INTRODUCTION TO ESG INVESTING

JUNE 2023

NINEPOINT ALTERNATIVE INCOME GROUP

Signatory of:

PRI Principles for Responsible Investment

ninepoint FINANCIAL GROUP

Introduction to ESG Investing
Environmental, Social and Governance ("ESG")

Contents

Executive Summary

ESG investing refers to the incorporation of Environmental, Social and Governance aspects along with expected financial outcomes when making business and investing decisions. Careful consideration of ESG factors in the investment process may reduce reputational risk and enhance the risk-adjusted returns for investors. ESG factors are used to differentiate between investment opportunities, support decision making, and identify potential risks. Factors include climate change, carbon emissions, gender and diversity, human rights, bribery/corruption, and compensation alignment.

ESG assets under management are expected to grow rapidly, to US$50T by 2025, representing about one-third of US$140.5T in total assets under management.[5] While public markets make up the majority of ESG assets, growth within private markets continues to increase. At the forefront of this push is Europe with 70% of global ESG assets. The U.S. has joined the bandwagon with ESG assets having grown faster than Europe in the past 2 years. Other regions across the world are expected to rapidly adopt ESG initiatives in the near future.

Two core drivers have contributed to the high growth of ESG adoption – investor demand and regulatory pressure. Investor demand has traditionally been associated with meeting financial targets within investment mandates. However, a growing number of investors have opted to balance capital allocation with social responsibility and sustainability measures. In addition, many regions have established subsidies and policies to increase this adoption. Regulations have also played an important role with multiple legislations enacted into laws and several others under discussion promoting ESG principles across the world.

Large multilateral institutions have also laid the foundation for the phenomenal growth in ESG assets. In 2005, the United Nations ("UN") released The Global Compact, a voluntary initiative based on CEO commitments to implement sustainability principles and support UN goals, arguing that the integration of ESG factors leads to better societal outcomes. Subsequently, the UN developed the Principles for Responsible Investment ("PRI"). There are six core UN principles and to date, over 7,000 corporate signatories including 3,800+ Investment Managers have collectively signed the United Nations Principles for Responsible Investment ("UNPRI").

While the risk reduction and long-term sustainability focus helps stakeholders achieve diverse objectives, the standards and regulations for implementing ESG are still evolving, and a uniform framework is yet to emerge. Upfront capital costs to implement changes to comply with ESG best practices have also deterred wide-spread adoption.

Many ESG rating methodologies have been adopted to rate public companies. However, the divergence and subjectivity of the various factors used in the ratings has led to skepticism by investors. Reporting standards are also evolving and have seen considerable criticism, especially from smaller companies which are unable to comply with changing regulations and reporting standards. This constructive chaos is expected to settle in the future with the emergence of uniform standards and implementation processes over the medium term.

Despite some friction, ESG integration is rapidly growing and while the adoption rate in alternatives is behind public markets, ESG has become an important consideration in private debt and real estate. While private debt transactions typically do not result in board seats or management nominations to influence corporate behavior, private debt transactions are not broadly syndicated, creating unique bilateral relationship dynamics that may allow lenders to advise management teams. Real estate also offers multiple opportunities to implement ESG practices throughout the lifecycle of a building.

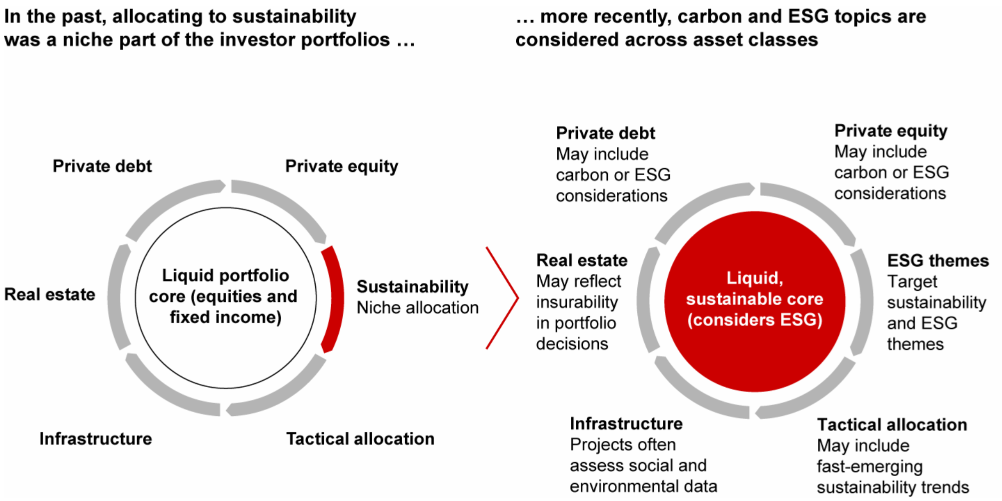
Ninepoint Financial Group Inc. ("NFG") has exhibited a commitment to responsible investing by becoming a signatory to the United Nations Principles for Responsible Investing (UNPRI). We will work towards establishing ESG policies to build a better future for all of our stakeholders.

