2022 Stewardship and Responsible Investment Report

Scotia Global Asset Management®

Table of Contents

A message from our Head of Scotia Global Asset Management

At Scotia Global Asset Management,* we strive to enrich clients' financial futures with investment solutions, delivered in partnership with comprehensive wealth advice. Guided by our purpose – for every future – we engage with Environmental, Social, and Governance (ESG) issues, to deliver long-term value to our clients.

Neal Kerr
Head, Scotia Global Asset Management

The investment landscape continues to change – with regulations developing in several jurisdictions, heightened focus on many ESG themes, and significant geopolitical events to consider. With these in mind, we are proud to share the activities and achievements we have made this past year in three key areas:

- CLIENTS – We continued to build out our suite of ESG investment solutions under our Dynamic Funds brand, bringing Scotia Global Asset Management and its affiliates total number of dedicated solutions across our multi-brand platform to 20.
- COMPANIES – We leveraged our active management research capabilities to engage with the management of companies, in a range of different industries, on a variety of themes, which we share in detail later in this report. We have also taken a leadership role on engaging with responsible investment organizations, which continue to shape policy and influence capital markets to address a number of societal challenges.
- CULTURE – We made progress on diversity, equity, and inclusion (DEI) initiatives throughout our business with a particular focus on attracting, retaining, and developing top diverse talent at Scotia Global Asset Management. For example, as a Benefactor Sponsor of Ivey Business School's Women in Asset Management Program at Western University, we hired six women interns providing them with the skills and knowledge required for a future career in our industry.

We are pleased to see continued focus on ESG as an important investment consideration. As stewards of our clients' capital, we take a thoughtful approach to consideration of ESG factors to deliver well-built solutions that can help meet our clients' goals and expectations.

We look forward to continuing to make strides on ESG issues in the upcoming year with diligence, innovation, and an eye to the future.

* Through our registrant 1832 Asset Management L.P..

Firm overview

Scotia Global Asset Management, one of Canada's largest asset managers, offers a broad range of investment management solutions to meet the needs of clients in Canada and around the world.

We place the highest priority on the stewardship of our clients' assets – striving to enrich our clients' futures with investment solutions delivered in partnership with comprehensive wealth advice.

Our multi-disciplined Investment Team delivers high-conviction active management supported by a rigorous risk management framework. Rooted in more than 60 years of portfolio management and firmly held core values, the Investment Team continues to evolve to meet changing investor needs.

Scotia Global Asset Management and its affiliates serve one of the most diverse range of clients in the industry through multiple brands and diversified platforms. As such, we offer our clients a wide range of choice, to help protect and grow their life savings and reach their financial goals.

$300 billion+	200+	10+	2 million+
in AUM[1]	Investment professionals[2]	distribution channels[3]	clients[4]

All numbers reported as at January 31, 2023

[1] Assets Under Management (AUM) managed on a discretionary basis and in respect of which Scotia GAM and its affiliates earn investment management fees. AUM in $CAD.

[2] Investment professionals includes registered individuals employed by Scotia GAM and its affiliates.

[3] Distribution channels represent different types of financial intermediaries through which Scotia GAM makes its investment solutions available.

[4] The number of active client accounts for which Scotia GAM and its affiliates earn investment management fees.

Our approach to responsible investment

Scotia Global Asset Management places the highest priority on the stewardship of our clients' assets. We believe ESG considerations are a key component in delivering long-term value to clients.

As active investment managers, we consider ESG factors, where material, engage in deep proprietary research with active involvement from our portfolio managers and research analysts, and employ a thorough approach to risks and opportunities with dedicated support from our ESG Investment Committee.

It is important to offer clients choice, and Scotia Global Asset Management offers a range of investment products across our various distribution channels. Our products span mandates with investment objectives that focus solely on risk and return as well as investment products that incorporate ESG-focused considerations into the investment objective alongside risk and return. Given the strengths of our Investment Team, our products are predominantly internally managed active mandates.[1] We believe that successful fundamental investing requires the consideration of relevant financial and non-financial factors (ESG and otherwise). Our strong research engine considers relevant factors and is used across our internally managed active mandates.[1] For our mandates focused solely on risk and return, ESG factors are not the primary focus but are considered when deemed material, alongside many other factors, through the lens of how they could impact risk/return. These mandates do not seek to achieve specific ESG-related outcomes or attributes at the portfolio level.

For our ESG-focused mandates that include certain ESG considerations in the investment objectives, those specific ESG factors are a primary focus for investment decisions. Those specific ESG factors are considered through the lens of not only how they could impact mandate risk/return potential, but also how they could impact the performance against the specific ESG-related objectives of the mandate.

ACTIVE INVOLVEMENT

ESG-RELATED FACTORS

Environmental

- Climate change
- Water pollution
- Renewable power

Social

- Diversity, equity, and inclusion
- Labour standards
- Modern slavery and child labour

Governance

- Board independence
- Shareholder rights
- Bribery and corruption

Company engagement

- Teams communicate views and concerns
- Gain a deeper understanding of a business

Proxy voting

- Exercising voting rights is a best practice for corporate governance
- Essential component of the investment process

[1] For our active mandates, we are referring to mandates actively managed internally by the Scotia Global Asset Management Investment Team, as opposed to those mandates that are passive and/or sub-advised externally.

Comprehensive and integrated perspective

This formalized, systematic approach provides a fuller perspective on risks and opportunities associated with existing and potential investments.

Dedicated ESG Investment Committee oversight

Reporting directly to the 1832 Asset Management[2] Board of Directors, the ESG Investment Committee:

- Evaluates ESG-related policies and guidelines;
- Supports the consideration of ESG factors in investment processes;
- Reviews potential ESG-related investment products;
- Provides oversight of ESG commitments to align with industry initiatives;
- Facilitates knowledge sharing across investment teams; and
- Communicates externally on firm-wide ESG efforts.

For positive change to happen, companies need to adapt to new governance and operational norms. Where appropriate, our Investment Team engages closely with companies to encourage progress, which assists the team in identifying the potential leaders of tomorrow. For example, where it enhances outcomes, the team considers securities with characteristics such as:

- Governance structures that ensure longevity and consistent results;
- Sustainable operations aligned to environmental regulations; and
- Socially diverse and inclusive standards that drive customer, employee, and community value.

[2] 1832 Asset Management L.P. is the registered investment fund manager, doing business as Scotia Global Asset Management.

DEDICATED ESG INVESTMENT COMMITTEE

Scotia Global Asset Management has a dedicated ESG Investment Committee that provides oversight and guidance on all our ESG initiatives.

This committee is comprised of members from our Executive Team, portfolio managers and also members from the Investment Risk Team, Compliance, and other areas of the business.

“

> Trust and integrity are paramount in our industry. Our guiding principle from the very beginning for our approach to ESG was to be authentic and transparent with our stakeholders. We have sought to ensure that any reporting on ESG or external commitments we make accurately reflects our investing activities and how we manage our clients' capital.”

Daniel Yungblut
Head of Research and Chair of the Scotia Global Asset Management ESG Investment Committee

ESG INVESTMENT COMMITTEE MEMBERS

Daniel Yungblut
Head of Research and Chair of the ESG Investment Committee

Jim Morris
Managing Director, Investment Management, Scotia Global Asset Management

Portfolio Management/Investment Teams

- Derek Amery, Vice President & Senior Portfolio Manager, Core Fixed Income Team
- Jeremy Lucas, Vice President & Portfolio Manager, Specialized Credit Team
- Craig Maddock, Vice President & Senior Portfolio Manager, Head of Multi-Asset Management Team
- Eric Mencke, Vice President & Portfolio Manager, Value Equity Team
- Vishal Patel, Vice President & Portfolio Manager, Power Growth Team
- Jennifer Stevenson, Vice President & Portfolio Manager, Equity Income Team
- Myles Zyblock, Chief Investment Strategist

Wider Business Units

- Farida Atta, Sustainability Analyst
- Kevin Brown, Vice President, Chief Compliance Officer
- Michael Jones, Senior Sustainability Analyst
- Keir Kerr, Director, Investment Consulting
- Rosh Panesar, Product Manager
- Greg Storey, Director, Business Analysis
- Steven Wood, Director, Investment Risk

Internal governance of our ESG approach

We have implemented multiple layers of review and quality assurance on ESG considerations, and also on any reporting or external communication with our stakeholders.

