

Your Guide to Sustainable Investing

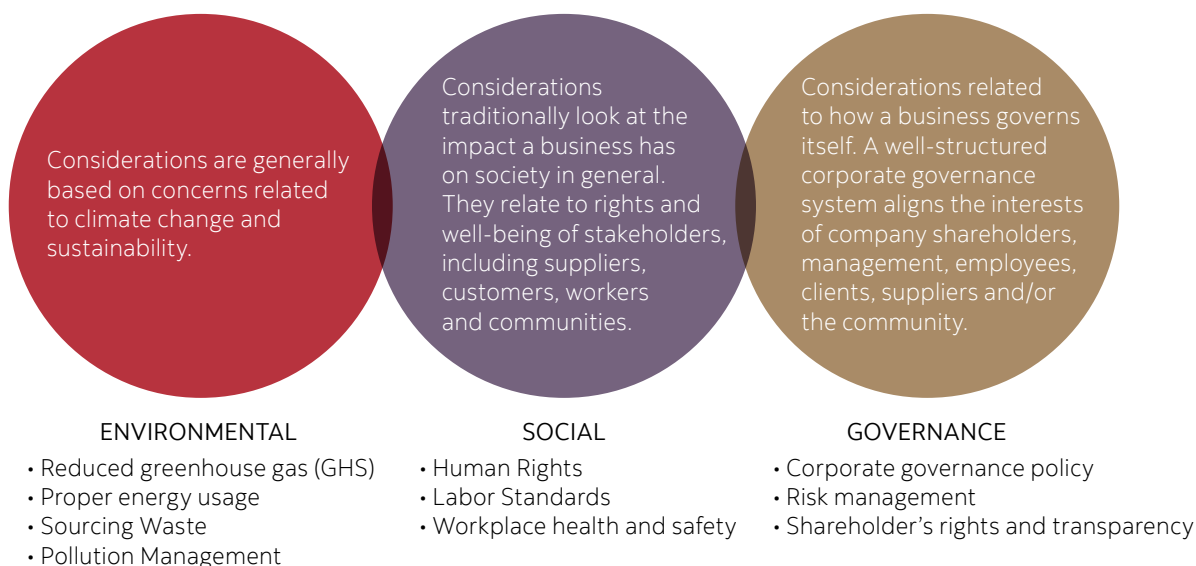


Sustainable investing is an umbrella term that refers to investment strategies that consider the impact of a company's business practices on society and the environment, while also offering the potential for enhanced, risk-adjusted returns.

ESG investment strategies consider a company's environmental, social and corporate governance business practices, in addition to traditional financial information, in the investment analysis and decision-making process.

Environmental, Social and Governance Issues

As awareness of environmental, social and governance (ESG) issues has increased, more investors have considered ESG factors in the investment decision-making process.



Companies that are mindful of ESG factors are more likely to be of higher quality with business practices that are more aligned with the long-term interests of investors.

There are numerous approaches and features of ESG investing; these include:

ESG INCORPORATION¹

ESG Integration

Explicitly and systematically including ESG issues in investment analysis and decisions, to better manage risks and improve returns

Screening

Applying filters to lists of potential investments to rule companies in or out of contention for investment, based on an investor's preferences, values or ethics

Thematic

Seeking to combine attractive risk return profiles with an intention to contribute to a specific environmental or social outcome. Includes impact investing

ACTIVE OWNERSHIP¹

ESG Engagement

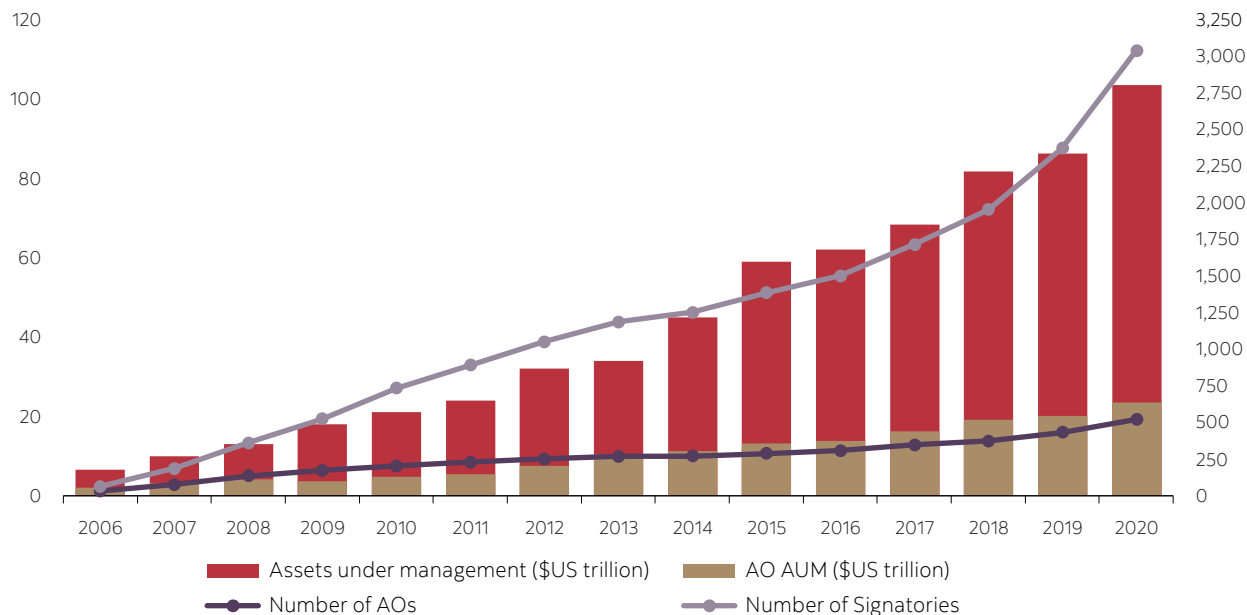
Discussing ESG issues with companies to improve their handling, including disclosure, of such issues

Proxy Voting

Formally expressing approval or disapproval through voting on resolutions and proposing shareholder resolutions on specific ESG issues

Growth of Sustainable Investing¹

Investors are increasingly considering ESG factors in their investment decisions. The Assets Under Management with UN Principles for Responsible Investing (UNPRI) Signatories have grown from US\$6.5 trillion in 2006 to US\$103 trillion in 2020. There are 38 members of the UNPRI from Latin America, excluding Brazil, at December 31, 2020.



Scotia Global Asset Management™

¹ Source: UN Principles for Responsible Investment (UNPRI)

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