What is ESG and ESG Investing

ESG[1] stands for environmental, social, and governance, and refers to the use of these three issues as key factors when making investment and business decisions. In capital markets, it is a generic term used by investors to evaluate the behavior and intention of companies, as well as to estimate their future financial performance, alongside environmental and social initiatives.

ESG investing refers to investing that evaluates ESG factors in addition to financial factors to determine the attractiveness of a potential investment. It is important for investment professionals to understand the increasingly important role of these factors in society, as ESG issues can affect both the risk and return of investments.

Once considered an emerging niche, ESG has become one of the mainstream themes across the investment landscape:



Source: Bain & Company.

A growing number of market participants have been actively integrating ESG factors into their decision-making processes and as these practices become the norm, a greater number of companies will likely ramp up their efforts.

ESG Factors

The evaluation of ESG factors is used to help differentiate between multiple investment opportunities, support investment decision making, and identify potential risks. These factors are typically interlinked and may be difficult to uniquely classify as an entirely environmental, social, or governance issue. Some examples of ESG factors are summarized in the table below.

Sample ESG Factors

Environment	Social	Governance
• Climate change • Carbon emissions • Air and water pollution • Biodiversity • Deforestation • Energy efficiency • Waste management • Water scarcity	• Customer satisfaction • Data protection and privacy • Gender and diversity • Employee engagement • Community relations • Human rights • Labor standards	• Board composition • Audit committee structure • Bribery and corruption • Executive compensation • Lobbying

Goals of ESG Investing

Investing in ESG compliant opportunities may help investors accomplish multiple qualitative and quantitative goals including:

Improving risk-adjusted returns: Evidence shows that publicly listed companies with better ESG scores have lower idiosyncratic risk.[2] In many ways, ESG is a risk management exercise, where companies seek to reduce the risk of their operations damaging the environment or controlling the potential negative outcomes from failures in corporate governance. While evidence regarding the ability of companies with strong ESG ratings to earn higher total returns is mixed, studies conducted by NYU Stern School of Business[3] based on risk adjusted metrics like the Sharpe ratio showed that an ESG focus led to a positive impact for 59% of the companies assessed.

Reducing reputational risk: Companies that focus on good management of ESG issues may be more likely to reduce the volatility of their stock price as well as the risk of being involved in scandals. Investors who wish not to be linked to scandals at companies held in their portfolio can benefit from this reduced risk. Some studies[4] indicate that incorporating ESG practices in BP's daily operations could have prevented the 2010 Deepwater Horizon disaster. This would have saved the company from both monetary and reputational loss suffered post disaster.

Addressing stakeholder concerns: Stakeholders are actively influencing the actions of investment funds to ensure they invest in ESG compliant opportunities. University endowments are increasingly being urged by their students to divest investments from companies with exposure to potentially negative ESG issues. Most recently, these conversations have surrounded climate change issues at companies that extract and distribute fossil fuels.

Doing the right thing or improving the planet: Many institutions have divested, or have never invested in, certain companies due to their strong convictions, such as hospital systems who choose not to invest in the tobacco or cannabis industries. Similar investment restrictions are common in investment policy statements of investors and fund managers.

In an ESG study conducted by McKinsey & Company, companies that have integrated ESG policies typically experience the following benefits:

	Value Creation Proposition
Top-Line Growth	• Attract increasing number of B2B & B2C customers with sustainable products • Enhance resource access through stronger communities/government relations
Cost Reductions	• Lower energy consumption • Reduced resource wastage
Regulatory/Legal Interventions	• Achieve greater strategic freedom through deregulation and subsidies
Productivity Uplift	• Increased employee motivation through improved corporate perception
Investment and Asset Optimization	• Enhanced long-term capital allocation with greater likelihood for return due to lack of environmental conflict and increased government compliance