Our ESG Investment Committee includes senior members from each of our investment teams and also includes key oversight personnel. The ESG Investment Committee helps share best practices on the consideration of ESG factors across our style-based teams.

Our formal oversight process includes quarterly reviews by our Oversight Committee to ensure that our portfolio managers are adhering to the investment processes and appropriately considering material factors in their investment decisions, including ESG factors where relevant. The materiality and relevance of ESG factors are considered through the lens of how they could impact the investment objectives of each mandate.

For our mandates with risk/return-focused objectives, we do not make any claims or commitment about the ESG attributes of the funds. However, ESG factors can be material and relevant in achieving the risk/return objectives of those mandates. For our ESG-focused mandates with specific ESG factors included in the investment objectives, those specific factors will be relevant and material for most investment decisions in achieving the objectives of the mandate.

Our ESG Investment Committee's direct understanding of our investment processes puts it in an appropriate position to review and approve our external ESG-related claims and representations to stakeholders.

Scotia Global Asset Management has a Restricted Securities Policy, which applies to all Scotia Global Asset Management mandates, and is driven by risk management considerations. The intention of this Policy, which can evolve as circumstances change, is to ensure there are controls in place to restrict and monitor investments in certain securities. The Restricted Securities Policy is not intended to ensure ESG-related alignment in investment portfolios but can encompass ESG-related considerations.

ESG-FOCUSED MANDATES

In addition to the above governance processes, we recognize there are heightened requirements for our ESG-focused mandates, which are those that incorporate ESG-related considerations into their investment objectives. Our clients in those mandates rightly expect us to ensure that those additional ESG-related commitments are met.

The exact governance process for ESG considerations can vary slightly for each of our ESG-focused mandates; however, we can outline the general structure. For each ESG-focused mandate, a list of issuers (either an approved list or exclusionary list of issuers depending on the mandate) is created. This helps ensure that any companies purchased for any given mandate have incorporated the ESG-related objectives and strategies of that mandate.

In addition, at its regular monthly meetings, the ESG Investment Committee reviews those lists of issuers to ensure that all of the companies on each list are consistent with the parameters of the mandate and with reasonable client expectations. If the ESG Investment Committee has questions about any holdings, the Chair of the Committee and the Managing Director, Investment Management, follow up with the portfolio managers involved in the mandate in a timely manner. Appropriate action is taken, including divestment of the security in question.

Active engagement: case studies

At Scotia Global Asset Management, engagement is a key pillar of our active investment process, and our approach has remained consistent over time. We use our access to management teams and influence as a large investor to actively engage on a variety of issues and themes. We generally prefer to engage with companies on issues and support ongoing improvement, rather than exclude entire sectors.

Meeting with company management teams and other stakeholders has always been a hallmark of our active, fundamental investment process. We firmly believe we must consider issues material to the investment decision, including ESG-related issues, where relevant, as our fiduciary duty to our clients. With an increasing focus on ESG factors in the industry, we now explicitly label certain issues as ESG in our process.

We view our research, engagement, and proxy voting activities as key pillars of a comprehensive active investment process. None of these pillars functions in isolation because of concerns that the depth and effectiveness of our engagement could be diminished. Our investment professionals know companies best, meet with executive teams, and are therefore best positioned to effectively engage with stakeholders and actively vote proxies. Through our engagement, we look to encourage companies to solve problems for society through innovation and targeted capital spending.

Our engagement approach in 2022 can be highlighted by examples in the two themes of climate change and plastic waste reduction.

CLIMATE CHANGE CASE STUDY: ENGAGING ACROSS ECONOMIC SECTORS TO ENCOURAGE PROACTIVE CHANGE

Our engagement with companies on climate change includes encouraging certain companies to reduce their environmental impact while encouraging others to establish proactive strategies for adapting to a changing climate. One of the most important goals of climate change engagement is to push companies to help society's transition to a lower carbon economy.

While we accept that we cannot eliminate our fossil fuel dependence overnight, we continue to encourage companies to expend capital on innovations and solutions that will help reduce that dependence as quickly as possible. As we support society's transition to a lower carbon future, we continue to actively engage with companies in the energy, transportation, real estate, and other sectors, holding hundreds of meetings with companies across these sectors in 2022.

Climate Engagement Canada

An important development for our engagement activities was Scotia Global Asset Management, as part of Scotiabank, becoming a founding member of Climate Engagement Canada (CEC). The CEC is an investor-led organization focused on engaging with Canadian companies on climate-related issues. The CEC is still in the early stages of planning detailed engagements with key focus companies that have been identified as large emitters of greenhouse gases (GHG). Scotia Global Asset Management is actively engaged with six companies across various sectors, including power, energy and infrastructure.

Scotia Global Asset Management intends to be an active and thoughtful contributor to the CEC's initiatives. We believe that constructive two-way conversations with issuers that share best practices and support companies in developing coherent strategies to deal with climate-related issues are the appropriate approach for CEC initiatives. While we won't necessarily agree with every view and imperative of the other participants or the overall organization, the organization's mission to engage with key Canadian companies to support them in dealing with climate issues is important for the market. Our contributions to the CEC will remain focused on what we believe is in the best interests of our unitholders.

Rail companies

Transportation, in particular freight transportation, remains one of the main sectors still heavily reliant on fossil fuels and a key emitter of GHG. According to the US Environmental Protection Agency, the transportation sector is the largest emitter at 27% of total GHG emissions, with Electric Power accounting for 25% of the total emissions, as of 2020. Within transportation, we view railroads as an essential part of improving the sustainability of the economy and have been a large investor in the equity and debt of the railroad industry for many years.

In 2022, we met multiple times with two of the largest railroad operators in North America. The Vice President of Sustainability had deep C-level experience beyond sustainability issues, which was a strong indicator of the firm's commitment to improving its environmental footprint.

The company has already significantly reduced its emissions profile over the past two decades through precision railroading and other operating adjustments that reduce locomotive idling time and improve fuel efficiency. We indicated that from our perspective as an equity and credit investor, it is a reasonable use of capital for them to continue to test innovative technologies, such as battery-powered locomotives that could complement current diesel locomotives and further reduce emissions.

The company's new CEO in place this year has signalled some potential changes to strategy, but the sustainability initiatives remain in place. The company's commitment to precision railroading and operating efficiency should help further its sustainability initiatives. If we were to see a shift in strategy on sustainability, it would become an important part of our ongoing engagement with the company.

In our meetings with the other large railroad operator, we challenged them to raise awareness on research that suggests moving the same amount of freight by railroad rather than trucking, where feasible, can reduce GHG emissions by up to 75%. We suggested that with the relative emissions profile of railroads, along with the technology and operational initiatives to further reduce emissions, it is important for policy makers and the public to understand how railroads can play an important role in helping reduce overall GHG emissions in the economy.

As governments look to encourage companies to take action on climate change through tax and other incentives, initiatives such as renewable fuel blends, hydrogen- and battery-powered locomotives should all receive consideration as important potential solutions to reduce emissions in the economy. There could be attractive potential returns by providing companies the capital to pursue some of these initiatives.

Public support and any government incentives that help accelerate the commercialization of those potential solutions would be an alignment that could benefit all stakeholders.

We will continue to encourage company management to make progress on their actual sustainable initiatives, while continuing to raise awareness.

Oil sands producers

We met with two large oil sands producers that are part of the Pathways Alliance, a joint collaboration between oil producers to work towards net-zero GHG emissions by 2050. We expressed our support for these companies that have found a way to work constructively with governments towards emissions-reduction initiatives.

