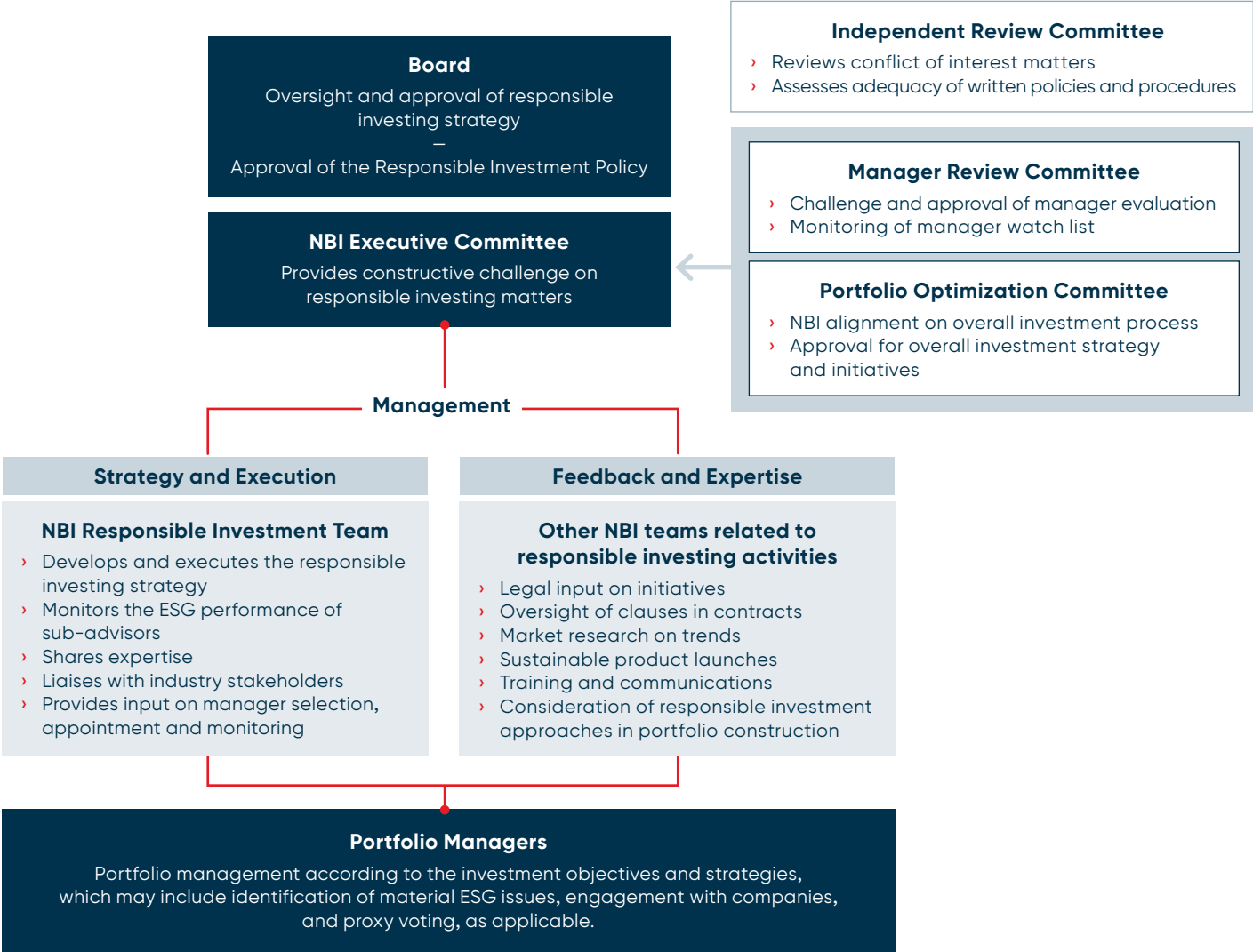
² These include certain strategies where ESG can hardly be included, such as passive investment strategies replicating indices or derivatives.

