



Report

**on Environmental,
Social and
Governance
Advances**

20
20



**Take action
for a sustainable future
today**



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Take Action for a Sustainable Future Today

Message from the President and Chief Executive Officer



Current events will have lasting effects. The combined impact of the health crisis, global warming, demographic changes and technological upheaval will shape our priorities for many years and decades to come.

Entrepreneurs and executives will play a key role in tackling these challenges. Not only by continuing to create jobs, to provide our fellow citizens with stability, buying power and a place to continually learn and share their knowledge, but also by taking concrete action to influence the world around them. The business world will be a key agent of change in over the coming decades.

In 2020, National Bank's teams once again rose to meet this challenge. We introduced important client relief programs that had a significant impact on the financial and emotional health of our individual and business clients. We stepped up our donations in all areas to make sure various organizations were able to pursue their missions. We also adapted and enhanced the support we offer our employees so that the Bank can continue to provide them with stability in an uncertain world.

Our commitment to major environmental, social and governance (ESG) issues remains strong, as outlined in this report.

In September, we announced a major environmental commitment: to reduce greenhouse gas emissions from our operations by 25% by the end of 2025. The Bank already has one of the best records among Canada's major deposit-taking institutions. We're staying the course and aiming to achieve carbon neutrality for our activities by 2050.

When it comes to social and governance issues, we've done a lot of work to promote inclusion and diversity. We've built a solid foundation, and we should be proud of that. But we must strive to keep doing better by leveraging all our talents to ensure that everyone benefits from the same economic and social opportunities. The Bank has also reaffirmed its position, by design, as a generalist donor. We believe it's vital to keep supporting organizations in many different fields, including those with a narrower scope of action.

You can count on National Bank and its employees to support you during the pandemic and beyond. I'd like to thank the members of our Board of Directors for their commitment to ESG and their support of the initiatives we've rolled out. The Bank's sound governance in this area is highly promising.

At National Bank, we help communities prosper and promote our shared values by putting people first. That's why we were among the first signatories of the UN Principles for Responsible Banking, in 2019. We're firmly committed to continuing to deliver on these principles over the long term and creating a better world for all.

A handwritten signature in black ink, appearing to read 'Louis Vachon'.

Louis Vachon
President and Chief Executive Officer

Working With— and for— Our Stakeholders

Message from the Vice-Presidency, Communications and Corporate Social Responsibility



We're pleased to present this second edition of our report on National Bank's environmental, social and governance advances.

We'd like to start off by thanking Bank employees across various sectors who actively contributed to this report. You continue to embody National Bank's distinctive values: agility, partnership, empowered decision-making and most importantly... its people-centric approach towards its everyday activities.

The Bank's growth has long depended on dialogue with the stakeholders who contribute to its success as an institution. The development of different ESG fields has revealed countless opportunities to further these conversations and create new ways to tackle the challenges of today's world.

The Bank's teams have been working hard in recent months to make progress. We've continued to work on our climate action plan together. We want to reduce our carbon impact substantially by 2025 and pave the way to carbon neutrality by 2050. Measuring the carbon footprint of certain activities, such as our lending activities, remains a challenge. We're confident, however, that we'll be able to obtain a more accurate view once the industry work is completed on a Canadian taxonomy for measuring carbon emissions.

Significant resources have been mobilized to address COVID-19 and its impacts, as well as social issues related to inclusion and diversity. We've been able to provide relief measures to help our clients and the community, which are reeling from the health crisis. And we've made a firm commitment to step up the fight against racism.

In terms of governance, we've made further improvements to how we manage and monitor ESG risks, in order to adapt to the constantly changing landscape. Thanks to the support of senior management and the oversight of the Board of Directors, our team has all the tools it needs to continue to improve the Bank's ESG practices.

We believe the business community has a key role to play in building the world of tomorrow. We're powered by the energy, ideas and passion of our many change partners, and we are truly grateful for the opportunity to make a difference.



Claude Breton
Vice-President
Communications and Corporate Social Responsibility



Sonia Hernández
Senior Manager
Communications and Corporate Social Responsibility

OUR ONE MISSION

We exist to have a **POSITIVE IMPACT** in people's lives.

By building **long-term relationships** with our clients, employees and communities.

People first.

"In 2019, we adopted a mission statement that reflects our goals and our deeply held values. At National Bank, we put people first. We believe that building long-term relationships with our clients, our employees and the communities we serve is essential to create sustainable value for all of our stakeholders."

– Louis Vachon, President and Chief Executive Officer

Why do we need a One Mission?

Our One Mission is aligned with our continued efforts to drive social and economic development. In response to changing trends in the banking industry, we've adopted a people-first approach that will help us achieve our objectives and boost our collaboration with stakeholders.

How is our One Mission put into practice?

- › Through the experiences we want to deliver to our clients, our employees and the communities we serve.
- › Through behaviours that reflect our values: partnership, empowerment and agility.
- › Through the way employees work together to boost client satisfaction, employee engagement and community involvement.
- › Through the initiatives we prioritize to have a positive impact.

Summary

Supporting sustainable development is an intrinsic part of our One Mission. Environmental, social and governance considerations play a key role in our business and operational decisions.

At National Bank, we want to have a positive impact in people's lives. The principles that our Board of Directors has approved demonstrate our commitment to building a sustainable future while representing the best interests of stakeholders.

ENVIRONMENT	SOCIAL	GOVERNANCE
 <p>We are working to develop a green economy</p>	 <p>We enrich communities</p>	 <p>We govern according to the highest standards</p>
<ol style="list-style-type: none"> 1. We consider the fight against climate change in our economic and community actions 2. We guide and advise our clients in their energy transition 3. We manage and reduce our environmental footprint in all of our business segments 	<ol style="list-style-type: none"> 4. We maximize the potential of individuals and the community 5. We promote inclusion and diversity 6. We foster entrepreneurship, financial literacy, philanthropy, and support for health and education 	<ol style="list-style-type: none"> 7. We promote a strong ethics culture, sound governance practices, and rigorous risk management 8. We manage according to responsible business practices 9. We ensure the long-term viability of the institution

Key United Nations Sustainable Development Goals covered by our principles



Here are some of the organizations we support



About This Report

The 2020 ESG Report is published by National Bank of Canada. Intended for all of our stakeholders, it presents our commitments and achievements in sustainable development and our key performance indicators.

The ESG Report was drawn up by a team reporting to the Vice-Presidency, Communications and Corporate Social Responsibility, with input from dozens of experts, then revised and approved by executives from many different sectors of the organization and by the Conduct Review and Corporate Governance Committee.

Scope

This report presents relevant content associated with the activities of National Bank and its main subsidiaries. Unless otherwise indicated, it refers to fiscal 2020 (November 1, 2019, to October 31, 2020). All amounts are expressed in Canadian dollars.

Stakeholders

This report is part of the Bank's ongoing dialogue with various stakeholders, including clients, employees, communities, shareholders, service providers, interest groups, international organizations and regulatory authorities. This approach helps us evaluate and mitigate the risks associated with our activities, notably by enabling various impact analyses. It also allows us to continuously improve our practices and adopt the latest disclosure standards.

Reference Framework

Our approach to communicating information follows well-known disclosure guidelines, including the Sustainability Accounting Standards Board (SASB), the United Nations (UN) Sustainable Development Goals (SDGs), the UN Principles for Responsible Banking, the CDP and the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

External Certification and Accounting

Certain indicators are extracted from the management report and audited consolidated financial statements of the [2020 Annual Report](#). Groupe AGÉCO, an independent third party, calculated our greenhouse gas (GHG) emissions.

Policies and Codes of Conduct

This report refers to the following National Bank publications, which are also available at [nbc.ca](#) under *About Us*.



[2020 Inclusion and Diversity Booklet](#)

[2021 Management Proxy Circular](#)

[Supplier Code of Conduct](#)

[Code of Conduct and Ethics](#)

[2020 Corporate Social Responsibility Statement](#)

[Human Rights Statement](#)

[Environmental Policy](#)

[Policy on the Prevention of Harassment and Workplace Violence](#)

[2020 Annual Report](#)

[2020 Annual Report on the Protection of Seniors](#)

[2020 TCFD Report](#)

@ Contact Us

If you have any comments about this report, please contact National Bank's Corporate Social Responsibility team at ESG@nbc.ca.

About Us

National Bank is a leading bank in Quebec and a major partner to small and medium-sized enterprises. We are one of the six systemically important banks in Canada and have branches in most Canadian provinces. Our clients in the United States, Europe, Cambodia and elsewhere around the world are served by our network of representative offices, subsidiaries and partnerships. Our securities are listed on the Toronto Stock Exchange and our head office is in Montreal.

We aim to follow the most rigorous social responsibility standards while having a positive impact on all our stakeholders.

National Bank at a glance

(as at October 31, 2020)

2.7 million Clients¹

26,517 Employees²

544 Branches³

517,606 Square metres in total area⁴

1,573 Banking machines⁵

Our financial performance⁶

\$332 B Total assets 

\$597 B Assets under administration and under management

\$953 M Dividends declared to common shareholders

 **15.8%** Superior return on equity⁷

Our contribution to economic activity

\$2,713 M Compensation and employee benefits⁶ 

\$1.2 B Spent on goods and services⁶

\$909 M Income tax and taxes paid⁸

 **27,287** Employee volunteer hours^{8,9}

1 Clients in the Personal and Commercial Banking sector, in Canada and Florida.

2 Worldwide.

3 403 Personal and Commercial Banking branches, 61 National Bank Financial branches in Canada, 77 branches in Cambodia and 3 branches in the United States (Florida).