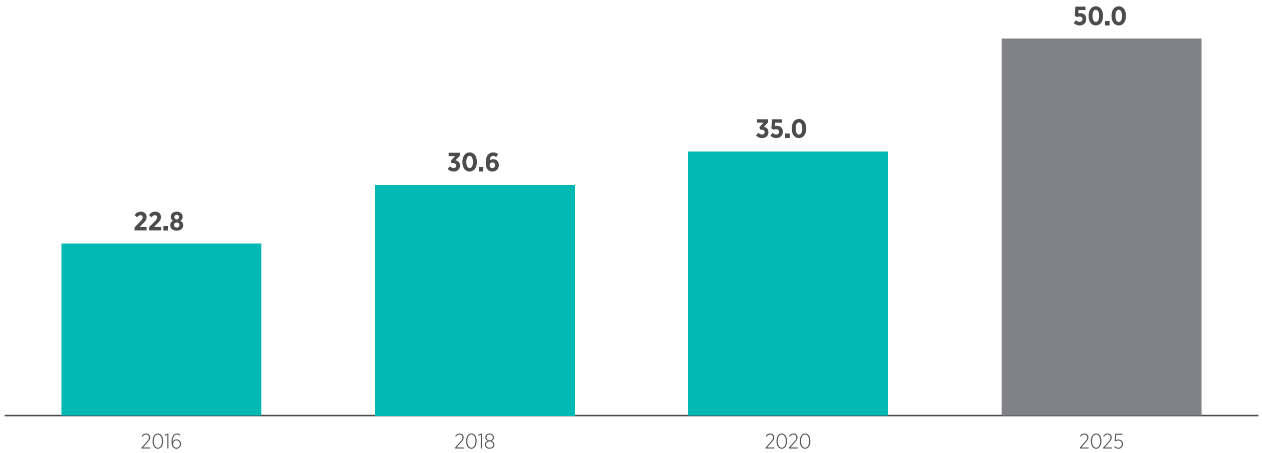
Rapid Rise in Prominence

ESG practices have gained notable traction since the 2005 UN-sponsored report, The Global Compact, which argued that incorporating ESG into capital markets would lead to better outcomes for society at large. Subsequently, the UN developed the Principles for Responsible Investment ("PRI"). The number of signatories of PRI has grown from 63 in 2006 to 3,826 in 2021. We look at these principles in detail later in this paper.

According to Bloomberg Intelligence's latest ESG 2021 Midyear Outlook report, overall ESG assets are on track to exceed US$50T by 2025 from US$35T in 2020. This will represent more than a third of the projected $140.5 trillion in total global assets under management ("AUM") in 2025.[5] While Europe has historically led with 50% of total ESG assets in 2018, the U.S. has seen over 40% growth over the past two years and now accounts for $17 trillion, nearly half of the global $35 trillion ESG assets under management .

This rapid growth in ESG AUM has been driven by a combination of government regulation, positive social perception, and long-term sustainable capital investment.

ESG Assets (US$T)



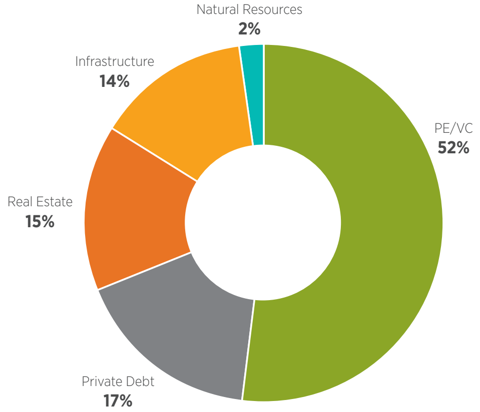
Source: Bloomberg Global Intelligence - ESG 2021 Midyear Outlook.

One key reason for the interest in publicly listed ESG companies is consistently competitive returns vs. non-ESG investments for the last 3 years. The below table compares returns for the S&P 500 ESG Index vs. S&P 500 as of December 30, 2022. As illustrated, ESG investments have done as well or better than the S&P 500 over the last 3 years.

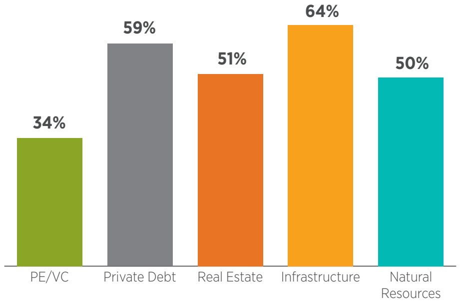
Price Return for Index	3 Year	5 Year	10 Year
S&P 500 ESG Index (USD)	7.35%	8.74%	10.73%
S&P 500	5.92%	7.51%	10.41%

While public markets make up the majority of ESG assets today, growth within the private markets have increased considerably. AUM commitment to ESG in private markets grew from US$1.4T in 2010 to US$4.5T. This is ~42% of the total private investment AUM. Amongst private market asset classes, we have seen infrastructure and private debt lead with the highest proportion of investment AUM commitment.[6]

ESG Commitments by Asset Class (2021)



% of AUM in ESG Assets by Asset Class (%)



Source: Preqin ESG in Alternatives 2022: The Transparency Tipping Point.

Growth Drivers

Two core drivers that have led to the growth of ESG adoption include investor demand and regulatory pressure. Initial investor demand was associated with having to meet investment policy mandates; however, this demand has evolved to investors genuinely wanting to better align their capital to support more sustainable practices.