Governance

Roles and Responsibilities

Responsible investing is an integral part of NBI’s decision-making structure. NBI’s priorities, including those related to responsible investing, are adopted by NBI’s Board of Directors. Thereafter, NBI’s Executive Committee is responsible for the regular monitoring of responsible investing activities. The dedicated NBI Responsible Investment Team sits within the Office of Risk and Execution and leads the development of NBI’s responsible investing strategy and its implementation with direct input into the Portfolio Manager selection, appointment, and monitoring processes. Responsible investing at NBI also benefits from close collaborations with legal, product, and communications experts across the firm. The Portfolio Managers on NBI’s platform are tasked with executing their respective investment strategies, including responsible investing strategies, considering items such as ESG integration, ESG screening, and/or sustainable stewardship, as applicable, to achieve the investment objectives described in the Prospectus.

Several committees support continued progress on NBI’s responsible investing strategy. In particular, the Manager Review Committee is the formal decision body for oversight of Portfolio Manager selection, appointment, and monitoring. The Portfolio Optimization Committee approves modifications to the overall investment strategy or key responsible investing initiatives. The Independent Review Committee reviews conflict of interest matters. Additional working groups are created for various initiatives as needed.



Monitoring and Reporting

NBI's Responsible Investment Team reports to the Executive Committee on the overall responsible investment activities and respect of the Policy on a quarterly basis. The Team additionally reports on specific responsible investment activities to various committees, where such information is relevant. The NBI Board of Directors oversees key initiatives periodically and monitors adherence to this Policy annually. NBI communicates on its responsible investment activities in the annual NBI Responsible Investment Report available on the NBI website.

Tools

NBI relies on determinations by third-party data providers, the Portfolio Managers of its Funds, and in some cases information from issuers or other industry organizations. ESG data has several well-known issues and risks, for example, being outdated, incomplete, inaccurate, estimated or modeled, and/or subjective in nature. NBI does not verify ESG data inputs, but rather relies on the expert judgment of the Portfolio Managers of its Funds and their respective responsible investing resources to support their investment process. Although it thoroughly reviews external providers before selecting them, NBI cannot guarantee the exactness, quality or interpretation of the information and data that it receives from its external providers.

Conflicts of Interest






Over the course of NBI's responsible investing activities, circumstances may occur that put NBI in a conflict of interest with other parties. For example, NBI may have a different position on ESG matters than its parent company, the proxy being voted for National Bank of Canada shares, or stewardship activities on behalf of sustainable funds may differ from other funds according to their investment objectives. To address conflict of interest matters, NBI relies on certain policies and procedures, including, proxy voting policies for each Portfolio Manager, National Bank of Canada's Code of Conduct and Ethics, and escalation to the Independent Review Committee, where required. These procedures help protect investors' interests and maintain the integrity of NBI's investment processes.

Responsible Investment Approaches

Manager Selection, Appointment, and Monitoring

NBI's Portfolio Manager selection and monitoring processes are underpinned by a proprietary research methodology called the OP4+ process. It consists of more than 25 well-defined criteria of excellence in portfolio management, grouped together under six pillars: Organization, People, Process, Portfolio, Performance and ESG (or "+") approaches. These criteria for excellence in portfolio management are common to all Portfolio Managers on the NBI platform, regardless of the asset class. Portfolio Managers are evaluated on their ESG initiatives and maturity at the firm level as well as on specific ESG approaches applied to the fund being managed. Specifically, the "+" pillar assesses Portfolio Managers based on the following criteria:

The OP4+ criteria of excellence in portfolio management

 Organization	 People	 Process	 Portfolio	 Performance
Strong organization with top-tier investment culture	Stable team of investment professionals	Emphasis on proven management processes to select securities, build portfolios and manage risk	Optimized portfolio construction that follows the investment process and ensures sound diversification	Strong and predictable risk-adjusted returns

ESG+ Integration of Environmental, Social and Governance criteria

Corporate culture fostering responsible investment, including governance, strategies, and policies guiding RI	ESG expertise within investment teams, supported by dedicated ESG resources	Investment process that systematically incorporates ESG factors and shareholder engagement	Consistency between the portfolio construction and the ESG integration process	Measurement and management of the portfolio's main ESG risks
---	---	--	--	--