4 Surface area data applies to all spaces occupied by the Bank, except Credigy, and is from the Bank's HELIOS database.

5 940 in Canada and 633 in Cambodia.

6 Indicators taken from the Bank's Annual Report for the fiscal year ended October 31, 2020.

7 Excluding specified items. See the Financial Reporting Method section on pages 22 and 23 of the 2020 Annual Report for additional information on non-GAAP financial measures.

8 In Canada, as at October 31, 2020.

9 Employees enter their volunteer hours in a centralized tool on a voluntary basis.

ESG Dashboard



Target to reduce greenhouse gas (GHG) emissions resulting from our own activities by 25% before the end of 2025 (with 2019 being the reference year).

	2020	2019
Environment		
Amount of assets under management (AUM) with ESG integration in the investment process	\$39.3 B	\$40.5 B
GHG emissions – Scope 1 (in tonnes of CO ₂ equivalent) ^{1,2}	2,634	2,330
GHG emissions – Scope 2 (in tonnes of CO ₂ equivalent) ^{1,2}	3,444	2,901
GHG emissions – Scope 3 (in tonnes of CO ₂ equivalent) ^{1,2}	2,369	4,502
Total GHG emissions (in tonnes of CO ₂ equivalent) ^{1,2}	8,447	9,732
Renewable energy consumption	74,144 MWh	78,536 MWh
Percentage of energy consumption from renewable sources	74%	76%
Percentage of paper used that is FSC certified ^{3,4}	100%	100%
Paper consumption per full-time employee ^{3,5}	10.60 kg/FTE	17.27 kg/FTE
LEED certified buildings	5	5
Carbon neutrality	Yes	Yes
Value of sustainable bonds issued	\$2.2 B	\$1.2 B
Social		
Employees		
Percentage of women at the Bank ^{3,5}	54.7%	57.5%
Percentage of women in executive officer and officer roles ^{3,5}	30%	32.7%
Percentage of visible minorities at the Bank ^{3,5}	23.2%	23.8%
Percentage of people with a disability at the Bank ^{3,5}	2.9%	2.8%
Percentage of Indigenous people at the Bank ^{3,5}	0.8%	0.7%
Percentage of full-time employees	89%	88%
Employee engagement index ³	86%	81%

1 An independent service provider calculates our GHG emissions data.

2 Data excludes U.S. Specialty Finance and International.

3 In Canada.

4 Paper from certified forests.

5 Data as at December 31, 2020.

	2020	2019
Social		
Employees (continued)		
Number of new hires ¹	2,436	2,451
Turnover rate ²	12.4%	15.7%
Voluntary turnover rate (excluding retirements) ²	7.9%	11.3%
Internal recruitment rate (excluding entry-level jobs in our branches and call centres)	47.7%	46.3%
Number of workplace injuries ³	24	62
Number of fatal workplace injuries ³	0	0
Absenteeism rate ⁴	3.3%	3.5%
Amount invested in training ³	\$31.5 M	\$32.5 M
Compensation and employee benefits ⁵	\$2.7 B	\$2.5 B
The Bank's contribution to the Employee Share Ownership Plan ⁵	\$13 M	\$12 M
Clients		
Number of visitors to the Advice page on nbc.ca	1.9 M	1.6 M
Percentage of growth of digitally active clients ⁶	108%	108%
Percentage of personal banking accounts with eStatements	68.7%	66.2%
Number of no-fee chequing accounts (without minimum balance) ⁷ (SASB CB-240a.3)	146,697	149,081 ⁸
Community		
Number of employee volunteer hours ^{3,9}	27,287	49,042
Number of goods and services suppliers	931	1,003
Worth of goods and services purchased	\$1.2 B	\$1.1 B
Income tax and taxes paid ³	\$909 M	\$919 M
Income tax paid outside of Canada	\$122.1 M	\$117.8 M
Total effective income tax rate	17.9%	16.6%
Governance		
Number of members on the Board of Directors	15	14
Number of independent directors	14 (93.3%)	13 (92.9%)
Percentage of women on the Board	40.0%	42.9%
Number of training sessions for Board members	17	22
Percentage of Board committees that have ESG oversight in their mandates	4/4 (100%)	4/4 (100%)

1 Number of regular employees hired in Canada, workforce by headcount.

2 Represents the workforce included in our human resources management tool, which covers nearly 80% of the Bank's employees.

3 In Canada.

4 Percentage of work days lost due to occasional absences, family obligations and short-term sick leave under 26 weeks. This calculation includes employees in Canada only.

5 Indicators taken from the Bank's Annual Report for the fiscal year ended October 31, 2020.

6 Number of Personal and Commercial Banking clients who used digital channels (mobile or Internet banking) at least once between August 1 and October 31, 2020, compared to the total number of clients in this segment.

7 No-fee chequing accounts are defined as bank accounts that provide basic services with no additional fees, no monthly or annual maintenance fees and no minimum balance requirements.

8 The 2019 data has been reclassified to reflect all of the no-fee chequing accounts.

9 Employees enter their volunteer hours in a centralized tool on a voluntary basis.

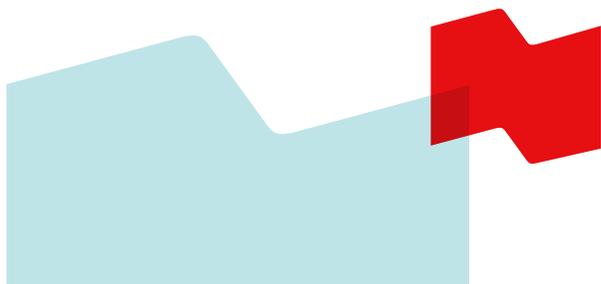
How We Support Sustainable Development

Our Contribution to the UN Sustainable Development Goals

In 2020, our initiatives and commitments contributed to 12 of the 17 UN Sustainable Development Goals.

Goal	Our contribution
 <p>1 NO POVERTY</p>	<ul style="list-style-type: none"> › Launch of a financial literacy program with the Canadian Foundation for Economic Education. › \$3.6 million donated to the United Way Centraide campaign by employees, retirees and National Bank. › COVID-19: \$500,000 donation to the United Way Centraide Canada Community Response and Recovery Fund. › Supported the Lise Watier Foundation's Let's Start Up program to foster women's financial independence.
 <p>2 ZERO HUNGER</p>	<ul style="list-style-type: none"> › Supported the Supermarket Recovery Program of the Food Banks of Quebec. › COVID-19: Provided financial support to over 20 food banks across Canada. › COVID-19: Donated \$50,000 to the Breakfast Club of Canada emergency fund.
 <p>3 GOOD HEALTH AND WELL-BEING</p>	<ul style="list-style-type: none"> › Supported the Centre for Aging + Brain Health Innovation, led by Baycrest. › Donated \$1 million to the Cedars Cancer Centre at McGill University Health Centre. › Supported over 70 organizations and establishments in the Canadian health care sector. › COVID-19: Donated \$500,000 to 10 mental health organizations. › COVID-19: Provided financial support to over 30 organizations that help vulnerable women and children.
 <p>4 QUALITY EDUCATION</p>	<ul style="list-style-type: none"> › Supported Université Laval with respect to the Carré des affaires FSA ULaval-Banque Nationale activities. › Supported Université du Québec à Montréal in powering the next generation of entrepreneurs. › Supported student analysts from Université de Montréal in managing the multi-asset portfolio of the NBI-HEC Montréal Fund. › Supported the Tremplin Enseignant program from Alloprof. › Donated \$350,000 to Université de Moncton to promote entrepreneurial growth.
 <p>5 GENDER EQUALITY</p>	<ul style="list-style-type: none"> › Signed the UN Women's Empowerment Principles. › Mentorship program for young women offered by National Bank Financial. › Set up the employee-supported Women's Leadership Network to promote women's professional development. › Each year, the Financial Markets sector awards bursaries to female students seeking a career in finance. › Partnerships with the Association of Québec Women in Finance, Women in Capital Markets, Catalyst and L'effet A.
 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	<ul style="list-style-type: none"> › Our renewable energy industry loan portfolio is growing more rapidly than our non-renewable energy loan portfolio.
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<ul style="list-style-type: none"> › New call centre opened in Sherbrooke: 200 jobs created and potential to generate economic benefits for the region of at least \$10 million annually. › Created the National Bank SME Growth Fund in equal partnership with the Quebec government. › \$110 billion in debt financing granted to Canadian businesses. › Promoted entrepreneurial growth by supporting a dozen business accelerators and incubators on an ongoing basis. › Partnership with Femmessor, an organization dedicated to promoting women entrepreneurs.