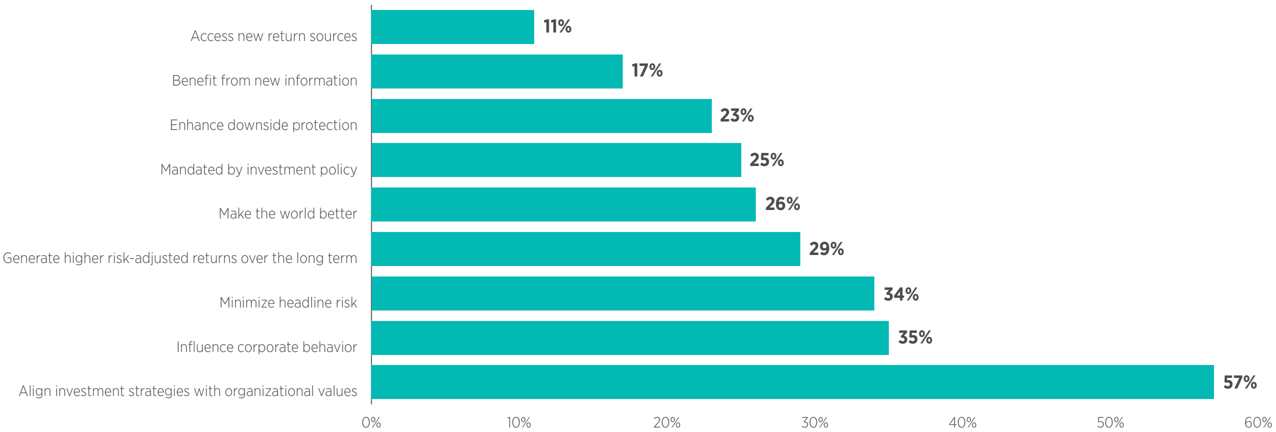
With respect to regulatory pressure, many regions including the European Union, United States, United Kingdom, France, Singapore, and Hong Kong have all established policies designed to increase adoption of ESG goals. Below we examine these driving factors in greater detail:

Investor Demand

Investors have focused on better understanding how ESG and sustainability factors can contribute to the long-term success of a company. Some investors have defined ESG as a core value driver and have implemented an ESG evaluation process when making an investment allocation. These investors look for companies with an established ESG process implemented by strong, forward-looking management teams that are building the business for long-term success.

In Natixis' 2021 ESG Investor Insights Report, when asked about their motivations for implementing ESG strategies, more than half of investors surveyed indicated it was "to align investment strategies with organizational values", and more than a third of investors surveyed indicated it was "to influence corporate behavior".

Why Institutional Investors Implement ESG

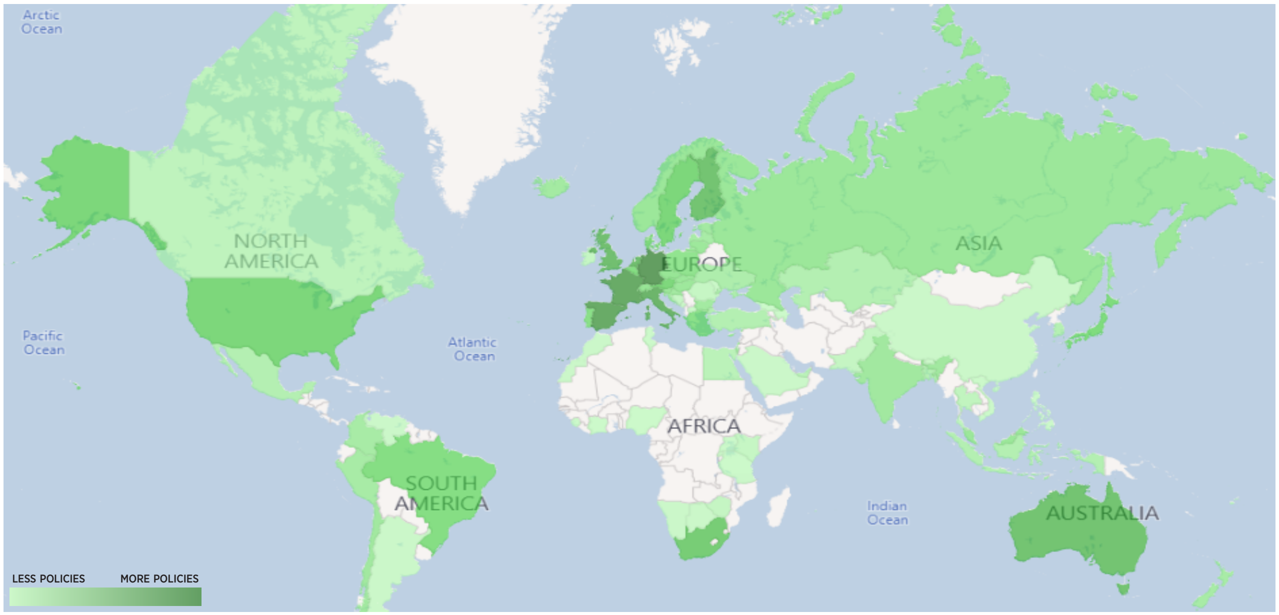


Source: Natixis Investment Managers 2021 Institutional Outlook.