The NBI Responsible Investment Team conducts an in-depth assessment of responsible investment practices for all Portfolio Managers managing the NBI Funds on an annual basis. This assessment considers whether the ESG approaches used by a Portfolio Manager are consistent with the investment objectives and strategies stated in the Prospectus and investment management agreement. Regular monitoring is also performed by the NBI Responsible Investment Team, which may include monitoring the changes to a Portfolio Manager's Responsible Investment resources, material ESG risks identified, a review of key portfolio metrics, and relevant progress on engagements, as applicable. The OP4+ evaluations are presented to the Manager Review Committee for validation and approval.

During these assessments, the different responsible investment approaches that are part of the mandate's specific investment strategy are evaluated, such as the integration of ESG risks, positive and negative screening, a best-in-class approach, thematic approach, and impact investing. Details on the specific responsible investment approaches employed for each fund can be found in the Prospectus in the investment strategy of each fund.

Incorporation of ESG Criteria

NBI believes that considering ESG criteria along with traditional financial analysis allows for a better assessment of risks and opportunities, which results in overall better investment decisions. As such, assessing the integration of ESG criteria by the Portfolio Managers of NBI Funds is one of the key pillars of the Policy.

Depending on the fund, responsible investment approaches can range from a purely risk mitigation standpoint to thorough assessments designed to achieve sustainable objectives. Each Portfolio Manager uses their own approach for incorporating ESG, relying on various sources and types of ESG information.

Negative Screening (Exclusions)

NBI recognizes that certain assets are likely to harm people and the planet and therefore seeks to apply normative exclusions. It does so by asking the Portfolio Managers of its Funds to apply the NBI normative exclusions, where feasible. Information about NBI Funds that apply these exclusions can be found in the Prospectus. In addition to the elements listed in the Scope section, notable exceptions to the exclusions include funds that are dependent on external indices or alternative investments where such exclusions are not applicable.

More specifically, the NBI normative exclusions seek to exclude companies from the investible universe that generate, from direct involvement, more than:

- › 5% of their revenue from the production of tobacco;
- › 5% of their revenue from extraction of thermal coal;
- › 5% of their revenue from the exploration and/or extraction of oil & gas in offshore Arctic regions;
- › 0% revenue from the manufacturing of tailor-made and essential components of controversial weapons. Controversial weapons are: cluster munitions, landmines, depleted uranium weapons, biological/chemical weapons and incendiary weapons.

As well as companies that have violated UN Global Compact Principles, based on the evaluation framework from an outside ESG data provider or based on a Portfolio Manager's ESG evaluation framework.

The Portfolio Managers with whom NBI does business may sometimes impose additional restrictions on their investment decisions. For example, they may exclude investing in certain sectors or certain companies that are deemed harmful based on their proprietary criteria. These investment restrictions may apply at the fund's investment strategy level or at the firm level. NBI generally supports exclusions applied by the Portfolio Managers of its Funds including, but not limited to, those based on national and international legislation, bans, treaties, or norms.

Adherence to the normative exclusion requirements is monitored on a regular basis.

Stewardship

Corporate and Portfolio Manager Engagement

NBI believes that engagement creates value in an investment strategy and fosters sustainable development results.

Since the Portfolio Managers of NBI Funds have in-depth knowledge of the companies held in their portfolios, they are encouraged to participate in corporate engagement activities with investees about issues that could affect their business and outlook. NBI relies on each Portfolio Manager of its Funds to prioritize issues, determine the best way to interact with target companies, whether that be individually or collectively, and implement an escalation strategy when necessary. These engagement activities cover a range of topics and formats in accordance with the Portfolio Managers' internal stewardship policies. Portfolio Managers may use internal teams or third-party data, research, or service providers for their engagement activities. Portfolio Manager engagement practices are monitored through the OP4+ monitoring process.