Goal	Our contribution <i>(continued)</i>
	<ul style="list-style-type: none"> › New head office designed to obtain LEED v4 Gold and WELL certification. › \$67 million invested in our facilities. › \$1.2 billion spent on goods and services.
	<ul style="list-style-type: none"> › Participated in numerous initiatives to counter systemic racism and support the advancement of the Black community: BlackNorth, the Black Entrepreneurship Program, the Being Black in Canada incubator and the Black Opportunity Fund. › Supported the Promoting Life-skills in Aboriginal Youth (PLAY) program from Right to Play. › Continued support for the UN LGBTI Standards of Conduct for Business, aimed at tackling discrimination against LGBTI people. › Promoted networks of employees working to create an inclusive work environment. › Supported more than 40 organizations that contribute to promoting inclusion and social, cultural and economic exchanges. › Donated \$1 million to the Fondation Sablon to help young people achieve their full potential.
	<ul style="list-style-type: none"> › Set a target to reduce the GHG emissions of our own operations by 25% by the end of 2025. › Partnership with Équiterre, one of Quebec's leading environmental organizations. › Three sustainable exchange-traded funds launched by National Bank Investments. › Several retail credit offers adapted for clients who shop sustainably. › Published a report on progress made for the Task Force on Climate-related Financial Disclosures. › Award-winning energy efficiency program. › Assets under management governed by National Bank Investments' OP4+ process: 96.5% (↑) of our portfolio managers comply with the UN Principles for Responsible Investment.
	<ul style="list-style-type: none"> › Integrated ESG responsibilities into the mandates of the Board of Directors and its four committees. › Succession planning for directors takes into account the Board's diversity policy. › Supported the Raoul-Dandurand Chair in Strategic and Diplomatic Studies at UQÀM for the observatory on multidimensional conflicts.
	<ul style="list-style-type: none"> › Second year implementing the UN Principles for Responsible Banking. › Ongoing support for a number of national and international initiatives: <ul style="list-style-type: none"> – Task Force on Climate-related Financial Disclosures (TCFD) – UN Principles for Responsible Investment (National Bank Investments) – United Nations Environment Programme Finance Initiative (UNEP FI) – CyberEco, a cross-sector leader in Canadian cybersecurity – Canadian Bankers Association





International Commitments

Founded in 1859 by a group of business people, National Bank has always had a clear mission: to contribute to the economic and social development of the communities it serves. Supporting sustainable development is an intrinsic part of this.

In the past year, National Bank became a signatory of the United Nations (UN) Women’s Empowerment Principles. It also pursued its commitment to the following global initiatives:

- › UN Principles for Responsible Banking
- › United Nations Environment Programme Finance Initiative (UNEP FI)
- › UN Principles for Responsible Investment
- › United Nations Global Business Standards of Conduct for Tackling Discrimination Against Lesbian, Gay, Bi, Trans and Intersex People (LGBTI)

The Bank supports the Task Force on Climate-related Financial Disclosures (TCFD) of the Financial Stability Board. In 2020, it published its first report on the issues addressed by the TCFD. The Bank is also working with industry partners to develop a relevant disclosure approach.

ESG Rating Agencies

For many years, National Bank has been responding to multiple surveys from a variety of non-financial rating agencies. This participation enables stakeholders to access a qualitative evaluation of the Bank based on environmental, social and governance criteria. As these surveys evolve over the years, they help us to become aware of our stakeholders’ concerns and to adapt our practices accordingly.

We Are Working to Develop a Green Economy



- › We consider the fight against climate change in our economic and community actions
- › We guide and advise our clients in their energy transition
- › We manage and reduce our environmental footprint in all of our business segments

- › REDUCING OUR CARBON FOOTPRINT
- › OUR BUILDINGS AND WORKSPACES
- › A COMMUNITY OF ENVIRONMENTALLY CONSCIOUS EMPLOYEES

Reducing Our Carbon Footprint

As a key player in the Canadian financial industry, National Bank is determined to understand and reduce the impact of its activities on the environment. To do so, the Bank has voluntarily adopted various measures to reduce its greenhouse gas emissions.

Reduction Target

Reducing our carbon emissions and energy consumption is important to us. The Bank's use of advanced inventory procedures and eco-friendly measures has helped reduce carbon emissions despite an increase in business activities.



We strive to reduce our carbon footprint every year. To do so, we've decided to set a **GHG emissions reduction target of 25% by the end of 2025** with 2019 being the reference year. This science-based and absolute target aims to help limit global warming to 1.5°C. This target includes Scope 1, 2 and 3 emissions (employee business travel and paper consumption as part of the supply chain). Here are a few examples of initiatives the Bank is working on to achieve its target:

- › Minimizing employee business travel by promoting virtual meetings (teleconferences and videoconferences)
- › Maintaining its hybrid remote work approach
- › Continuing to focus on energy efficiency and apply LEED assessment system criteria
- › Moving to the new head office

In 2020, the Bank reduced the carbon footprint of its activities by 13% compared to 2019. This reduction was mainly due to the decrease in business travel resulting from the COVID-19 pandemic, in particular employee travel by car or plane. The increase observed in 2020 for Scope 2 emissions is linked to the full integration of the spaces and activities

of ABA Bank in Cambodia into the Bank's carbon footprint. In 2019, only one month was included, since the Bank did not gain full control of ABA Bank until September 2019. We're currently developing a strategy to minimize the carbon impact of our activities in Cambodia. We've observed a 7% decrease in Scope 2 emissions from our North American and European spaces and activities. This is linked to the various energy efficiency initiatives rolled out over the past year. Our Scope 1 emissions increased in 2020 compared to 2019. This was partly due to measures taken to enhance the ventilation systems in our buildings and ensure the health and safety of our employees during the COVID-19 pandemic.

¹ Scope 1: Direct emissions from owned or controlled sources.

² Scope 2: Indirect emissions from the generation of purchased energy.

³ Scope 3: Indirect emissions (not included in Scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions.

Carbon Neutrality

In 2011, the Bank proudly achieved carbon neutrality. Under an innovative agreement with the Sobeys supermarket chain, the Bank agreed to buy 15,000 tonnes of certified carbon credits annually until 2015, enabling it to completely offset its GHG emissions.

Since then, the Bank has renewed its commitment to achieving carbon neutrality by reducing its carbon footprint and offsetting its greenhouse gas emissions. In 2021, to offset its 2020 emissions and ensure carbon neutrality, the Bank purchased 8,447 Verified Carbon Units (VCUs). These units were purchased from Will Solutions, a B Corp-certified company that adheres to the principles of a sharing economy to monetize the climate-related actions of Quebec SMEs to benefit community projects, and from the Nature Conservancy of Canada as part of the Darkwoods Forest Carbon project, one of the largest carbon projects in North America.

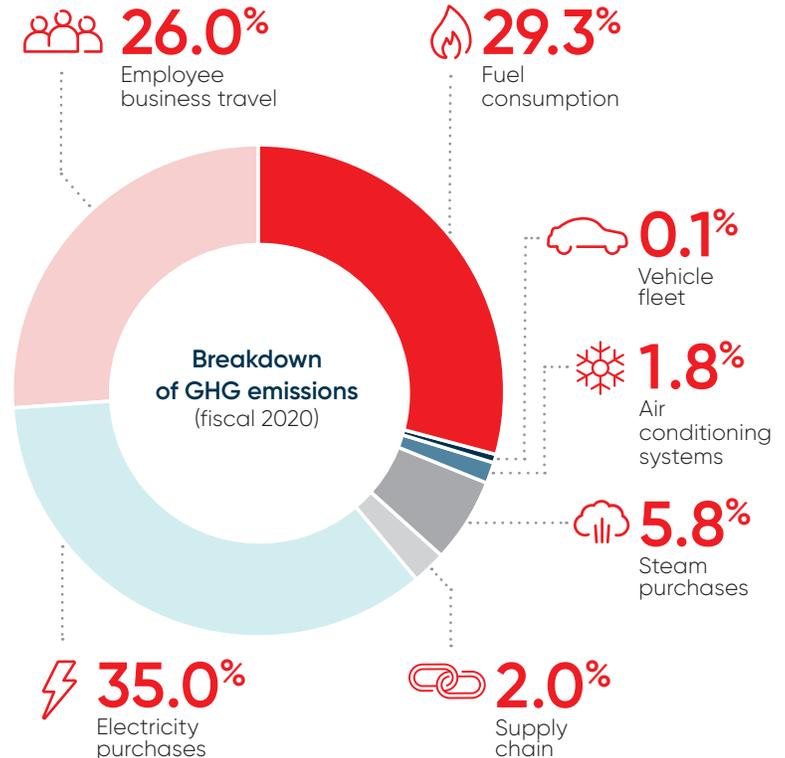


The Bank aims to reach net zero emissions for its activities by 2050, which is in line with the most ambitious goal of the Paris Agreement, limiting global warming to 1.5°C.

Inventory of Greenhouse Gases

The Bank took its first step toward managing its carbon footprint in 2007-2008 by quantifying its GHG emissions and sending the data to the CDP, a key global initiative that promotes environmental disclosure. Since then, the Bank has been repeating the exercise every year. We work in close collaboration with a number of recognized expert firms to do this. Our goal is to align our methods with current best practices.

GHG emissions by the Bank during the 2020 fiscal year were estimated at 8,447 tonnes of CO₂. This represents a 22% drop in overall GHG emissions since 2018. We are proud of this record and are continuously working to do even better.