Regulatory Pressure

On the policy side, the response across different regions has been largely region/country specific; however, all these different policies emphasize increased disclosure around ESG goals. For example, the European Union has established corporate reporting guidelines which require listed companies to publish a non-financial statement of environmentally sustainable economic activities, and the United Kingdom is considering the implementation of mandatory climate-related disclosures. On the following page we see a heatmap of the world based on the number of existing ESG policies. Annexure 1 captures the current and proposed regulatory framework for various countries active in ESG investing.

Global Responsible Investment Regulation Map: # of Policies by Country



Source: UNPRI Regulation Database.

ESG Practices

United Nations Principles of Responsible Investing (UNPRI)

The Principles for Responsible Investment is a United Nations-supported international network of investors made up of over 3000 signatories collectively working together to implement six principles.

PRI Principles for Responsible Investment

UNPRI's Six Principles

1. We will incorporate ESG issues into investment analysis and decision-making processes.
2. We will be active owners and incorporate ESG issues into our ownership policies and practices.
3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.
4. We will promote acceptance and implementation of the Principles within the investment industry.
5. We will work together to enhance our effectiveness in implementing the Principles.
6. We will each report on our activities and progress towards implementing the Principles.

Source: UNPRI.

ESG Ratings

ESG ratings and scores attempt to measure and convey the extent to which an entity is operating with conformity to best practices. ESG ratings are compiled by major financial rating firms (e.g., Moody's and Fitch), major index providers (e.g., FTSE Russell and MSCI), and companies specializing in ESG-related issues (e.g., Sustainalytics and ISS).

The explosive growth and popularity of such ratings indicate the extent to which inclusion of ESG-related issues has become important to fund managers and institutional investors. There has been a growing criticism of the heterogeneity of ESG ratings for the same firm across rating agencies. It has been observed[7] that while there is high correlation in credit ratings issuers, the ESG ratings for the same issuers showed little correlation.

ESG Materiality and Global Reporting Standards

ESG materiality is the likelihood of being considered important (i.e., potential of having a substantial impact) from the reasonable perspective of stakeholders in the context of ESG principles. There have been numerous methods proposed to assist corporate managers in reducing the myriad of ESG issues into a more manageable framework. The issue of ESG materiality includes matters which have sufficient importance that: (a) warrant consideration in a firm's operational and investment decisions; and (b) warrant disclosure to a firm's investors and others.

The Global Reporting Initiative (GRI) is a non-governmental organization (NGO) that promotes improved reporting principles and disclosure of ESG-related issues through the development of the GRI Standards. The GRI Standards is an ESG-related reporting standard developed in 2016. The term, GRI Standards, can be used to refer to the organizations that create and use the standard. The fourth set of GRI Standards is known as the G4.

The G4 includes enhanced coverage of ESG materiality including a "Materiality Principle." The G4 Materiality Principle asserts that: "[An ESG-related] report should cover aspects that: reflect the organization's significant economic, environmental, and social impacts; or substantively influence the assessments and decisions of stakeholders".

Other Standards (SASB and TCFD)

Two other groups that have created guidance used by fiduciaries and others in respect to ESG investing are: the Sustainability Accounting Standards Board (SASB) and the Task Force on Climate-Related Financial Disclosures (TCFD). SASB has created industry-specific sustainability reporting standards intended to allow ESG comparisons of businesses within the same industry. SASB emphasizes financial materiality as the appropriate threshold for issuer reporting on ESG topics. The mission of the TCFD is to "develop voluntary, consistent, climate-related financial risk disclosures for use by companies in providing information to investors, lenders, insurers, and other stakeholders."

ESG Focus Differs by Context/Objectives

ESG continues to evolve and at its core looks to improve the benefits to society. For some investors, there is a greater emphasis on the environmental aspect and for others, a greater focus on social or governance aspects. Which ESG factors carry the most weight for a specific investor can vary based on asset class and geography. A US-based real estate development fund might be most concerned about the environment, focusing on energy efficiency, carbon footprint, and greenhouse gas emissions. By contrast, an infrastructure investor in an emerging market would put more emphasis on governance and social issues, paying particular attention to bribery concerns and workers' rights. Each institutional investor and asset manager needs to determine where to direct their ESG efforts based on their own and their stakeholders' objectives.