The NBI Responsible Investment Team engages with Portfolio Managers to share industry practices and accelerate the transition to a more sustainable financial system. Engagement topics centre around increasing the standard of responsible investment approaches across the NBI network of Portfolio Managers as well as engaging on key position topics.

Finally, NBI also supports and endorses various collective engagement initiatives and may engage with companies either alone or with support from specialized third parties.

Engagement highlights and key outcomes are reported in the annual NBI Responsible Investment Report.

Portfolios with a Responsible-Focused Investment Objective

NBI believes that the financial sector should contribute to sustainable development and offer options to invest in a more sustainable and inclusive future. That is why NBI offers the NBI Sustainable Funds managed by Portfolio Managers with a fundamental investment objective related to a responsible approach to investing.

The Portfolio Managers of NBI Sustainable Funds use ESG integration, negative screening (exclusion), and stewardship activities. In addition, they use one or more responsible investment approaches among positive screening (best-in-class), thematic approach, and impact investing.

NBI encourages the Portfolio Managers of NBI Sustainable Funds to use the United Nations Sustainable Development Goals as a framework for analyzing sustainable development.

Proxy Voting

NBI believes that Portfolio Managers have a responsibility to exercise their proxy voting rights. NBI's ties with global Portfolio Managers allow for the consideration of elements that can influence local business practices. Portfolio Managers of NBI Funds are mandated to exercise their voting rights in the best interests of the strategy and its investors, in accordance with their internal proxy voting policies. Summaries of the proxy voting policies are included in the Prospectus. Portfolio Managers can use third-party data service providers or research services to exercise their voting rights.

The policies of each of the Portfolio Managers of NBI Funds, as well as all proxy voting records for funds subject to National Instrument 81-102 – Investment Funds, are available on the NBI website.

Policy Advocacy

Public policy and standards shape the regulations that govern all companies as well as the sustainable finance landscape. As a universal owner, NBI recognizes that policy advocacy is an important lever in managing systemic risks such as climate change. To that end, the NBI Responsible Investment Team undertakes policy advocacy efforts with the aim of managing portfolio risks and enabling responsible investment. These efforts may include responding to policy consultations, participating in policy advocacy working groups, signing industry-led statements on key issues, providing input in industry roundtable discussions, and discussing with policymakers or regulators directly. In addition, our legal and regulatory team as well as our compliance team interact with regulators from time to time on a variety of issues related to responsible investment. Progress in connection with these discussions is reported to NBI's Regulatory Watch Committee as well as to interested stakeholders. NBI reports on these efforts in the annual Responsible Investment Report.



Position Statements

We have identified five priority themes that we believe can form a pathway to building a more sustainable and fair economy, one that enables us, as investors, to safeguard long-term returns. These themes guide our investment due diligence processes for our funds' Portfolio Managers, our stewardship activities, industry collaborations, thought leadership, and the development of sustainable investment products. To enable our work in these thematic areas, NBI supports the IFRS sustainability reporting standards, which promote proper identification, management and disclosure of sustainable development issues that are likely to have significant financial implications.

Enabling Strong Governance

Sound governance is the foundation of ESG. It positions corporations for long-term sustainable growth. We believe that high governance standards can help mitigate material financial and non-financial risks and better position corporations to take advantage of changing business opportunities.

As a member of the Canadian Coalition for Good Governance, we encourage the Portfolio Managers of NBI Funds to adopt strong governance standards in their investments analysis and stewardship activities.

Mitigating and Adapting to Climate Change

We acknowledge the scientific evidence of climate change and support the [Paris Agreement of the Parties to the United Nations Framework Convention on Climate Change](#).

We recognize that climate change presents a major threat to long-term economic prosperity and presents risks and opportunities for our investment portfolios. We also recognize the importance of facilitating a just transition that does not leave workers or communities behind. Managing material climate risks, including those associated with the transition to a low-carbon economy and adapting to new climate realities, is in the best interest of unitholders of our Funds.