Support for the TCFD

In 2018, the Bank announced its support for the Task Force on Climate-related Financial Disclosures (TCFD) of the Financial Stability Board. To meet TCFD recommendations and ensure transparent disclosure to its stakeholders, the Bank published in 2020 its first [TCFD Report](#), which presents its progress and strategies to manage climate-related risks. The Bank has defined a roadmap to implement TCFD recommendations and will enhance its reporting over the coming years. This reporting is also part of our commitment to the Principles for Responsible Banking.

Our Buildings and Workspaces

Our New Eco-Friendly Head Office

National Bank's [new head office](#) will be located in the heart of Montreal's *Quartier de l'innovation* at 800 Saint-Jacques Street. This address is particularly meaningful since National Bank had its head office on that same street over a century ago. The 40-storey building will be one of the highest office towers in Montreal. Construction will span four years before completion in 2023.

Our goal is to meet LEED v4 Gold and WELL standards. Building the tower will create 7,000 jobs and have an economic impact of more than \$1.2 billion. We plan to have 400 bicycle parking spots and to start off with 80 electric vehicle charging stations. It will be possible to increase this number, since the Bank's new head office facilities will make it possible to add more charging stations.

Our collaborative spaces will be modern, full of natural light and geared toward teamwork. We want to offer a stimulating and relaxed environment to foster dynamic discussions.

An integrated daycare and cafeteria will help employees maintain work-life balance and a fitness room will promote healthy living. A 40,000 sq. ft. park will be accessible to the entire community.



 Rooftop terrace

 Exceptional views and light

 Smart energy control and performance

 Collaboration spaces

 Active design

 Unassigned workspaces

 Outdoor access

 Art incorporated into the design

 Indoor bike parking spaces and proximity to public transit

 Electric car parking spaces

Built on Best Practices

The Bank's eco-friendly practices are reflected in the features of its buildings. It has rolled out standards inspired by LEED assessment system criteria, which are automatically applied to Bank projects. The Bank has obtained a number of LEED certifications for its buildings in recent years.

The Bank also follows best practices in workspace design. For example, several features of the WELL building standards have been integrated into the floor plans for the National Bank Tower, which will be set up as dynamic workspaces. Administered by the International WELL Building Institute, the WELL standards recognize built environments that promote the health and wellness of their occupants.



Built on Energy Efficiency

Since a large portion of the Bank's emissions come from electricity and fossil fuel consumption, energy efficiency is a top priority. The Bank is recognized as a leader in this field. One energy-efficient initiative that shows great promise involves a system that allows us to manage energy use in more than 250 branches using building control systems and a web interface.

The concept is simple. We use remote management to optimize energy consumption in our buildings. With this remote control system, the Bank can save millions of kilowatt hours of electricity and thousands of cubic metres of natural gas annually.

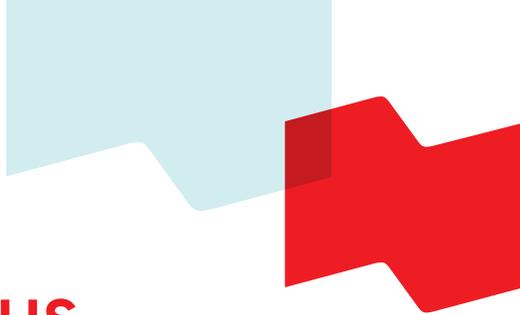
Centralized remote management has allowed us to participate in the Demand Response program from Hydro-Québec (a public utility that manages the transmission and distribution of electricity in Quebec), which aims to reduce energy demand during peak winter periods.

To keep saving energy over time, we have simultaneously adopted a continuous energy improvement approach. Taking into account, among other things, changes made throughout the life cycle of our buildings, this innovative approach lets us monitor our facilities to ensure that we meet our energy efficiency targets every year.

Installation of Charging Stations

In 2018, the Bank launched a project to install charging stations for electric cars in the parking lots of several branches. Charging stations will be included in our new branches when possible, in accordance with our rollout strategy. Since 2018, we've installed 23 charging stations. We plan to continue installing charging stations over the coming years to increase their availability in the communities we serve.

We also plan to roll out 80 charging stations in the new head office's parking lot.



A Community of Environmentally Conscious Employees

In 2020, the Bank continued to work with a growing group of employees who care about the environment. Awareness activities and campaigns have been rolled out to promote the adoption of eco-responsible behaviour and reduce our environmental footprint.

The Positive Impact Environment Squad and the Eco-Ambassadors

Over 1,400 employees are members of the Positive Impact Environment Squad, an internal group that carries out awareness initiatives year-round to help employees adopt eco-responsible habits at work and at home. The group regularly shares knowledge and best practices by publishing articles and videos on various topics.

The community can count on the contribution of eco-ambassadors, dedicated and volunteer employees, whose mission is to promote environmentally friendly behaviours among their colleagues and encourage them to participate in the squad's activities. Since eco-ambassadors come from different Bank teams at buildings and branches all across Canada, they can share information relevant to many different situations.

To foster open dialogue and ongoing communication, expert panels and discussion forums have been established. These initiatives address participants' concerns and ideas—from how to manage a beehive to buying an electric vehicle.

Eco-advice

In line with efforts to reduce everyone's environmental footprint, relevant advice is communicated every month to the entire community. A few of the topics covered: how to celebrate certain events while respecting the environment, how and why to avoid excess consumption and adopt eco-friendly behaviours, how to reduce food waste and how to travel locally.

Sharing Knowledge

Employees have been invited to test their knowledge on sustainable development and ESG criteria. To answer the questions received and improve general knowledge, a special Let's Talk About ESG report presenting the Bank's main achievements was published. An internal site accessible to all employees brings together the Bank's various articles, initiatives, policies and commitments to protect the environment and makes it easy for employees to get involved.



Contests and Campaigns

The Get Ready to Plant! contest, launched at the start of the pandemic, was intended to promote food self-sufficiency and employee well-being. Open to all, this contest encouraged employees to prepare their gardens and get planting. The enthusiastic response to this first contest and the tips and photos shared by novice gardeners and experts spurred us to organize another contest, How's the Gardening? This contest highlighted the results of employees' work on the vegetable plots and biodiversity gardens they started as part of the previous contest.

Several awareness campaigns have also been launched on topics such as reducing waste, buying local, reducing paper consumption and purchasing sustainable clothing.

New Partnership

The partnership with Équiterre, one of Quebec's leading environmental organizations, has made it possible to call on experts to present videos on agriculture and soil health, planning a garden and the importance of pollinators.

Community Involvement

The Bank's volunteer program gives employees the opportunity to get involved and make a difference in their community. The *Verdissons Longueuil* project is a great example of how community involvement can help the environment. This initiative is aimed at improving residents' quality of life by increasing the urban tree canopy. Over 1,000 trees were planted in 2018 and 2019. In 2020, volunteers had to take action to protect the trees from heat waves. Marc-Antoine Azouz, founder of *Verdissons Longueuil*, received the André-Bérard Award in 2020. This award recognizes a group of employees or retirees for their outstanding contributions to the community through volunteer activities.

"You never know where life will take you. What started as a tiny initiative really took off, and now we've become a formal non-profit organization with amazing volunteers."

– Marc-Antoine Azouz, National Bank employee and founder of the *Verdissons Longueuil* non-profit organization

We Enrich Communities



- › ENCOURAGING COMMUNITY DEVELOPMENT
- › SERVING OUR CLIENTS BETTER
- › DIGITAL OFFERING
- › STRATEGIC PARTNERSHIPS
- › BUSINESS OFFERING
- › RESPONSIBLE INVESTMENT
- › FINANCIAL LITERACY
- › BRINGING OUT THE BEST IN OUR EMPLOYEES



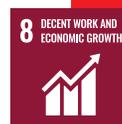
› We maximize the potential of individuals and the community



› We promote inclusion and diversity



› We foster entrepreneurship, financial literacy, philanthropy, and support for health and education



Encouraging Community Development

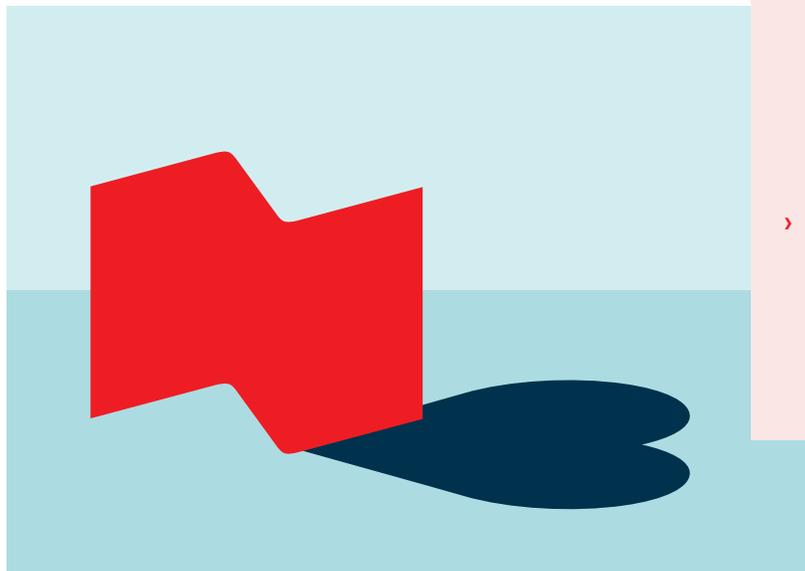
As a leading economic player in Quebec and Canada since 1859, National Bank seeks to contribute to the development of the communities in which it operates.