For example, in nations where Indigenous groups are recognized in domestic law and practice, a growing component of the Environmental and Social factors is Indigenous rights. Nations including Canada and Australia recognize Indigenous rights as material to investment success. There have been numerous propositions to integrate Indigenous perspectives of the land, water, and territories.

Challenges and Associated Risks

Key challenges[8] in large scale implementation of ESG practices, especially for alternative investment managers, include:

Adoption: Asset managers are not yet fulfilling institutional investor demand for ESG investing strategies. In an industry where returns have long been the main measure of success, this hesitancy to change is not surprising. However, as more data emerges on the effectiveness of ESG policies to potentially produce better risk-adjusted returns and reduce reputational risk, undecided asset managers will come to realize that not having an ESG strategy may put them at a competitive disadvantage.

Lack of Standards: There is a dearth of clear guidance when it comes to establishing and implementing ESG policy. Almost two-thirds of institutional investors said that "clarity on techniques and strategies for ESG incorporation" would support further integration of ESG. Even investors already employing ESG factors report a lack of consistent benchmarks which can lead to confusing and contradictory results. Efforts to address this problem are ongoing and there has been significant consolidation in the ESG ratings industry.

However, emerging tools like the Sustainable Accounting Standards Board (SASB), and widely used ESG ratings from MSCI, Sustainalytics, Bloomberg, RepRisk, and Thomson Reuters are still in their infancy and largely geared to investments in large public companies which are already subject to considerable disclosure requirements. Unfortunately, much of the currently available data is not relevant to alternative asset classes.

Cost: The lack of consistent and easily accessible assessment data and industry-standard tools means that alternative asset managers need to develop their own ESG data sources and then collect and analyze that information. This requires establishing internal capabilities and operations to ensure consistent application of ESG principles in investment decision-making. All of this requires expertise and knowledge that most alternative asset managers do not currently possess. This is not an insurmountable hurdle but does require a significant investment of both time and money in order to be done successfully. On average, corporate issuers spend over $500K on climate related disclosure while institutional investors spend over $1.3 million just to collect and report climate data.[9]

Key risks in implementing ESG for both investors and corporate issuers include:

Long-Term Asset Devaluation: The underlying efficiencies of long-term property, plant, and equipment constantly used to reach ESG objectives can become obsolete quickly. Since technology evolves rapidly, there is high possibility that initial capital investments become obsolete.

Information Asymmetry: A key problem in the ESG investment world is the regulations governing what qualifies ESG measures and how the associated risks are reported. As companies incorporate data into decision making processes, many have concerns with the reliability and objectivity of measured ESG metrics. For example, **Greenwashing** has become a common industry theme where companies make unsubstantiated claims to deceive consumers about their products having a greater ESG impact than what is factually true.

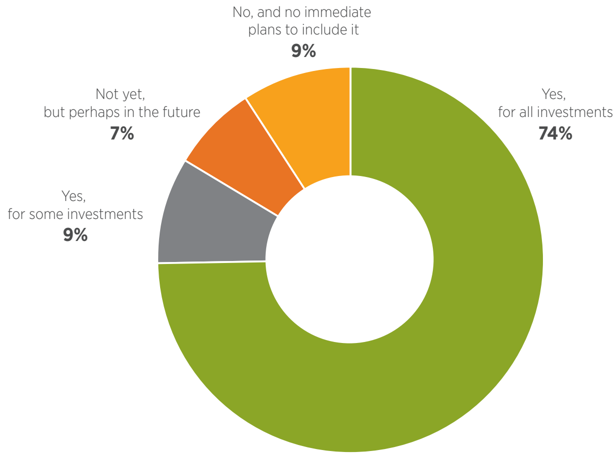
Evolving Regulation: One of the greatest difficulties of ESG implementation are the extensive regulations that are often viewed as virtue-signaling and unrealistic. Established legal frameworks are only now starting to take effect in some jurisdictions. For example, the Securities and Exchange Commission (SEC) voted 3-to-1 to support a proposed rule requiring firms to disclose climate risks such as greenhouse gas emissions in annual SEC filings. Relatively speaking, this is feasible for larger corporations but exponentially difficult for small and medium sized enterprises. In many cases, companies have little to no say in regulatory feasibility and with constant regulatory changes, adoption is not an immediate process.

ESG in Private Debt

Within private debt, along with public markets and private equity, integration of ESG consideration is growing. While the adoption rates may be behind those within public markets and private equity, ESG has become an important consideration within the private credit asset class.

According to a recent poll conducted by industry group Alternative Credit Council in partnership with the law firm Allen & Overy, nearly 75% of respondents considered ESG as an integral part of their investment strategy. In the same report, the most popular use of ESG integration during the investment process was "Negative Screening" of potential borrowers without ESG processes in place.

