

# RESPONSIBLE INVESTING

## in action

Trends and views from our portfolio managers



## Real estate and responsible investment: drivers of environmental and social impact

NBI Sustainable Canadian Short-Term Bond ETF (NSSB)

NBI Sustainable Canadian Bond ETF (NSCB)

NBI Sustainable Canadian Corporate Bond ETF (NSCC)

Submanaged by AlphaFixe Capital

### Today's social and environmental challenges

- › Greenhouse gas (GHG) emissions from building operations were responsible for just under 30% of global energy-related emissions in 2020.<sup>1</sup>
- › The global real estate inventory is expected to double by 2060, thus exerting significant pressure on our energy consumption, but also on the ecosystems in which we live together with an increasingly fragile biodiversity.<sup>2</sup>
- › The easing of monetary policy during the pandemic has led to a significant increase in the price of real estate assets, thus eroding affordability among younger generations and low-income households.

### Added value to the strategy from a responsible investment perspective

- › Issuers of green bonds financing real estate projects that meet high environmental standards are multiplying.
- › Government issuers and non-profit organizations issue social bonds aimed at the construction of affordable housing in order to promote home ownership.
- › The market for sustainable bonds from issuers in the real estate industry is essential for building a diversified portfolio in our strategies aimed at a positive environmental and social impact.

### AlphaFixe Capital's approach and vision

- › We believe that the sustainable aspect of a building promotes long-term demand. This is a differentiating factor that improves the financial stability of a housing stock.
- › In AlphaFixe's proprietary credit rating, we assign a 10% weighting to ESG issues affecting the real estate industry.

To consult the full version of this text, visit [nbinvestments.ca](https://nbinvestments.ca).

### An example of a real estate green bond issuer



**Allied Properties:**  
Energetic efficiency

#### Use of funds:

Modernization of equipment at Nordelec, an 830,000-square-foot multiuse property located on Saint-Patrick Street in Montreal.

- › Heat recovery
- › Ventilation and cooling system
- › Window replacement
- › Roof insulation
- › Lighting upgrade
- › Energy management and control system

Project cost: **\$37.9 million**

#### Impact:

- › Annual potentially avoided emissions of 1,300 tons of CO<sub>2</sub> eq
- › Annual energy savings of 3,700,000 kWh

#### Contribution to the SDGs:



<sup>1</sup> IEA (2021), Tracking Buildings 2021, IEA, Paris <https://www.iea.org/reports/tracking-buildings-2021>

<sup>2</sup> CBRE Canada, Canada Real Estate Market Outlook 2022, March 2022, <https://www.cbre.ca/insights/reports/canada-market-outlook-2022>

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