Ongoing Support for Organizations That Change Lives

The Bank has reached this objective through a well-defined donation and sponsorship program and the commitment of its employees and retirees who volunteer in their communities, as well as successful fundraising efforts involving clients.

National Bank is proud to take action in the community. As a generalist donor, the Bank has adopted a philanthropic strategy and donates to a large number of causes across society. It supports a large number of organizations in the areas of education, entrepreneurship, health, community outreach, arts and culture, diversity and inclusion and the environment. Organizations are chosen according to strict guidelines that ensure maximum fairness and community impact.

In 2020, the Bank gave several tens of millions of dollars back to the community. It made over \$14 million in institutional donations, including over \$2.5 million in one-time donations to help organizations across the country in their mission to support communities hard hit by the COVID-19 pandemic.



Learn More

Consult the [2020 Corporate Social Responsibility Statement](#).

Here are a few highlights:

- › **\$1 M Fondation Sablon**
(Montreal, Quebec; 2020–2024)
Helping young people achieve their full potential.
- › **\$225,000 Culture pour tous**
(Province of Quebec; 2020–2022)
Participating in the development of the *Journées de la culture*.
- › **\$50,000 Greater Vancouver Food Bank**
(Vancouver, British Columbia; 2020)
Supporting the organization in its fight against food insecurity.
- › **\$3.6 M United Way Centraide campaign**
(Canada; 2020)
The amount includes funds collected from Bank employees and retirees across Canada, plus a corporate donation. This Canada-wide campaign has been held annually since 1977.





27,287
Number of employee
volunteer hours

Employees and Retirees Dedicated to Their Community

Thousands of National Bank employees and retirees are tirelessly devoted to having a positive impact on the community. The Bank wants to support their actions. In 2020, the volunteer program paid organizations \$10 for each hour of volunteering carried out by an employee, up to \$400 per employee per year. Each organization could receive up to four employee donations, for a maximum of \$1,600. A total of 27,287 volunteer hours were logged.

A Responsible Corporate Citizen

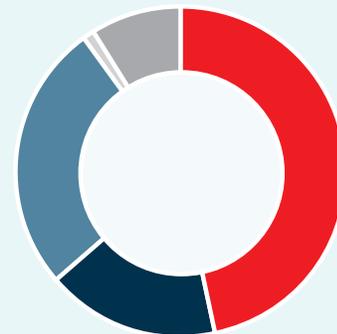
As a systemically important domestic bank, National Bank participates in the economic development of its community by being a good corporate citizen. That's why it has implemented processes to fight against money laundering and terrorist financing. It also ensures that it complies with the legislative and regulatory requirements of the countries where it does business. As a corporate citizen, National Bank paid \$909 million in income taxes and other taxes in Canada for the fiscal year ended October 31, 2020. Since Canada is the country where the Bank carried out most of its activities, this is where the majority of its income taxes and other taxes are paid. The Bank also ensures that it adheres to the tax laws in every country where it does business. This is why it also paid \$122 million in income taxes outside Canada during the fiscal year ended October 31, 2020. For more information, please consult the [2020 Annual Report](#).

Income tax and other taxes paid or payable

(thousands of Canadian dollars)

	2020	2019
Income taxes and other taxes paid in Canada	\$908,951	\$919,008
Income taxes paid outside Canada	\$122,138	\$117,800
Effective income tax rate – declared	17.9%	16.6%
Total effective tax rate ¹	30.1%	28.2%

Distribution of Taxes Paid or Payable in Canada



- Income tax
- Payroll taxes
- Sales taxes
- Capital taxes
- Property taxes, occupancy taxes and other taxes

¹ Percentage is equal to total taxes paid divided by pre-tax income. The tax rate provided for by law was 26.5% in 2020. For more information, see Note 24 of the [2020 Annual Report](#) (page 209).

Responsible Marketing

The Bank is concerned about its impact on the environment and society and has integrated many sustainable development practices into its marketing activities, whether in its choice of service providers, its methods of communicating with clients or its reuse of materials. When it comes to its communications, digital platforms are favoured over paper printing and regulatory letters are printed on recycled paper. Promotional material is stored and reused. National Bank also strives to support local partners, entrepreneurs and the next generation, and it takes into consideration the different parties involved in event planning.

Choosing Responsible Suppliers

National Bank uses third-party risk management policy and procedures to ensure that the third-party service providers it selects adhere to its ESG principles. As part of its efforts to implement a responsible sourcing strategy, the Bank has integrated environmental and social criteria into the registration questionnaire for new suppliers.

In accordance with sound and efficient third-party risk management practices, the Bank requires that its relations with suppliers balance the interests of all stakeholders and allow for rigorous oversight. Suppliers must have values aligned with the Bank's [Code of Conduct and Ethics](#) and must meet financial and due diligence requirements, information security standards and key risk and performance indicators.

COVID-19

In 2020, to ensure the health and safety of our employees and in accordance with public health recommendations, many events were cancelled. Others were converted to virtual events.



The Bank establishes its risk appetite concerning third parties by performing a full risk assessment, highlighting the impacts on personal and confidential information, business continuity, client relations, reputation, compliance and information technology, as well as by thoroughly examining the supplier's financial situation (financial statements, discussions, etc.) and practices, policies and information security environments (audit reports, security tests, etc.).

Serving Our Clients Better

During the pandemic, our clients were able to rely on a people-centric bank where every employee across Canada took action to make a difference. We implemented measures to quickly adapt to the situation and better meet clients' expectations in terms of advice, customer care and simplicity.



Taking Care of Clients' Financial Health

This year, more than ever, the Bank has shown that clients are its top priority. Our advisors have been caring and proactive, contacting clients to reassure them and provide advice tailored to their situation. We set up a dedicated phone line for seniors to ensure the needs of this more vulnerable client segment were quickly addressed. We also organized many webinars and Facebook Live events with our experts to answer clients' questions and help them get through this unprecedented year.

19,779
calls to the
dedicated line
for seniors

120
virtual
conferences

Enhanced Remote Experience

We pursued our efforts to improve access to our services, while the pandemic generated greater interest in our remote services and digital solutions. The Bank has been working hard to enhance its remote experience, introducing

a contactless bank account opening process and issuing debit cards remotely. Our employees have adapted their advisory approach, focusing on empowering all of our clients to use digital features so they can become even more independent in handling their financial needs. We've also introduced a process to enable advisors to hold virtual meetings with clients and carry out numerous transactions remotely.

Opening of Our Call Centre in Sherbrooke

National Bank opened its new call centre in Sherbrooke in September 2020. This project, representing an initial investment of \$5.4 million, has allowed us to create 200 new jobs and will eventually generate at least \$10 million per year in economic spinoffs in the region, taking into account salaries paid. The call centre will meet the needs of thousands of Bank clients across Canada.



New Branch Experience

In 2020, the Bank continued to roll out a new branch experience for its clients. Over 100 points of service across Canada now offer this approach focused on advisory services and technology. Our innovative concept relies on a people-first approach where employees welcome clients the moment they arrive at the branch, take charge of all of their needs and help them use our digital solutions. The Bank is pursuing this initiative in 2021.

Voice of the Client

For many years, National Bank and its subsidiaries have been assessing the effectiveness and competitiveness of their products and services as well as the quality of the client experience.

Over the past year, nearly 150,000 individual and business clients were surveyed by an external firm, giving the Bank an overview of their needs and expectations. In March 2020, satisfaction indicators related to communications and measures introduced during the COVID-19 pandemic were added to the survey.

We also rely on other approaches, such as focus groups, online panels and an active social media presence, to help us make decisions centred on client feedback and expectations. What's more, all client-facing employees are required to complete training on handling client complaints.

We collect client feedback as part of our commitment to continuously improving client satisfaction.

Social Media

In order to promote discussion, the Bank communicates online on a daily basis with its clients and various communities of interest.



nbc.ca/socialnetworks

COVID-19



The Bank participated in the concerted efforts of Canada's largest banks to find solutions to assist clients during the pandemic. It quickly adopted strict hygiene measures in branches and at its head office to provide a safe environment for clients and employees. It demonstrated great agility in finding effective solutions and training its employees to better meet the financial needs of clients, in branches, over the phone and online. A number of support measures were implemented, including:

- › Mortgage payment deferrals with compensation for additional interest incurred
- › Payment deferrals on personal loans
- › Certain banking fees temporarily waived
- › Credit cards: Temporary credit limit increase, deferral of minimum monthly payments and reduced interest rate on purchases

Handling complaints

National Bank offers a complaint settlement process accessible via our many service channels. It's easy to use and focuses on finding solutions. The Bank encourages its employees to handle and resolve complaints promptly.

Since the Bank is committed to continuously improving client satisfaction, complaints and negative comments are handled with care.

The Office of the Ombudsman for Clients handles complaints that are not settled to the client's satisfaction.