Is ESG Important to Your Investments?



Source: Alternative Credit Council Financing the Economy Research.

Private debt can be a strong facilitator of ESG integration for borrowing entities. While most private debt transactions do not result in board seats or management nominations, private debt managers typically provide capital to mid to small market companies with annual revenues between $10 million and $1 billion. In the U.S. alone, this market is equivalent in size to the world's 3rd largest economy at $6.0 trillion and made up of over 200,000 businesses. These companies play an important role in the overall economy and fill important market niches. While some of these companies may already have established ESG processes in-place, those that do not have such processes recognize the importance of having an ESG process as they continue to grow.

Private debt transactions are not broadly syndicated, resulting in situations where borrowers work more directly with lenders. This closed-end structure between lender and borrower creates a unique relationship where lenders frequently work closely with management teams and through this relationship, can begin to advise management teams on ESG considerations.

Examples of ESG engagement with borrower management teams could include setting ESG targets together, communicating ESG related scores on due diligence findings, or helping to improve ESG reporting. We believe private debt managers can help establish or enhance ESG processes that are beneficial for the borrower. Improvements in ESG can assist these companies to reach the next level of growth and enhance their ability to access additional capital via public markets.

From a general structure perspective, there are various frameworks that can be used to implement ESG within the credit process. These can be split between two stages: pre-transaction (origination and due diligence) and post-transaction (investment holding and exit). Below is a sample framework integrating ESG considerations with private debt investment considerations.

Implementing ESG within a Private Debt Transaction

	Typical Considerations for Private Debt Investment	ESG Considerations	Engagement Activity with Borrower
Pre-Deal Cycle	Develop statement of investment principles and investable universe	Develop responsible investment/ESG policies, screening and impact criteria	N/A
Pre-Transaction			
Phase 1 **Origination and Pre-Assessment**	Sourcing and origination pre-assessment	Apply negative ESG screens, red flags and consult independent committees	Engage senior management of prospective borrowers to understand their ESG initiatives
Phase 2 **Due Diligence and Investment Approval**	Conduct credit analysis, in-depth due diligence, create investment memos, negotiate terms and execute decision	Conduct ESG due diligence, technical assessment and educate investment committee	Request management of prospective borrowers to provide required information
Post-Transaction			
Phase 3 **Investment Holding Period**	Ensure on-going borrower reporting and monitoring Address developments and undertake restructuring process	Carry out ESG monitoring, support improvements that address risks, measure outcomes	Include ESG agenda items in monitoring deliverables
Phase 4 **Exit**	Consider refinancing options	Undertake ESG impact assessment	Consider close-out processes with borrowers

ESG in Real Estate

Real estate development encompasses important ESG issues, including inequality, food, water, energy, and climate change. Buildings and construction activity account for 36% of global final energy use and are responsible for 39% of global CO_2 emissions.[10] Because of this, the ESG emphasis in real estate is on environmental factors, but there are also important social and governance factors.

Critical ESG Factors across the Real Estate Lifecycle

	ESG Considerations
Real Estate Development	• Land acquisition and governance ✓ Assessment/Consultation with stakeholders ✓ Recognition and respect for indigenous rights ✓ Fair and equitable process for resolving disputes • Transparency ✓ Anti-Bribery/Corruption policies ✓ Sealed bidding process ✓ Whistle blowing policies • Worker's rights ✓ Freedom of association and collective bargaining ✓ Protection from discrimination/harassment ✓ Training and safe environment • Environmental stewardship ✓ Project design and proximity to transit ✓ Sustainable sourced building material and recycling waste material • Quality of design, planning, and construction
Real Estate Use	• Building performance disclosures and compliance programs ✓ Robust internal and external compliance programs ✓ Transparent data collection and management ✓ Economic and social benchmarks for building performance ✓ Communication protocols for all stakeholders • Energy conservation ✓ Energy tracking and employment of efficient lighting/motion controls • Efficient water use ✓ Metering and sub-metering equipment to track usage and explore alternative sources • Waste management ✓ Policies to reduce material generation and minimizing waste
Treatment of Tenants, Community and Workers	• Adoption of comprehensive nondiscrimination policies • Procurement policies • Health, safety, and well-being of occupants • Worker's rights across the supply chain
Recovery and Disposal	• Assess impact of renovations and optimize refurbishments to reduce environmental impact • Focus on cost-effectiveness and energy efficiency • Evaluate the projected impact on environment and climate change on the building

Our ESG Initiatives

UNPRI Signatory

NFG became a signatory to UNPRI in May 2023 which signifies a long term commitment to ESG. NFG has joined the global group of 7,000 entities who have pledged to conform to the UNPRI principles across our business processes.