We have been critical of the companies in our meetings for many years for their failure to create a credible plan to get to net zero by 2050, and failure to provide adequate disclosure on those plans. The companies now have viable plans, with decade-by-decade targets for emissions reduction. We view the Pathways Alliance initiatives as a critical use of capital if the companies are to continue to have social license to operate and maintain the infrastructure needed to get their product to market.

Most of this decade's focus will be on carbon capture and storage projects to reduce emissions. Those projects are currently in the planning stages. We are asking the companies to improve disclosure on the scale of the projects, potential capital spending, timing, and allocation of spending among participants in key Alberta projects. We want companies to quantify the scale of potential carbon capture utilization and storage projects so that we can gauge whether they will actually move the needle for society.

Improved disclosure and milestones from issuers help us hold companies accountable for their commitments. It will support our capital allocation to those issuers that are making tangible progress towards their net-zero targets while providing strong returns for investors. As further evidence of its commitment, one of the issuers has tied 15% of executive evaluation metrics to progress on environmental and safety issues. For other issuers in the Pathways Alliance, it is unclear what the consequences to management would be for failing to meet their stated sustainability targets.

REDUCING PLASTIC WASTE CASE STUDY: ENGAGEMENT ACROSS INDUSTRIES

Effectively managing the waste generated by our society continues to be a key sustainability challenge. Recycling rates remain low across many types of materials, while much of the material resources consumed in the economy still end up as waste in landfills. Plastic waste remains one of the most visible challenges. In Canada, for example, plastics recycling capacity is less than 10% of new plastic production. We continue to encourage investee companies to take advantage of opportunities, and push for regulatory initiatives to support private market solutions to the waste management challenge. Making progress on the general waste challenges will require concerted action across many different sectors.

Healthcare company

In 2022, we contributed to an in-depth engagement with a medical device company that operates in over 20 countries. We are encouraged by the company's intention to implement strategic materials and waste management plans, targeting a 25% overall material waste reduction by 2030. However, we were critical regarding the lack of details on how the goal would be achieved. As with many other companies, we pushed the company to improve its disclosures and provide more clarity on how it would achieve its targets. We are seeing many companies across sectors put out sustainability-related targets. However, we are concerned that some of those companies are simply putting out targets without any thought as to how they would be achieved. The credibility of executive teams is an important consideration for investment decisions, and it will be important for companies to take tangible action on any public commitments if they are to maintain credibility with investors.

Consumer companies

As part of our engagements around reducing material waste, we highlight meetings we had this year with two Canadian consumer companies, one a general retailer and the other a grocer. Similar to the healthcare company above, the general retailer has indicated it has targets for diverting waste from landfills; however, it has not given any substantial disclosure or details on those plans. Apparently, it also has programs to help educate employees and consumers, but they still seem to be in early stages. We discussed with the company that without improved disclosures, the targets are not credible, and do little to support their reputation.

In contrast, the grocer we met with has clear executive-led commitments and targets on plastic waste, as well as aims to have zero food waste sent to landfill. We were supportive of the company's tangible and credible action on the challenges, while ensuring that any steps they take are aligned with financial results and maintaining margins. We also agreed with the company's efforts to work with other stakeholders on the challenges.

The other important discussion point we had with the grocer is that consumer education will also be critical in improving plastics recycling rates. As it stands, contamination by consumers putting materials in recycling bins that aren't recyclable impairs the recyclability of everything in the bin.

Interestingly, we had a very similar engagement with one of the largest waste management companies in North America this year. We continue to indicate to them that we would be open to providing capital at attractive returns to support the build-out of plastic recycling capacity. The company highlighted the need for extended producer responsibility and other regulation that we fully support that can transform the economics and accountabilities for tackling the plastic waste challenge. They also highlighted the contamination problem and that education is key. One example is consumers placing leaking batteries in recycling bins, which prevents everything else in the bin from being recycled. It is a common occurrence. Automation and state-of-the-art recycling technology can help, but only so much.

Policy makers

Our consistent encouragement of potential regulatory support to help solve the waste and plastics recycling challenge extended further from our meetings with consumer and waste management companies to our participation on a panel at a Circular Economy conference in February 2022. The conference was closed-door and meant to be an open forum for discussion on potential policy solutions attended by regulators from all levels of Canadian government.

We continue to believe that private industry will play a crucial role in helping solve our waste management challenges. Among our contributions to the conference was our assessment that regulatory initiatives on extended producer responsibility, minimum recycled content, improved municipal licensing regimes, and an industry innovation fund could potentially help resolve the current market failure to deliver a socially desirable level of plastic recycling infrastructure.

Waste management companies need confidence they can monetize any large capital investment in recycling infrastructure. Those regulatory initiatives could help provide the demand certainty and incentives needed to provide that confidence. Creating the appropriate incentives in different stages of the waste management cycle can attract private capital to build out the required infrastructure through offering attractive investment returns.

Proxy voting analysis and disclosure

Proxy voting is a key part of our fiduciary duty and an important component of active engagement with companies. Our portfolio managers vote proxies to serve the best interests of our clients. Scotia Global Asset Management has hundreds of mandates and serves a breadth of clients across retail, institutional, and other distribution channels.

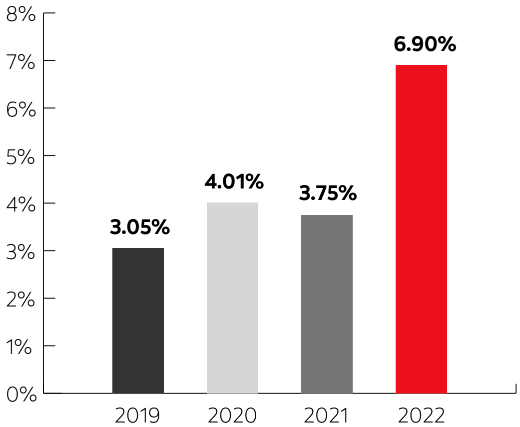
Scotia Global Asset Management generally does not impose a top-down firm-level view on proxy votes. As with investment research, we do not believe proxy voting can be separated out as a function distinct from our Investment Team's research processes without impairing the effectiveness of our management engagement and also our overall fundamental investment process.

Appropriate consideration of each proxy vote is essential in fulfilling our fiduciary duty to clients. Proxy votes are analyzed on a case-by-case basis. Voting decisions (for or against) are based on the merits of the proposal, whether it has been brought forward by management or shareholders.

Scotia Global Asset Management is supportive of constructive action on environmental and social issues. However, there can be reasons to vote for or against proposals on environmental and social issues where we believe that the proposal is not aligned with the best interests of our clients. Proxy votes are only one tool in the engagement process and may not reflect broader conversations on a topic.

We update our proxy voting disclosures on a semi-annual basis. To see Scotia Global Asset Management's Proxy Voting Dashboard, please visit the website of our registrant, 1832 Asset Management L.P.

Percentage of ESG Votes to Total Votes (2019-2022)