Indicators	2020	2019
Complaints received by the Ombudsman for Clients	2,769	2,143
Files processed and closed	208	234
Settlement rate	57%	46%
Average processing time	58 days	77 days

Office of the Ombudsman for Clients

The Office of the Ombudsman for Clients offers clients an independent and impartial recourse for complaints not settled to their satisfaction. The Ombudsman partners with specialists from all areas to promote a collaborative approach among the parties involved and uses methods adapted to each specific situation. Each year, the Ombudsman publishes data on the complaints handled over the past year. This information, as well as the Charter of the Office of the Ombudsman for Clients, is available on the Bank's website at nbc.ca/complaint-settlement.

Protecting Our Clients' Interests

(SASB AC-270 a.3)

Trust and transparency are central to the Bank's relationships with all its stakeholders. When it comes to services offered to clients by our employees, the Bank ensures appropriate measures are in place so it can deliver services tailored to the needs and interests of each client in a safe and respectful environment.

Our employees are trained and educated to the highest standards. The Bank's One Mission is to have a positive impact in peoples' lives and build lasting client relationships. Therefore, the Conduct Review and Corporate Governance Committee takes steps to ensure management staff implements mechanisms to monitor client-facing initiatives. It's also responsible for reviewing the effectiveness of these mechanisms. The Committee receives an annual report from management on the application of these mechanisms and any other activities linked to client protection.

Training

Our client advisors complete training plans that cover regulatory aspects, the client relationship and various financial strategies. Each learner is supported during their training by an ecosystem tailored to their situation.

Employees acquire knowledge and develop skills to help them understand clients and their needs. They work with clients to establish financial strategies that meet their current and future needs.

All our employees receive training and sign an annual Code of Conduct and Ethics attestation that contains provisions intended to maintain respectful relationships with our clients based on transparency, integrity, professionalism, trust and authenticity.

Accessibility of our services

All our employees must respect, at all times, the principles of dignity, autonomy, integrity and equal opportunity. They have access to training material to help them understand the legal accessibility requirements for products and services.

We are well-equipped and committed, among other things, to:

- › share concise information using different means of communication;
- › ask our clients if they need help using our services;
- › prioritize any requested changes to accommodate clients with limitations.



Seniors Code

The elderly population is increasing. As a result, measures are being taken to better serve this client segment. The Bank has signed on to the Code of Conduct for the Delivery of Banking Services to Seniors, a set of guiding principles adopted by the banking industry to fully address the needs of clients aged 60 and over. The Financial Consumer Agency of Canada (FCAC) will be responsible for monitoring banks and ensuring they comply with the Code.

Having all business lines at the Bank adhere to the Code is the latest step in our people-first approach to building relationships with clients and having a positive impact in their lives. All of our employees have completed specific training on this topic, with content adapted to each business line.

We are committed to:

- › Helping our elderly clientele by assisting them
- › Acting against fraud, financial exploitation and possible scams against seniors
- › Recognizing signs of abuse
- › Communicating effectively with seniors
- › Offering products and services adapted to their needs

No-pressure sales

National Bank has issued directives to ensure all of its employees comply with the requirements of Section 459.1 of the *Bank Act*, which prohibits coercive tied selling. More specifically, it is against the law for a bank to impose undue pressure on, or coerce, a person to obtain a product or service from a particular person, including the Bank and any of its affiliates, as a condition for obtaining another product or service from the Bank. For more information, please see our [brochure](#) and our [Code of Conduct and Ethics](#).

We publish an annual report on the protection of seniors, which is available in the *Social Responsibility* section on [nbc.ca](#). The report details the concrete actions we've taken to address the 6 main principles of the Code:

- 1 Implement the necessary measures to comply with the Code
- 2 Communicate effectively with seniors
- 3 Provide training to employees who serve seniors
- 4 Provide employees with appropriate resources to help them understand seniors' banking needs
- 5 Focus on mitigating potential financial harm to seniors
- 6 Take into account market demographics and the needs of seniors when closing branches

Our initiatives for seniors are also described in the *Protecting our clients aged 60 and over* section on [nbc.ca](#).

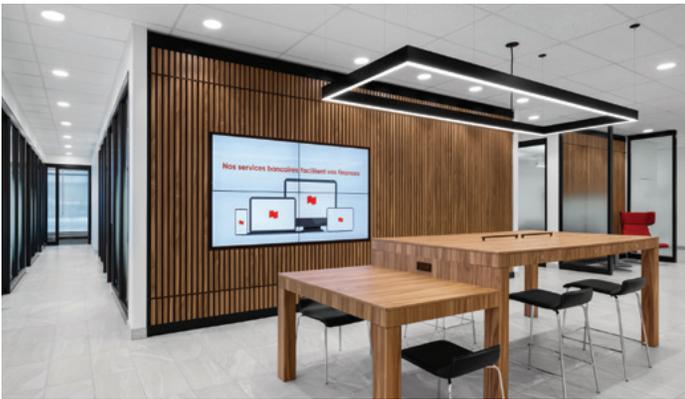
Physical Network

National Bank continues to make significant investments in its branches and points of service to offer clients environments that live up to their expectations. For example:

- › We've opened, renovated or relocated some 20 branches to offer modern, technologically enhanced spaces that comply with sustainable development and universal accessibility standards.
- › We've gradually updated our bank branches to meet new inclusivity and universal accessibility standards for people with cognitive and physical limitations and to comply with the Code of Conduct for the Delivery of Banking Services to Seniors.

Accessibility

In 1992, the Bank made a commitment to the Canadian Human Rights Commission to ensure its branches and other buildings comply with universal accessibility standards. When renovating or designing premises, we apply the most rigorous standards in effect. Today, more than 95% of our branches are accessible to persons with reduced mobility.



Here are some of the measures put in place:

- › **Parking:** When renovating or designing points of service with parking spaces, we ensure compliance with applicable provincial standards and provide at least one parking space reserved for people with reduced mobility near the entrance.
- › **Access ramps:** Most of our points of service have level access¹ or are accessible by elevator. Where required by regulations, we install an outdoor or indoor ramp to ensure compliance with accessibility standards (space permitting).
- › **Automatic door openers:** Since 2001, when renovating or designing premises, we install automatic door openers with push buttons for the ABM area.



› ABMs:

- The ABM manufacturer must meet international accessibility standards. The screen, buttons and card slots used for depositing/withdrawing cash and printing slips and statements must be at a certain height.
- Our ABMs are at an appropriate height and easily accessible to persons with reduced mobility.
- All our ABMs are equipped with a support bar that meets CSA standards² for persons with reduced mobility.
- All our ABMs have headset jacks for persons with visual impairments.
- The characters on ABM keyboards have been enlarged and the centre key is easily identifiable.

¹ Level access means that the height difference between the sidewalk and the threshold is less than ½ inch, allowing a person with reduced mobility to access the premises without difficulty.

² CSA (Canadian Standards Association) standards determine the distance between the screen and the support bar, the diameter of the bar and the existence of a non-slip section to ensure a good grip.

- › **Reception counter and collaborative table:** Reception counters at branches include a lower section that allows persons with reduced mobility to sign documents. When designing or carrying out major renovations at the points of service of National Bank Financial and our other subsidiaries, we also ensure compliance with the standards in effect.
- › **Teller stations (counter):** All branches have at least one teller station reserved for persons with reduced mobility. The Bank is committed to adapting the teller stations used by employees to any physical limitations set out in a medical report issued by a health care professional.
- › **Areas with traffic:** When renovating or designing premises, we ensure corridors are unobstructed, meet regulatory standards for width, and provide enough space for persons with reduced mobility to open interior doors.
- › **Toilets:** When renovating or designing premises, we comply with the code in effect by installing at least one accessible toilet that meets the strictest requirements for universal accessibility. In Manitoba, Ontario and Saskatchewan, we add adult changing tables in accordance with Bill C-81 and Manitoba law.



For more information, please consult [An accessible experience for all.](#)

Eco-friendly Products: Reducing Our Clients' Environmental Footprint

We've added an "Eco-friendly" section to our loyalty program for National Bank credit card holders. Among other things, clients can offset their greenhouse gas emissions by purchasing CO₂ offset units via Coop Carbone. By choosing this option, our individual and business clients contribute to Quebec's Green Fund, which provides the resources needed to implement Quebec's provincial climate change plan.

Clients can also visit this section of the rewards site to purchase sustainable products from local businesses. To encourage clients to be environmentally conscious, fewer rewards points are needed to purchase an electronic gift card versus a plastic one. The Bank offers an additional discount on financing for electric and hybrid vehicles, to help clients reduce their carbon footprint and promote the transition to electric vehicles.

To support our business clients in achieving their own ESG targets, the Bank is offering a new type of financing that is unique in North America: loans that integrate environmental, social and governance criteria. Borrowers can benefit from rate discounts when financing projects that will have a positive impact on sustainable development. This type of loans is mainly intended for businesses that have integrated ESG criteria and targets into their strategy.

COOP CARBONE



Digital Offering

In these unprecedented and uncertain times, National Bank has quickly adapted to the new realities of life during the COVID-19 pandemic. We've accelerated our digital transformation to support all our clients while offering a more convenient, comprehensive and secure experience.