As a signatory of the Canadian Investor Statement on Climate Change, we are committed to integrating climate-related risks and opportunities into our investment processes, including stewardship activities, and developing and reporting on a climate action plan. Through this commitment, we encourage our Portfolio Managers to do the same.

Protecting Biodiversity and Nature

We recognize that society's long-term survival, day-to-day quality of life, and broader economic activities depend in part on the state of natural capital and biodiversity. The rapid degradation of our natural environment represents a systemic risk to unitholders of NBI Funds.

We support the [Kunming-Montreal Global Biodiversity Framework](#) and we recognize the importance of understanding the nature-related risks, opportunities, impacts, and dependencies of our investments and hope to use our position to mitigate material risks and encourage Portfolio Managers to do the same. We hope, in collaboration with the Portfolio Managers of our Funds, to use corporate engagement to advocate for nature-positive business practices and to align our policy advocacy efforts to support the protection and restoration of biodiversity.

Addressing Human Rights and Inequality

We recognize the importance of promoting a more equitable economy and respect for human rights, as outlined in international frameworks such as the Universal Declaration of Human Rights, the International Labour Organization's core conventions, and the UN Guiding Principles on Business and Human Rights. As a signatory of the Canadian Investor Statement on Diversity and Inclusion, we are committed to addressing systemic inequality by advancing diversity and inclusion efforts.

Moreover, we recognize that human rights violations and inequality represent systemic risks and can negatively affect both the financial performance of companies and broader economic stability.

We encourage the Portfolio Managers of our Funds to consider human rights and inequality considerations, as part of their investment analysis framework and stewardship activities.

Committing to Indigenous Reconciliation

As a responsible asset manager, we recognize the critical importance of advancing Indigenous reconciliation and Indigenous rights and fulfilling the [Call to Action 92 of the Truth and Reconciliation Commission of Canada](#). We recognize the importance of Free, Prior, and Informed Consent and the role of Indigenous Peoples in decision-making.

We encourage our Portfolio Managers to consider the rights of indigenous peoples, including the right to free, prior, and informed consent as set out in the United Nations Declaration on the Rights of Indigenous Peoples, as part of their investment analysis framework and stewardship activities.



Policy Review

This Policy was adopted by NBI's Board of Directors on December 17, 2024. This Policy is reviewed by the NBI Responsible Investment Team at least on an annual basis.

nbinvestments.ca

The information and opinions herein are provided for information purposes only and are subject to change without notice. These opinions are not intended as investment advice nor are they provided to promote any particular investments and should in no way form the basis for your investment decisions. National Bank Investments Inc. has taken the necessary measures to ensure the quality and accuracy of the information contained herein at the time of publication. It does not, however, guarantee that the information is accurate or complete, and this communication creates no legal or contractual obligation on the part of National Bank Investments Inc.

Certain information contained on this page relates to National Bank Investments Inc.'s (NBI) targets and commitments in terms of responsible investment. NBI cautions readers that these are not guarantees of future performance, as such information is based on our current expectations, estimates and intentions and is subject to inherent risks and uncertainties, many of which are beyond NBI's control and the effects of which are difficult to predict. For more details, please consult the Report on Responsible Investment Advances 2023 available on nbi.ca.

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

NBI exchange-traded funds (the "NBI ETFs") are offered by National Bank Investments Inc., an indirect wholly owned subsidiary of National Bank of Canada, and sold by authorized dealers. Management fees, brokerage fees and expenses all may be associated with investments in NBI ETFs. Please read the prospectus or ETF Facts document(s) before investing. NBI ETFs are not guaranteed, their values change frequently and past performance may not be repeated. NBI ETFs 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. The NBI ETFs' securities are not insured by the Canada Deposit Insurance Corporation or by any other government deposit insurer.

© National Bank Investments Inc., 2025. All rights reserved. Any reproduction, in whole or in part, is strictly prohibited without the prior written consent of National Bank Investments Inc.

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

National Bank Investments is a signatory of the United Nations-supported Principles for Responsible Investment, a member of Canada's Responsible Investment Association, and a founding participant in the Climate Engagement Canada initiative.