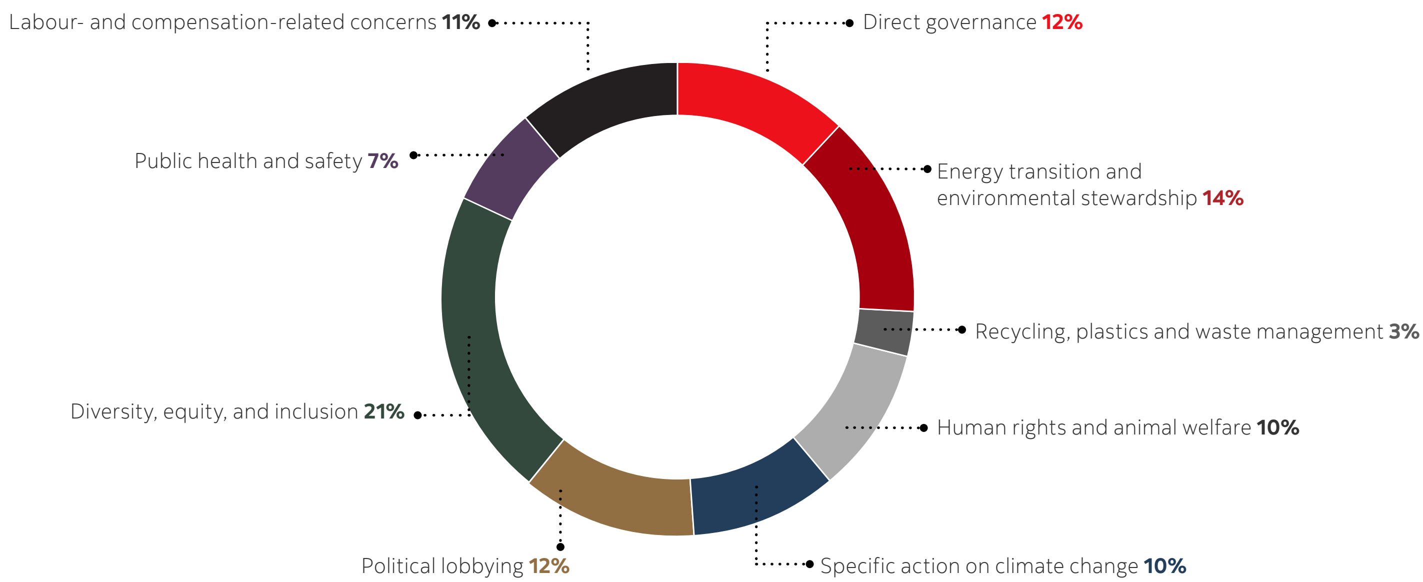


ENVIRONMENTAL AND SOCIAL-RELATED PROXY VOTING RECORD

As ESG issues continue to become more prominent, in our experience, proxy votes dealing with Environmental and Social (E&S) issues are occurring with greater frequency. Scotia Global Asset Management portfolio managers assess E&S-related proxy votes within the context of their overall investment process and take action in the best interests of our investment funds.

E&S votes cover a wide range of issues that are important for the strategic direction of businesses.

E&S proxy votes by issue



2022 E&S Proxy voting summary

Issue	E&S total votes	% by issue of E&S votes	Votes with management	% E&S votes with management	Abstain votes	% Abstain
Energy transition and environmental stewardship	749	13.0%	675	90.1%	74	9.9%
Recycling, plastics and waste management	170	3.0%	141	82.9%	29	17.1%
Human rights and animal welfare	503	8.7%	474	94.2%	29	5.8%
Specific action on climate change	648	11.3%	640	98.8%	8	1.2%
Political lobbying	626	10.9%	559	89.3%	67	10.7%
Diversity, equity, and inclusion	1,171	20.3%	1,139	97.3%	32	2.7%
Public health and safety	355	6.2%	326	91.8%	29	8.2%
Labour- and compensation-related concerns	595	10.3%	584	98.2%	11	1.8%
Direct governance	941	16.3%	938	99.7%	3	0.3%
Total	**5,758**	**100%**	**5,476**	**95.1%**	**282**	**4.9%**

PROXY VOTING CASE STUDIES

Case study #1

Type of company: Healthcare products and services

Issue at stake: CEO compensation level relative to all employees

Details of vote: Shareholder proposal to require Board of Directors to take into consideration pay level of all employees when setting CEO compensation targets and disclose the details

Our voting decision: Voted against the shareholder proposal

Vote result: Against proposal

Rationale: We view the alignment of CEO compensation with shareholder outcomes, and the fairness of CEO compensation as important issues. However, our analysis has not identified any material concerns with the CEO compensation levels or target-setting process at the company. The company already provides reasonable disclosure on compensation practices that is sufficient to assess the target-setting process. It is unclear how the shareholder proposal would provide information that would materially enhance the assessment of the compensation process. Furthermore, the company maintains annual advisory say-on-pay proposals to allow investors the opportunity to opine on compensation programs.

Case study #2

Type of company: Retail grocer

Issue at stake: Single-use plastic and plastic waste

Details of vote: Shareholder proposal to expand on its publicly disclosed single-use plastic reduction targets to set a goal of zero plastic waste by 2030

Our voting decision: Voted against the proposal

Vote result: Against proposal

Rationale: We view the reduction of plastic waste by grocers and many other consumer companies as an important initiative for operating efficiency, but also for maintaining social license and brand reputation. However, the shareholder proposal to set a target of zero plastic waste by 2030 is not a reasonably achievable target for this company nor for the industry, given current technology and industry requirements. Plastic products play a key role in ensuring food safety and reducing food spoilage, with no viable substitutes for plastic in those and other important functions. The company and the industry continue to make significant progress on their publicly disclosed plastic waste reduction targets. We believe it is more in the interests of all stakeholders for the company to set realistic targets on plastic waste reduction and make tangible progress towards achieving those targets, while progressively enhancing its targets over time as government regulations and industry best practices evolve.

Case study #3

Type of company: Energy midstream and utility company

Issue at stake: GHG emissions and net-zero targets

Details of vote: Shareholder proposal to further strengthen its targets to reduce GHG emissions from its operations, with a science-based net-zero target

Our voting decision: Voted against the proposal

Vote result: Against proposal

Rationale: The company has already clearly accelerated its efforts to reduce GHG emissions from its operations in the past several years, including publicly announcing a net-zero target. Within the energy midstream industry and utility sectors, the company is considered by many as a leader in North America on improving the sustainability of its operations. The company is providing essential services for the North American economy in a responsible manner, while also providing leadership on reducing GHG emissions. The shareholder proposal is overly prescriptive on timeframe, and despite continued tangible progress by the company in key focus areas, the proposal seeks to force an acceleration of progress in those areas on a timeline that is not necessarily realistic nor aligned with the best interests of all stakeholders.

Responsible investment solutions for our diverse clients' needs

Scotia Global Asset Management and its affiliates have a unique multi-brand, multi-distribution platform that serves clients across the investment spectrum and across our international footprint. This platform includes serving our Scotiabank customers and other Canadian retail investors via our Dynamic Funds, ScotiaFunds, Tangerine, and MD Financial brands. We manage investments for higher-net-worth clients who are serviced through Scotia Private Investment Counsel and ScotiaMcLeod. Scotiabank's international client base is served by Scotia Global Asset Management and its affiliates in a variety of geographic locations around the world. We offer a range of ESG-focused solutions across our platform that incorporate ESG considerations into their investment objectives.

SCOTIA GLOBAL ASSET MANAGEMENT'S DIVERSE ESG LINEUP

Dynamic Funds® *Invest with advice.*

Dynamic Energy Evolution mandates (Fund and ETF)

Dynamic Sustainable Suite of Funds

ScotiaFunds®

Scotia Low Carbon Suite of Funds

Scotia Responsible Investing ETFs

Tangerine

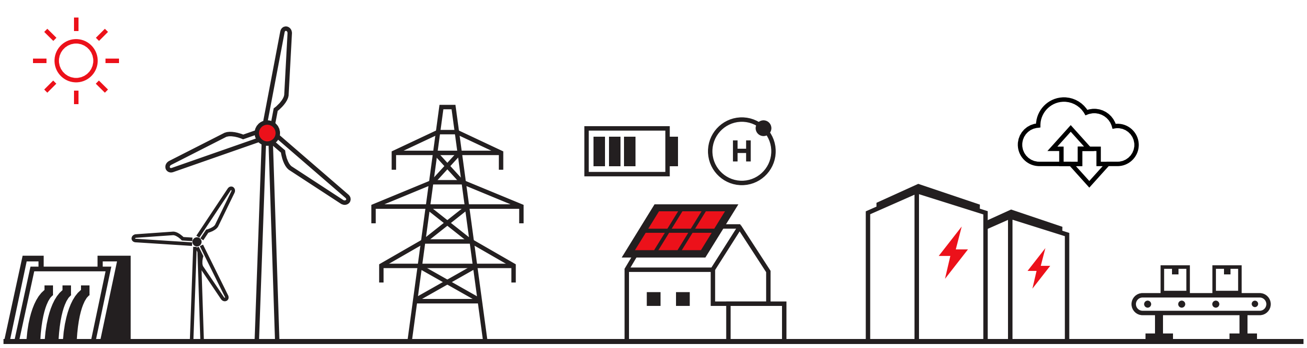
Tangerine Socially Responsible Portfolios

MD Financial Management

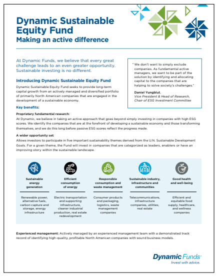
MD Fossil Fuel Free Suite of Funds

INTERNATIONAL WEALTH MANAGEMENT

Scotia Sustainable Funds



THE DYNAMIC FUNDS SUITE OF SUSTAINABLE INVESTMENT-FOCUSED SOLUTIONS INCLUDES:



Dynamic Sustainable Equity Fund seeks to provide long-term capital growth from an actively managed and diversified portfolio of equities of companies that are engaged in the development of a sustainable economy.