COVID-19

We've been supporting our clients since the beginning of the pandemic. We have introduced a series of digital solutions to enable our individual clients to defer payments on their mortgage loans, personal loans, student loans and credit cards. We also released a simplified form to register for direct deposits from the Canada Revenue Agency, as well as a microsite that provides advice and outlines all our measures to help clients make it through these difficult times. Furthermore, we've developed a number of support measures for businesses, including a quick online account opening form linked to the federal government's Canada Emergency Business Account (CEBA) program.

New Mobile Experience

A new version of our app is now available for individual clients. It's more efficient and features an updated interface and simplified navigation. New features will be added to the app over the coming months.

International Money Transfer Solution

Our new Mastercard® and Interac® international money transfer solution was launched this year. The Interac e-Transfer platform allows clients to transfer money from Canada to bank accounts abroad, mainly in Europe and the United States. New countries will gradually be added to the list.

Digital Experience

In 2020, we also continued to update the features offered on our transactional platform. A new tax management solution is now available. It allows clients to plan payments of their tax accounts (property and school taxes), calculate how much they need to save over the year based on the payment frequency they prefer, consult upcoming payments and modify them as needed. New tools also make it possible for clients to temporarily block a lost or stolen credit card and/or request a replacement card.

Financial Services – Underbanked, Unbanked and Underserved Clients

National Bank's mission is to have a positive impact in people's lives, no matter where they are. The Bank, having recently become the sole shareholder of Advanced Bank of Asia Limited (ABA Bank) in Cambodia, has opened the door to many people who previously had no access to banking services at all. With 77 branches in Cambodia, the Bank provides access to basic banking services for underbanked, unbanked and underserved people. For more information on loans and deposits in Cambodia, see the presentation given to analysts and investors in Q4 2020, available on nbc.ca.

There are people who are underbanked, unbanked and underserved in Canada as well, and we aim to remedy this situation. We have set up measures to give a portion of our clientele easier access to financial services and allow us to better meet their needs. For example:

- › Bank accounts offered without fees to certain client segments identified by the Government of Canada as financially vulnerable (seniors,¹ persons who have been determined to be disabled,² children, full-time students), if linked to a specific package.
- › Monthly discount on most banking packages offered to certain client segments such as people under age 18, full-time students aged 18 to 24 and people aged 60 or older.
- › Series of measures to financially accommodate clients affected by the COVID-19 pandemic or by flooding in the Fort McMurray region.

Number of checking accounts with no fees in Canada (no minimum balance)	146,697
Number of borrowers at ABA Bank	78,756
Annual increase in ABA Bank loans	47%
Annual increase in ABA Bank deposits	44%

¹ Persons aged 65 years or older on presentation of proof of eligibility for the Guaranteed Income Supplement.

² Beneficiaries of a Registered Disability Savings Plan (RDSP) aged 18 and over, upon presentation of proof of eligibility.

Strategic Partnerships

Venture Capital

In 2019, National Bank launched NAventures™, a corporate venture capital group that buys an equity stake in start-ups and growing businesses, building strong partnerships that will shape the future of financial institutions. This group is more than just a source of capital. National Bank supports entrepreneurs at every step of the way to ensure the success of their projects.

To date, the NAventures™ portfolio, which includes 17 businesses, consists mainly of fintechs. It also features other companies that will play a role in the future of financial institutions. Every company in the portfolio contributes in their own way to their community, and National Bank is proud to be investing in their missions.

These are some of the businesses in the NAventures™ portfolio:

› KOHO

KOHO offers a smart spending account with no fees. The full-service account comes with a reloadable debit card that earns cashback on every purchase, and an integrated app that helps users spend smart and save more.

› Dialogue

Dialogue provides virtual access to a multidisciplinary team of health care professionals for Canadian companies. By empowering employees to be proactive about their physical and mental health, businesses can reap the significant benefits associated with happier and healthier employees.

› Moka

Moka is a saving and investing app that helps users achieve their financial goals by rounding up their purchases and investing the spare change. Moka uses AI to provide personalized recommendations that help users make better financial choices.

› Workind

Workind is an application that allows employers to offer their employees lifestyle benefits at promotional rates. Employees can access pre-selected suppliers who deliver products and services to the office or home.

**Innovation
is the calling
card of
the future.**



International

The Bank complements its Canadian growth with a targeted and rigorous international strategy. It focuses on specialized financing in the U.S. through Credigy and on banking services for individuals and businesses in Cambodia through ABA Bank.

ABA Bank, which mainly supports micro-, small and medium-sized enterprises in Cambodia, saw its activities grow significantly in 2020.

Here are a few highlights:

- › 7 new branches were opened, for a total of 77 across the country.
- › ABA Bank now has over a million clients, mainly individuals, entrepreneurs and micro-, small and medium-sized rural businesses in Cambodia.
- › For the sixth and seventh consecutive year, respectively, ABA Bank has been recognized as the Best Bank in Cambodia by Global Finance Magazine and Euromoney. It was also named Bank of the Year by The Banker in 2019.
- › ABA Bank was ranked the 12th largest taxpayer in Cambodia, which reflects its importance to the country's economy.



COVID-19

To ensure the safety of its employees and clients, ABA Bank has rolled out hygiene measures at its branches, such as providing disinfectant dispensers, taking the temperature of all employees and clients and cleaning surfaces more frequently. ABA Bank has also made a number of charitable donations to support communities affected by the pandemic.

Offer for Businesses

As the Bank for entrepreneurs and the partner of choice for businesses, National Bank stands out for the close ties it has forged with its clients over the years. National Bank supports businesses, which are central to the growth of the Canadian economy. We give entrepreneurs the means to acquire a small or medium-sized enterprise (SME), start up their own or grow an existing business. We also support larger businesses with their needs. In 2020, we approved more than \$110 billion in loans for businesses of all sizes across Canada.

COVID-19

Content is regularly updated on the [nbc.ca](https://www.nbc.ca) site and also sent via our newsletters to clients, keeping them informed of the various government programs and resources available to assist them. As an example, we created a page on the Canada Emergency Business Account. This page presents eligibility conditions, outlines the process for submitting an application and provides answers to frequently asked questions. In an independent survey of its members by the Canadian Federation of Independent Business (CFIB), published in April 2020, National Bank was ranked as the leading financial institution in Canada by SMEs in terms of satisfaction with their overall experience during the COVID-19 pandemic. For more information, please consult [cfib.ca](https://www.cfib.ca).

The Bank has launched an expert volunteer program to help small businesses and NPOs relaunch their activities. This program gave Bank employees the opportunity to use their expertise to help businesses in need.

Day-to-Day Management

The Bank offers business owners products and services to simplify their day-to-day business management so that they can focus on their business's growth and development. For example:

› Operiō

A subsidiary of Raymond Chabot Grant Thornton, Operiō offers integrated accounting consulting services for SMEs. These services facilitate administrative management and automate all sorts of accounting tasks.

› Dialogue

A telemedicine service, Dialogue offers employees and their families on-demand virtual access to health care professionals. Dialogue is a unique employee benefit that allows businesses to reduce absenteeism by considerably decreasing the usual wait times to access health care.

› Lex Start

Lex Start offers legal kits to assist entrepreneurs with various processes, from incorporation and filing a trademark to creating a shareholder agreement. Lex Start helps businesses build a strong legal foundation validated by legal professionals.

› Booxi

Booxi is a quick and simple online appointment scheduling and reservation tool. It allows businesses to significantly simplify appointment management so they can focus on their clients.

Entrepreneurial Ecosystem

National Bank is fully committed to supporting entrepreneurship and advancing business knowledge, two essential drivers of economic and social development. Numerous partnerships have been created, such as:

Incubators and Accelerators

National Bank supports nearly a dozen incubators and accelerators, including:

- › **Centech**, École de technologie supérieure (ÉTS)
- › **Accélérateur de création d'entreprises technologiques (ACET)**, Université de Sherbrooke
- › **Dobson Cup – McGill Dobson Centre for Entrepreneurship**, McGill University
- › **La Centrale and Carré des affaires FSA ULaval-Banque Nationale**, Université Laval
- › **The Institut d'entrepreneuriat Banque Nationale and Creative Destruction Lab (CDL)**, HEC Montréal
- › **La Piscine**, a non-profit organization dedicated to developing entrepreneurship in Montreal's and Quebec City's cultural and creative industries.
- › **Zú**, an accelerator dedicated to developing entrepreneurship in Montreal's and Quebec City's cultural and creative industries.

The Bank is also a partner of **Réseau Mentorat**, which offers mentoring for entrepreneurs all over Quebec, elsewhere in Canada and in France.

Training Programs

The Bank also supports various training programs specifically for entrepreneurs, including:

- › **École d'Entrepreneurship de Beauce**
- › **Alias entrepreneur-e**, a business coaching web platform
- › **La Factory**, school of creative sciences

Foundations

- › National Bank supports the **OSMO Foundation**, which works toward developing the start-up ecosystem in the greater Montreal area. OSMO is able to benefit from the Bank's expertise.
- › National Bank supports the **Mtl Inc. Foundation**, whose mission is to propel Montreal's most promising young entrepreneurs toward success through grants, access to a high-level business network and the expertise of seasoned volunteer business people.

National Bank Showcase

In November 2020, we launched a digital directory to promote the Bank's business clients to our employees. Enrolment is free and the initiative is promoted on internal communication platforms that highlight various topics, such as wellness or buying local.