Signatory of:

ESG Policy Statement

Taking a holistic view of the long-term impact our investments have on society is a journey that begins with building policies and processes in support of sustainable investing. Apart from being a signatory of UNPRI, NFG is focused on conducting our business in an environmentally friendly and socially conscious manner with the highest standards of governance. The current policy statement is as below:

Ninepoint Financial Group Incorporated **ESG Policy Statement**

Ninepoint Financial Group Inc. ("NFG") is a leading Canadian alternative investment firm committed to setting an example as an ethical organization. We believe adhering to stringent social governance practices enhances our business and investment management responsibilities. NFG is a signatory to the United Nations-supported Principles for Responsible Investment (PRI) and fully supports its six underlying principles. We will continuously seek to strengthen our internal ESG fundamentals so that we can better serve our employees and the investment community.

Environmental NFG upholds environmentally conscious office practices as well as evaluating environmental considerations in corporate decision making.

Social NFG provides a safe and socially responsible workplace for our employees, through continuous diversity and inclusion training. Employees are further encouraged to take part in charitable efforts within their communities; a mindset and outlook we aim to continually promote within the organization.

Governance NFG ensures the highest standard of governance to maintain effective oversight and reporting through our company, but also though our associated industry partners. The rigorous process we have adopted strives for accuracy and consistency above all.

Stewardship NFG is working to establish an internal ESG committee and will continue to seek opportunities to further our ESG commitment with peers and partners throughout the investment management industry.

Our Commitment to Indigenous Communities

At Ninepoint Financial Group Inc., we value the opportunity to play a role in contributing to the betterment of Indigenous communities in Canada. By partnering with Indigenous communities and organizations we pledge our support to Indigenous leaders and the broader population in areas including investment management, investment education and financial decision making. Our commitment is to not only create individual Indigenous partnerships but to help set a standard of inclusion on a larger scale. We believe that through collaboration and investment we can contribute to the prosperity of current and future generations within Indigenous communities across Canada.

This commitment is something we are determined to build upon going forward, recognized today through our memberships with National Aboriginal Trust Officers Association and Aboriginal Finance Officers Association.

National Association Trust Officers Association (NATOA)

Aboriginal Financial Officers Association of Canada (AFOA)

The latest versions of these policy statements along with more details on our other environmental, diversity, and inclusion initiatives can be found on our website – www.ninepoint.com

NFG's Outlook

As we move ahead with the development and implementation of our own ESG framework and practices, we remain cognizant that our commitment must go beyond the hype to create real impact. We see opportunity to adopt best practices and strengthen our internal ESG fundamentals. We also see our engagement with other stakeholders as an opportunity to educate each other, stay abreast of best practices, and keep us on track to reach our ESG goals as we move into the future.

Annexure 1: Global ESG Regulatory Framework – Current and Proposed

<table>
<tr><th>Region</th><th>ESG Policies:</th></tr>
<tr><td>United States</td><td>Currently Adopted Policy:
Department of Labor rule on Financial Factors in Selecting Plan Investments
Under Discussion:
SEC fund names rule</td></tr>
<tr><td>United Kingdom</td><td>Currently Adopted Policy:
UK Stewardship code
Under Discussion:
Mandatory climate-related disclosures
UK Green taxonomy</td></tr>
<tr><td>Europe</td><td>Currently Adopted Policy:
Disclosure framework
EU Taxonomy
ESG disclosure policy requires companies to create and report a list of environmentally sustainable activities. The framework was established on six objectives including: climate change mitigation, climate adaptation, sustainable use of water resources, transition to a circular economy, pollution prevention, and protection of biodiversity
Under Discussion:
ESG product distribution rule
ESG risk integration
EU Ecolabel for funds
Companies are required to provide product labels highlighting adherence to sustainability measures
Future Developments:
Non-financial reporting standards for corporates
EU Green Bond Standard
ESG data & ratings
Sustainable corporate governance</td></tr>
<tr><td>Singapore</td><td>Currently Adopted Policy:
Guidelines on Environmental Risk Management & disclosures
Under Discussion:
Singapore green taxonomy</td></tr>
<tr><td>Hong Kong</td><td>Currently Adopted Policy:
Securities and Futures Commission Guidance on green funds
Under Discussion:
Climate Risk Requirements for Asset Managers</td></tr>
</table>

Source: Natixis Center for Investor Insight.

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FOOTNOTES

[1] CAIA Association.
[2] Andersson et al. (2016); Sassen et al. (2016).
[3] ESG and Financial Performance – NYU Stern.
[4] ESG Incidents and Shareholder Value Simon Glossner of the University of Virginia.
[5] Bloomberg Global Intelligence.
[6] Preqin ESG in Alternatives 2022: The Transparency Tipping Point.
[7] Barnett (2018).
[8] CAIA Association.
[9] Conservice ESG.
[10] International Energy Agency (2017).

DISCLAIMERS

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