Dynamic Sustainable Credit Fund seeks to provide income and the potential for capital appreciation from an actively managed and diversified portfolio of primarily North American investment- grade fixed income securities from issuers who are engaged in the development of a sustainable economy.

KEY INVESTMENT THEMES FOR DYNAMIC SUSTAINABLE EQUITY FUND AND DYNAMIC SUSTAINABLE CREDIT FUND

Dynamic Sustainable Equity Fund and Dynamic Sustainable Credit Fund focus on five key sustainable investment themes that are derived from the United Nations Sustainable Development Goals.

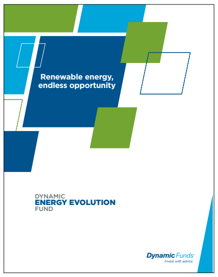
Sustainable energy generation

Efficient consumption of energy

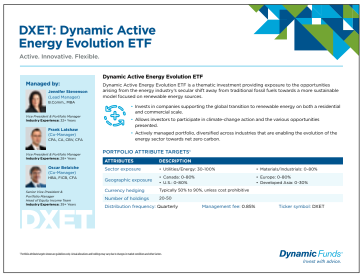
Responsible consumption and waste management

Sustainable industry, infrastructure and communities

Good health and well-being



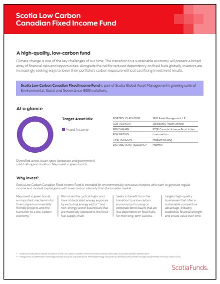
Dynamic Energy Evolution Fund seeks to provide long-term capital appreciation and income primarily through investment in a diversified portfolio of companies involved in renewable energy or related activities from around the globe.



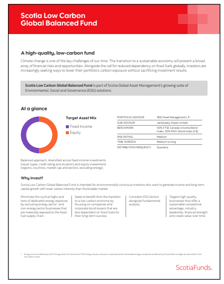
Dynamic Active Energy Evolution ETF seeks to provide exposure to the opportunities arising from the energy industry's secular shift away from traditional fossil fuels towards a more sustainable model focused on renewable energy sources.

SCOTIA LOW CARBON FUNDS

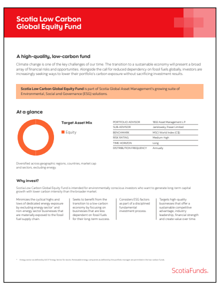
Scotia Low Carbon Funds are intended for investors seeking a diversified portfolio of quality investments with lower carbon intensity than the broader market. Each fund is managed to have a lower weighted average carbon intensity than its respective benchmark index. Scotia Low Carbon Funds are sub-advised by Jarislowsky, Fraser Limited (JFL), a wholly-owned subsidiary of Scotiabank.



Scotia Low Carbon Canadian Fixed Income Fund aims to generate regular income and modest gain, with lower carbon intensity than the FTSE Canada Universe Bond Index.*



Scotia Low Carbon Global Balanced Fund aims to generate income and long-term capital growth, with lower carbon intensity than 50% of the FTSE Canada Universe Bond Index and 50% of the MSCI World Index (C$).**



Scotia Low Carbon Global Equity Fund aims to provide long-term capital growth with lower carbon intensity than the MSCI World Index (C$).**

WHY INVEST?

- Lowers the carbon intensity of a portfolio relative to the benchmark.
- Minimizes the cyclical highs and lows of dedicated energy sector*** exposure.
- Benefits from exposure to quality businesses that are less dependent on fossil fuels for their long-term success.

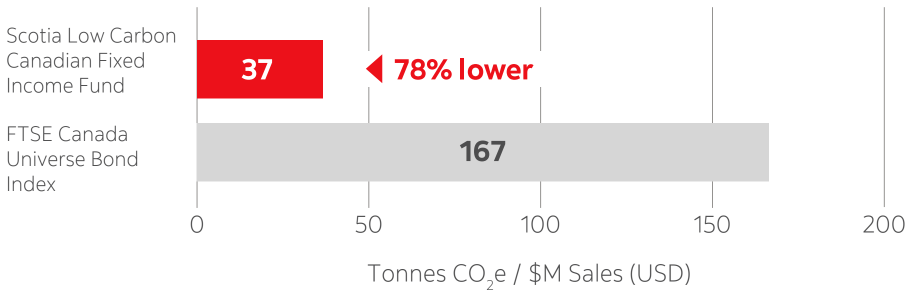
* FTSE International Limited ("FTSE") © FTSE 2023. FTSE® is a trade mark of the London Stock Exchange Group companies and is used by FTSE under licence. All rights in the FTSE indices and/or FTSE ratings vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE indices and/or FTSE ratings or underlying data. No further distribution of FTSE Data is permitted without FTSE's express written consent.

** This report contains certain information sourced from MSCI (MSCI information). The MSCI information may only be used for your internal use, may not be reproduced or redisseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an "as is" basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the "MSCI Parties") expressly disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages. (www.msci.com)

*** Energy sector as defined by GICS® Energy Sector for stocks and FTSE Energy Industry Group for bonds. Renewable energy companies as defined by the portfolio manager are permitted in the funds.

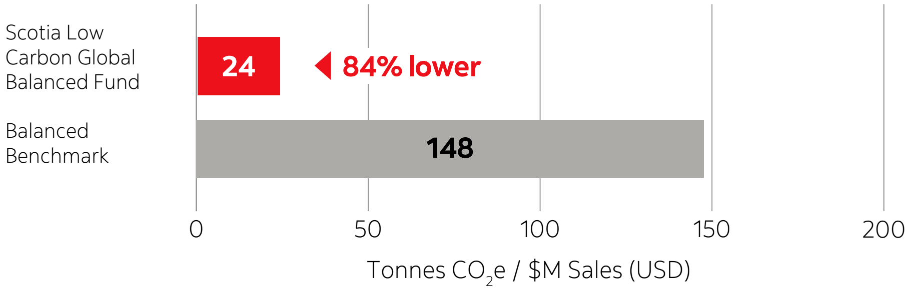
SCOTIA LOW CARBON CANADIAN FIXED INCOME FUND

Weighted Average Carbon Intensity*



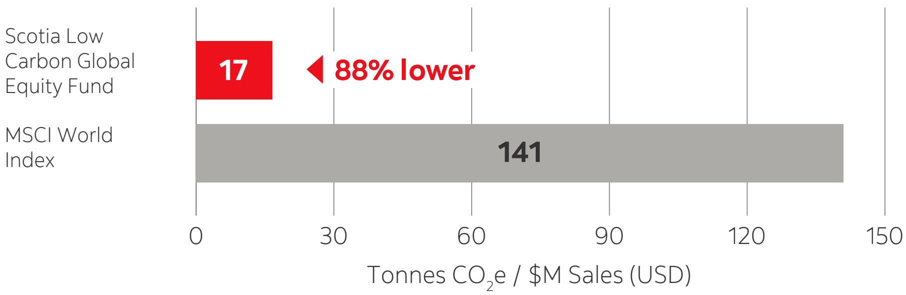
For Fund, data availability is 62.7% with 12.4% comprised of MSCI estimates; for benchmark, data availability is 34.9% with 12.5% comprised of MSCI estimates. Note that data availability is lower for bond funds because of the inclusion of government bonds.†

SCOTIA LOW CARBON GLOBAL BALANCED FUND



Balanced Benchmark is 50% MSCI World Index and 50% FTSE Canada Universe Bond Index. For Fund, data availability is 82.3% with 15.1% comprised of MSCI estimates; for benchmark, data availability is 67.4% with 10.1% comprised of MSCI estimates.†

SCOTIA LOW CARBON GLOBAL EQUITY FUND



For Fund, data availability is 100% with 17.5% comprised of MSCI estimates; for benchmark, data availability is 99.9% with 7.8% comprised of MSCI estimates. Data Sources: JFL and MSCI.†

* Fund holdings using available carbon intensity data as at December 31, 2022.
† Carbon Intensity = tCO_2e/$M USD revenue. Data Sources: JFL and MSCI. Emissions include Scope 1 and Scope 2 Emissions.

SCOTIA RESPONSIBLE INVESTING ETFS

Scotia Responsible Investing ETFs are a suite of ESG exclusion funds that provide a simple, transparent, and low-cost approach for investors seeking a responsible foundation for their portfolio. The suite includes four core asset-class building blocks that offer broad market exposure coupled with the exclusion of significant involvement in defined sectors as well as considerations of gender equality and GHG emission reduction.

SRIB Scotia Responsible Investing Canadian Bond Index ETF

SRIC Scotia Responsible Investing Canadian Equity Index ETF

SRIU Scotia Responsible Investing U.S. Equity Index ETF

SRII Scotia Responsible Investing International Equity Index ETF

SCREENING APPROACH:

Each ETF tracks a responsible index screened by a set of responsible investment criteria defined by the index provider.

Fossil fuels

- Excludes companies materially involved in fossil fuel exploration, production, distribution, and servicing
- Includes activity-based screens that eliminate companies with material exposure to coal mining, oil sands, and hydraulic fracturing production

Carbon intensity

- Carbon screen removes companies with the highest carbon intensity
- Top 25% of emitters in each sector are excluded

Controversies

- Norms-based screen excludes companies with alleged or verified failure to respect international norms (e.g., human rights, environmental challenges, corruption)
- Activity-based screen eliminates companies with material exposure to a range of controversial business activities (e.g., controversial weapons, gambling, alcohol, tobacco)
- Excludes companies with no female representation in key decision-making positions

With a clearly defined approach to exclusions, Scotia Responsible Investing ETFs seek to allow investors to align their investments and their values.

SCOTIA INTERNATIONAL WEALTH MANAGEMENT'S SUITE OF SCOTIA SUSTAINABLE FUNDS[3]

Scotia Sustainable Funds are designed to provide a diversified portfolio of high-quality businesses, with material ESG factors integrated into the investment decision-making process. The funds are sub-advised by Jarislowsky, Fraser Limited (JFL), a wholly-owned subsidiary of Scotiabank. The Scotia Sustainable Funds are registered with and regulated by Cayman Islands Monetary Authority.

SCOTIA SUSTAINABLE FUNDS – AT A GLANCE

	Scotia Sustainable Global Corporate Bond Fund	Scotia Sustainable Global Equity Fund	Scotia Sustainable Emerging Markets Equity Fund
Asset class	Corporate fixed income	Global equity	Emerging markets equity
Benchmark	Bloomberg Barclays US Corporate Total Return Value Unhedged Index	MSCI World Index	MSCI Emerging Markets Index
Portfolio manager	JFL Global	JFL Global	JFL Global
Recommended time horizon	Medium to long term	Long term	Long term
Objective	Capital preservation and stable income	Growth	Growth
Risk rating	Low to medium	Medium to high	High

REASONS FOR INVESTING:

- Actively managed, diversified portfolio of investments with corporate bond, global equity and emerging market equity options
- Targets high-quality businesses with strong competitive advantages, industry leadership, financials and a solid track record of value creation
- Considers ESG factors in a disciplined fundamental investment process with an emphasis on downside protection

[3] The Scotia Sustainable Funds ("The Funds") are registered with and regulated by Cayman Islands Monetary Authority (the "Monetary Authority"). The Funds are intended for accredited investors only. Important information concerning the investment objectives, strategies, risks, charges and expenses of investing in mutual funds is contained in the relevant prospectus. Investors should carefully consider these before investing. Commissions, trailing commissions, management fees and expenses may be associated with mutual fund investments. Please read the prospectus before investing. Mutual funds are not guaranteed or insured by the Canada Deposit Insurance Corporation or any other government deposit insurer, their values change frequently and past performance may not be repeated. This is for informational purposes only and is subject to change without notice. Always consult your professional tax and legal advisors with respect to your circumstances. Nothing herein is intended to constitute an offer or solicitation to transact business for products or services in any jurisdiction where such an offer or solicitation would be unlawful. In Mexico, Colombia, Chile, and Peru, this document shall be exclusively made available to institutional investors and financial intermediaries only and it is not intended for public distribution. No securities regulator within Mexico, Colombia, Chile or Peru has confirmed the accuracy of any information contained herein. Views expressed regarding a company, security, industry or market sector are the views of the writer and should not be considered an indication of trading intent of any investment funds managed by Scotiabank & Trust (Cayman) Ltd. These views should not be considered investment advice nor should they be considered a recommendation to buy or sell.

Scotia Global Asset Management is a business name used by Scotiabank & Trust (Cayman) Ltd. Scotia Global Asset Management offers a range of wealth management solutions, including mutual funds, and investment solutions for private clients, institutional clients and managed asset programs. ™Trademark of The Bank of Nova Scotia, used under license where applicable.

MD Financial Management

MD FOSSIL FUEL FREE FUNDS™

The MD Fossil Fuel Free Funds™ seek to avoid investments in companies extracting, transporting or processing fossil fuels.

MD Fossil Fuel Free Bond Fund invests in a variety of Government of Canada, provincial, municipal, corporate and asset-backed bonds with mid to long terms of maturity. The fund will follow a fossil fuel free investment strategy.

MD Fossil Fuel Free Equity Fund invests primarily in a diversified portfolio of equity securities that are appropriate for a fossil fuel free investment strategy. The fund may also invest in companies that provide solutions to the problems caused by using fossil fuels.

THE FUNDS SEEK TO AVOID INVESTMENTS IN:

- Companies involved in oil and gas refining, marketing, storage & transportation
- Oil, gas, coal and consumable fuels producers
- Energy equipment and energy services companies
- Companies that have significant involvement in transporting fossil fuels and the fossil fuel transportation infrastructure
- Companies in the utilities sector that have significant involvement in the fossil fuel industry

WHY INVEST?

MD offers flexibility in how you reduce the fossil fuels in your portfolio. Working with your MD Advisor, you can control your risk level by choosing a split between a bond and an equity fund. And you can choose how much of your portfolio you want to be fossil fuel free.

MD Fossil Fuel Free Funds™ trademark of The Bank of Novia Scotia, used under licence.

TANGERINE SOCIALLY RESPONSIBLE GLOBAL PORTFOLIOS

Tangerine Socially Responsible Global Portfolios are mutual funds made up of a diversified mix of fixed income and/or equity ETFs that invest in securities located around the world and are filtered using socially responsible investment criteria.

Tangerine Balanced Income SRI Portfolio – target asset mix is 70% fixed income and 30% equities.

Tangerine Balanced SRI Portfolio – target asset mix is 40% fixed income and 60% equities.

Tangerine Balanced Growth SRI Portfolio – target asset mix is 25% fixed income and 75% equities.

Tangerine Equity Growth SRI Portfolio – target asset mix is 100% equities.

SCREENING APPROACH:

The portfolios avoid companies based on the following criteria:

Controversial Business Activities: Companies that are perceived to be generating a material level of revenue from controversial business activities, such as fossil fuels, tobacco and more.

Carbon Intensity: Companies ranking in the top 25% of their sector for the most carbon intense (CO_2/Revenue) manufacturing practices are removed from the Portfolio.

Gender Representation: Companies with no female representation in key decision-making positions are eliminated.

Established Norms: Companies with alleged or verified non-compliance with established international norms (e.g. anti-corruption plus human, labour & environmental rights).

Controversial Weapons: Companies with verified ongoing involvement in controversial weapons.

Diversity, equity, and inclusion initiatives

Scotiabank is committed to ongoing efforts to build a more diverse, equitable and inclusive workplace. In November 2020, Scotiabank renewed its diversity and inclusion goals to increase the diversity of its employee population over the next five years, with a focus on advancing inclusion for people who identify as Black People, Indigenous Peoples, LGBTQ+ people, People of Colour, people with disabilities and women.

You can read more of these details and our **Global Workforce representation** (page 47) in the Scotiabank 2022 ESG report.

In 2022, Scotiabank was proud to be recognized as one of the Best Workplaces in Canada™ for the third consecutive year, for executive gender diversity on *The Globe & Mail's* Women Lead Here list for the second consecutive year, and was named one of the "Best Places to work for LGBTQ+ Equality" by the Human Rights Campaign Foundation.

Scotia Global Asset Management's efforts are closely aligned with the goals and ambitions of Scotiabank, and we aspire to be an industry leader in attracting, growing and retaining underrepresented talent, and creating an inclusive culture where employees can bring their authentic selves to work.

In 2020, we issued a Scotia Global Asset Management statement on diversity, equity, and inclusion (DEI) that we can proudly stand behind, and in 2022, we further intensified our efforts in all key areas.

SCOTIA GLOBAL ASSET MANAGEMENT STATEMENT ON DIVERSITY, EQUITY, AND INCLUSION

As one of the leading investment firms in Canada, Scotia Global Asset Management recognizes that it has a responsibility to take a leadership role in the advancement of diversity, equity, and inclusion (DEI). Significant inequities exist both in Canada and globally. To address these inequities, we are committed to furthering DEI – in the corporate culture we foster, in the communities in which we operate, and in the companies in which we invest.

We will focus, but not limit, our efforts on:

1. **Expanding our efforts internally to address barriers to entry** by adopting hiring practices that create and systematize a more diverse pool of candidates.
2. **Improving DEI practices internally** by collecting and monitoring DEI data, heightening awareness across the organization, and providing ongoing education opportunities.
3. **Expanding our reach to build and sustain a robust pool of diverse and inclusive professional talent** that engages employees throughout their career journey.
4. **Reviewing the diversity disclosures across the companies in which we invest** – as we recognize a connection between diversity and long-term company financial performance over time.

We commit to continually reviewing and evolving our approach to bring about a more diverse and inclusive investment landscape and community in Canada now – and in the future.

OPENING THE DOOR TO THE NEXT GENERATION IN ASSET MANAGEMENT

Jim Morris
Managing Director, Investment Management, Scotia Global Asset Management

Diverse representation in the asset management industry continues to be an area of focus. The representation of women in the global fund industry looks the same as it did 20 years ago – at the end of 2019, 14% of fund managers were women, which was unchanged from 2000. Another 2017 study of asset managers representing more than US$5.3 trillion in assets, found that 88% of senior fund managers identify as white people, and even junior positions such as analysts and associate managers are more than 70% white people.*

Scotia Global Asset Management's Investment Team is in line with these averages in some areas and exceeds them in some others – but we recognize there is still more work to be done to increase the representation of women and other underrepresented groups.

In response, Jim Morris, Managing Director, Investment Management of Scotia Global Asset Management, has developed a robust framework to create and grow a diverse talent pipeline.

"We all need to play a part in advancing diversity and inclusion – and I am in the fortunate position to leverage my leadership role to drive diversity and inclusion in our business and in the industry more broadly," says Jim, who has spearheaded a number of key initiatives to further this aim.

* Morningstar, March 2021

Jim spent the last few years partnering with Western University's Ivey Business School as a member of the Advisory Committee on the **Women in Asset Management Program**, which launched on International Women's Day in March. This program, of which Scotia Global Asset Management is a proud Benefactor Sponsor, aims to increase the representation of women in asset management, with the goals of:

- informing women of the diverse asset management career options and enabling them to secure employment;
- increasing the number of women in the Canadian asset management industry; and
- building a network of women leaders in the industry that can mentor other women.

The women selected for the program spent four weeks in an Ivey classroom setting for a theoretical introduction to the asset management industry. Scotia Global Asset Management then welcomed six interns for a 10-week paid internship on the real-world experience of running money. The interns, who were placed on various investment teams, ranging from equity to fixed income to ETFs, found the program inspiring and rewarding. Interest in pursuing a role in the industry peaked, including among those interns pursuing interdisciplinary studies.

"Diverse representation brings diversity of thought, which we recognize is a competitive edge in our industry. We gained from their perspective as they gained from ours," says Jim.

Candidates who participated in the Women in Asset Management Program will be one stream considered for the in-house **Analyst Rotation Program** that Jim spearheaded in 2019 to hire highly qualified new graduates from underrepresented groups. Participants undergo a two-year rotational training program with a range of investment teams, before being offered full-time positions. The first group of candidates has been placed as full-time analysts across our Investment Team and the program continues into 2023. For analysts' experiences of the program, see page 28.

Recognizing that university-educated individuals are already occupying a position of privilege, Jim has made it a priority to reach equity-deserving individuals at earlier stages in their lives. He has been an active supporter of **Trust 15**, a charitable organization that provides youth in the underserved neighbourhood of Rexdale/North Etobicoke "with programs that promote and facilitate positive behaviour, creative expression, and cooperative working skills," according to the charity.

Jim has led full-day annual mentorship sessions in Scotia Global Asset Management's downtown Toronto offices (and online during COVID-19) for at-risk high school students, bringing in executives from across the Bank in a range of fields to share their journeys and career advice. Jim also helped secure a consistent funding stream for Trust 15 through ScotiaRISE, Scotiabank's 10-year, $500 million initiative to promote economic resilience among disadvantaged groups.

"The students from Trust 15 I have interacted with are an inspirational group. I would love it if one of these young men or women became a member of the Investment Team one day," says Jim. Another mentorship session is scheduled for Spring 2023.

While the programs in place are contributing to a more diverse playing field for future portfolio managers, traders and analysts, Jim recognizes there is more to be done. "As our DEI statement attests, we will continue to address barriers to entry. Not only to fulfil our responsibility to progress DEI – but to fuel our culture of diversity of thought and debate to help spur the best investment outcomes for our clients," he says.

I got to know and work with all the investment teams while I was on the Analyst Rotation Program and enjoyed learning the different investment styles of each one. I believe I have a greater breadth of research experience having done both equity and credit, rather than just focusing on one security type and investment style. I felt the support from the individual teams and the mentors throughout the process."

Maria Svirsky
Credit Research Associate and graduate of Analyst Rotation Program

As an analyst on the Scotia Global Asset Management Investment Team, I have been able to engage in a wide range of sustainability projects that have helped me both leverage and broaden my research and analytical skills. When I complete the analyst rotation program, I look forward to making a greater impact on different investment mandates across the team."

Farida Atta
Sustainability Analyst and participant of the Analyst Rotation Program

LIVING OUR VALUES

Our DEI efforts are shaped by our intention to foster a supportive, respectful, and inclusive environment where employees can bring their authentic selves to work – and we increasingly find ways to permeate this throughout our business, with the support of our senior leadership team.

Scotia Global Asset Management created a DEI Committee in 2020 to help foster this inclusive environment and in June 2022 a new Chair was appointed for a two-year tenure, with a new roster of Committee members from diverse backgrounds representing different areas of the business. Committee initiatives for 2022 included: strategic support and participation in sponsorship and mentorship programs; initiating a DEI storytelling series to share lived experiences and help employees become better allies; and representation on a council of grassroots bank-wide employee resource groups.

Scotiabank piloted a **Global Sponsorship Program** in the Global Wealth Management business in 2022. Scotia Global Asset Management was an integral contributor to the program, which focuses on building the next generation of leaders – by creating advancement opportunities for high-performing individuals from equity deserving groups. Sponsorship is a strategic alliance between a protégé and a more senior sponsor, who uses their influence and advocacy to help their protégé obtain high visibility and positive career impacts.

The **Uplift Program** was created in Scotia Global Asset Management to increase gender diversity by developing existing top talent while expanding and expediting our talent pipeline. The Program provides mentorship for a small cohort of women and focuses on providing deep network connections and long-term career development. There have now been 35 women who have benefited from the program – the inaugural cohort began in October 2020, and the third began in September 2022 – with graduates providing peer support on an ongoing basis. Both programs are being extended more broadly across Scotiabank in 2023.

REVIEWING THE DIVERSITY DISCLOSURES ACROSS THE COMPANIES IN WHICH WE INVEST

Scotia Global Asset Management's Investment Team has begun work on developing a systematic, comparative analysis of the diversity disclosures of the companies in which it invests.

The initial focus has been on Canada's Big Six banks, where 19 different metrics were assessed in three main areas to benchmark performance:

- high-level board and demographic statistics;
- inclusive internal culture using 462 different HR initiatives as a proxy; and
- overview of DEI targets and banks' progress in reaching those targets.

Going forward, these DEI statistics will be used to track year-over-year progress over time looking at a variety of targets, metrics and initiatives. Analysis will also expand to include the broader universe of companies the Investment Team invests in, across sectors and geographies.

As our Scotia Global Asset Management Statement sets out, we are committed to furthering our DEI efforts in all key aspects – in the corporate culture we foster, in the communities in which we operate, and in the companies in which we invest.

Thought leadership

Scotia Global Asset Management is committed to advancing dialogue on a multitude of ESG issues, with thought leadership ranging from our views on greenwashing, to the shortcomings of third-party ESG research, to our future renewable energy leaders.

Are railroads the most environmentally friendly solution in freight transportation?

The transportation sector is the largest source of GHG emissions in the United States. This sector accounts for 27% of total GHG emissions, yet as part of the transportation sector, railroads only account for 2% of total GHG emissions. Tarun Joshi, Portfolio Manager at Scotia Global Asset Management, explains why railroads are the most fuel-efficient way to move freight over land and how active engagement and proxy voting can have a positive impact on adopting new technologies to further reduce GHG emissions.

Active investing and market solutions to plastic waste

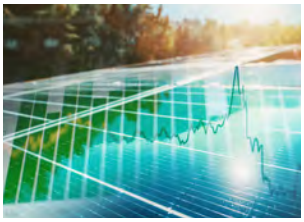
Society has a plastics problem. According to the OECD, only 9% of plastics is recycled. Daniel Yungblut, Head of Research and Chair of the ESG Investment Committee at Scotia Global Asset Management, discusses how active engagement with consumer, industrial and waste management companies can support the transition to a more sustainable plastics cycle and provide investors a potential opportunity to generate strong returns as companies invest and innovate to reduce plastic waste.

Ukraine and the geopolitical considerations for ESG

The terrible crisis in Ukraine has had a major impact on energy prices as sanctions on Russian oil and gas products have left a big gap in supply. Jeremy Lucas, Vice President and Portfolio Manager at Scotia Global Asset Management, offers a solution by employing an active investment approach to source energy, within the ESG framework, from jurisdictions that have a strong governance and commitments to future net-zero carbon emission goals. Countries such as Canada can play an important role in filling this energy gap as economies transition to greater reliance on renewables in the future.

Perspectives podcast: Circular Economy 101 – Beyond the recycling bin

Daniel Yungblut explains what a “circular economy” means, why it goes beyond recycling and the economic levers behind creating a sustainable system.



[Leaders, enablers, and improving stories]

Derek Amery, Vice President and Senior Portfolio Manager at Scotia Global Asset Management, discusses how taking an active ESG approach by focusing on positive company inclusions can drive the most meaningful impact towards a more sustainable economy. Derek identifies three types of drivers of positive change to broaden the investment opportunities and move society forward: leaders, enablers, and improving stories.

[Planting seeds for change: prioritizing greenhouse gas emissions, plastic waste]

Daniel Yungblut discusses how actively engaging with companies has a positive impact on combatting GHG emissions and plastic waste. As Dan says, “We take engagement with the companies in which we invest very seriously. It’s about planting seeds and sustaining pressure, to have an influence on significant real-world problems and effect change over time.”

[Importance of active management and engagement]

Daniel Yungblut discusses how an active ESG investment approach and engaging with companies can lead to a positive impact on climate change.

Active engagement with key responsible investment organizations

Scotia Global Asset Management continues to take a leadership role in the industry by actively engaging with key responsible investment-focused organizations. These organizations help shape policy and influence capital markets to address a range of societal challenges. We are selective about the industry organizations we join to ensure high-quality engagement and that we are comfortable with the initiatives the organizations are pursuing.

Signatory of:

PRI Principles for Responsible Investment

Principles for Responsible Investment (PRI)

Scotia Global Asset Management is a signatory to the United Nations-backed PRI, one of the world's leading proponents of responsible investment. The PRI outlines key commitments for signatories to support the development of a more sustainable global financial system through the incorporation of ESG issues into investment decisions. Scotia Global Asset Management continues to be an active voice in the organization to help influence the strategic direction it follows in the future.

Canadian Coalition for Good Governance (CCGG)

The CCGG is a prominent corporate governance organization in Canada, well positioned to effect change as an important voice of institutional shareholders investing in Canadian public equities. The CCGG provides guidance to Canadian companies regarding best practices to ensure effective communications with shareholders.

The Chair of Scotia Global Asset Management's ESG Investment Committee is a member of the Environmental and Social (E&S) Committee, created to provide best practice guidelines on E&S matters through a governance lens.

Climate Engagement Canada*

Scotia Global Asset Management is a founding member of Climate Engagement Canada (CEC), a finance-led initiative that drives dialogue between the financial community and corporate issuers to promote a just transition to a net-zero economy.

Climate Engagement Canada is a finance-led initiative that drives dialogue between the financial community and corporate issuers to promote a just transition to a net-zero economy. For more information, please visit our website https://climateengagement.ca/about/.

CFA Institute

The CFA Institute provides the premier global investment designation, the CFA Charterholder program, and it is also one of the world's most influential voices in global capital markets. The CFA is in the process of developing ESG disclosure standards for investment products, which will serve an important function in the market by providing a consistent framework to support investors when comparing different products on their ESG-related attributes.

International Financial Reporting Standards Foundation (IFRS Foundation)

The IFRS Foundation is a not-for-profit corporation that sets global accounting standards for the financial statements of public companies, giving investors confidence that they can rely on financial statements to make informed investment decisions. The IFRS Foundation is currently exploring the possibility of creating a parallel set of sustainability-reporting standards to complement the existing rules on financial reporting. Scotia Global Asset Management has engaged throughout the process with detailed feedback.

Responsible Investment Association (RIA)

The RIA is focused on education, policy advocacy, and supporting the development and integrity of the industry. RIA members include asset managers, asset owners, advisors, and service providers who support the promotion of responsible investment in Canada's retail and institutional markets.

The Chair of Scotia Global Asset Management's ESG Investment Committee joined the RIA's Leadership Council to help guide the strategic direction of RIA initiatives. Throughout 2022, our professionals have contributed thought leadership articles to RIA publications, which are highlighted previously in this report.

* Logo used with permission from CEC

Looking ahead

At Scotia Global Asset Management, we strive to enrich clients' financial futures with investment solutions, delivered in partnership with comprehensive wealth advice.

We consider ESG factors, where applicable, throughout our business to deliver long-term value to our clients. This includes active engagement with a wide range of stakeholders, deep in-house research, active involvement from our portfolio managers, dedicated oversight from our ESG Investment Committee, the launch of dedicated responsible investment solutions, and examining our own corporate social responsibility practices.

As we look ahead, we are dedicated to continual progress in all of these areas – to best serve our clients' financial goals and the futures of those around us.

21SCB017_StewardshipReport2022_EN_V1_19_DOP0523 MRC4768

Scotia Global Asset Management®