Supporting Small Business Financing

National Bank stands out for the strong ties it has forged with entrepreneurs over the years. As a partner of choice for SMEs, it supports them through all phases of their development, from start-up to major expansion. Here are some examples of initiatives the Bank has launched to enhance its financing offer for small businesses.

- › Partnership with the *Parcours Développement durable Montréal*. The *Parcours* was launched by the Ville de Montréal, Ellio and the *Conseil des industries durables*. It aims to support 20 Montreal SMEs every year in addressing sustainable development challenges and implementing innovative solutions.
- › Support offered to a dozen incubators and accelerators including two new ones in 2020 (Zú and La Piscine). The Bank also partnered with the Défi Start-up from *Les Affaires* and the Startupfest. These two events give start-ups a chance to network and obtain financing.
- › Continuation of the Lise Watier Foundation's Let's Start Up program for women who need support. Powered by National Bank, this program helps participants attain financial independence by giving them access to microloans to support their business projects.
- › Announcement of the development of a program to support entrepreneurship in Black communities in Canada, together with several other financial institutions and the Government of Canada. This program is intended to offer financial support, in the form of loans, to Black business owners and entrepreneurs. It aims to contribute to their success and to economic recovery following the pandemic.
- › In line with its goal of offering an outstanding experience to SMEs across Canada, National Bank has updated its business financing platform. The new version of the platform makes it possible for small businesses to quickly obtain a financing decision.



Défi Start-up from *Les Affaires* and Startupfest

In 2020, faced with the uncertainty that an in-person event could be held, National Bank relied on two partnerships with key players in Quebec's entrepreneurial ecosystem to showcase local talent and help entrepreneurs make it through this unprecedented economic period.

The fifth edition of the Défi Start-up from *Les Affaires* attracted 137 start-ups. The jury selected 10 finalists, then awarded the grand prize, which included a \$10,000 grant from National Bank, to Hoola One Technologies. This start-up offers innovative solutions to clean areas polluted by plastic. The *Coup de cœur du public* (audience favourite) award went to the *Un Cadeau du Ciel* start-up, while Eli Health won a spot in the finals for Startupfest's grand prize. This event, which was held in Montreal in hybrid mode, attracted over 4,000 participants who registered on the Startupfest virtual platform. The grand prize for this tenth edition, a \$100,000 investment (\$10,000 of which was contributed by National Bank), was awarded to Qoherent.



Specialized Services

Over the past fiscal year, National Bank continued to enhance its expertise and tailor the financial solutions it offers to its clients' business sectors. For instance, our Technology and Innovation Group has been providing advice, support and financial services adapted to the needs of rapidly growing tech companies.

In 2020, the Group supported a number of cleantech companies, including:

- › **AddÉnergie Technologies**

AddÉnergie is an integrated electric vehicle charging network operator and a leading provider of smart charging software and equipment in North America.

- › **Sollum Technologies**

Inspired by nature, Sollum offers greenhouse producers a smart LED lighting solution that recreates and modulates the full spectrum of natural sunlight.

- › **GreenMantra Technologies**

GreenMantra is a global leader in advanced recycling. The company uses its technology to transform waste plastic into novel materials to enhance construction and infrastructure applications.

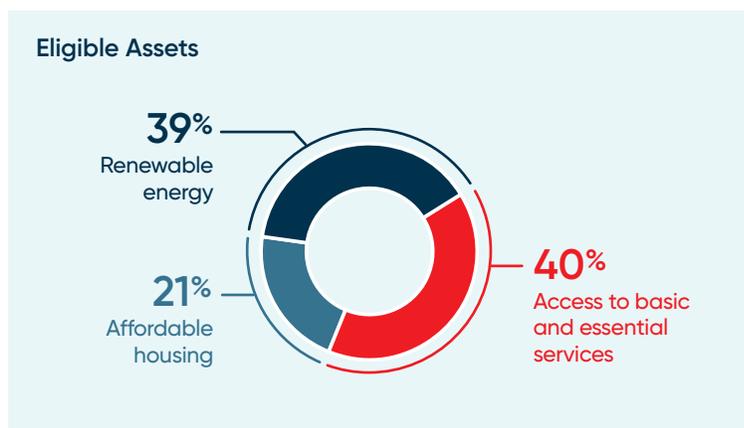
Furthermore, National Bank is active in many other sectors, including agriculture, real estate, health and life sciences, energy services and creative industries. Its clients also include many not-for-profit organizations. These clients benefit from financial solutions at favourable rates, as well as various support services, including services to boost planned donations.

Responsible Investment

Sustainable Bonds for Eco-Friendly Projects and Organizations

(SASB IB-410a.2)

National Bank has developed one of the first Canadian reference frameworks for issuing sustainable bonds. The four issues carried out in 2019 and the two in 2020 generated close to \$2.2 billion, which was used by the Bank to finance numerous projects in the field of sustainable development. Under this framework, the funds can be used to finance renewable energy projects, sustainable buildings, low-carbon transportation, affordable housing and access to basic and essential services. Eligible projects are selected and evaluated by the Bank, and the Sustainable Bond Committee makes the final decision. For more information on the framework and selection process, consult the *Capital & Debt Information* section on nbc.ca.



Use of proceeds and impacts (as at December 31, 2020)

Eligible Categories	UN SDGs	Eligible Asset Type	% of Eligible Assets	Impact Reporting Items and Chosen Indicators
Renewable energy	 	Wind Solar Small-scale hydro	39%	Wind, solar and hydro energy generation: <ul style="list-style-type: none"> › Number of wind farms (13) › Number of solar farms (60) › Number of small-scale hydro projects (5) › Total installed capacity of 1,615 MW › Total annual greenhouse gas (GHG) emissions reduced or avoided: 1,843,591 tonnes of carbon dioxide equivalent
Affordable housing	  	Access to affordable and adequate housing	21%	The affordable and adequate housing projects help offer quality, affordable housing for low- and moderate-income households and for people with special housing needs. <ul style="list-style-type: none"> › Number of buildings (188) › Number of units (5,107)

Eligible Categories	UN SDGs	Eligible Asset Type	% of Eligible Assets	Impact Reporting Items and Chosen Indicators
Access to basic and essential services	   	Health	40%	<p>Integrated health and social services centres (CISSS) and integrated university health and social services centres (CIUSSS) ensure accessibility, continuity and quality of services for people in their territory.</p> <ul style="list-style-type: none"> › CISSS/CIUSSS (5) › Health Institute (1) <p>(Average number of beds per CISSS/CIUSSS is 2,615) (Average number of beds per Institute is 241)</p>
		Child care centres		<p>Child care services provided by the child care centres provide reduced-contribution spaces to:</p> <ul style="list-style-type: none"> › Number of places – babies: 2,249 › Number of places – total: 16,326 › Number of child care centres: 249 <p>Child care centres must meet certain obligations in terms of children’s health, safety, well-being and development.</p>
		Community welfare		<p>Number of individuals benefiting from a range of services offered to people in need of support (5,070)</p> <ul style="list-style-type: none"> › Foundation (1)
		Education		<p>Education in Canada is for the most part provided publicly and is funded and overseen by provincial, territorial and local governments.</p> <p>Among other responsibilities, school service centres and school boards provide education programs that meet the needs of the school community, including needs for special education.</p> <ul style="list-style-type: none"> › School service centres and school boards (10) (Average number of students per school board is 25,096) (Average number of schools per school board is 54) › CEGEP (1) (Average number of students of per CEGEP is 3,732) A CEGEP is a type of institution unique to Quebec that provides either a technical or preuniversity attestation or a diploma of college studies. › University (1) (Average number of students per university is 21,592)

National Bank Investments and OP4+

(SASB AC-410a.1; AC-410a.2)

National Bank Investments (NBI), a subsidiary of National Bank, is an investment fund management firm. NBI assigns to other firms the portfolio management of the funds that make up its product shelf, based on a business model called open architecture. This structure allows us to select the best portfolio managers from around the world to provide the best possible expertise to our clients. NBI has incorporated ESG considerations into its investment decisions since January 2018, notably through its external manager selection process called OP4+. This process assesses the organization, people, process, portfolio, performance and integration of ESG criteria of external managers.

In January 2021, NBI reviewed its criteria of excellence in portfolio management to include in particular an analysis of diversity within the investment team (Personal pillar) and added two new criteria to the + pillar. These criteria are (1) measures and targets for reducing the portfolio's footprint and (2) soliciting the help of managers to advance responsible investment.

More than 25 well-defined criteria	
 <p>Organization Strong organization with top-tier investment culture</p>	<ul style="list-style-type: none"> › Organizational culture › Access to equity for employees › Financial stability
 <p>People Stable group of talented investors</p>	<ul style="list-style-type: none"> › Experience of senior managers and analysts › Key staff stability/Clear succession plan › Alignment of managers' and analysts' financial interests › Enough analysts to thoroughly cover the investment universe › Diversity within the investment team (gender, origin and experience)
 <p>Process Emphasis on proven management processes to select securities, build portfolios and manage risk</p>	<ul style="list-style-type: none"> › The portfolio managers are able to establish the competitive advantage of their strategy › The process is clear and repeatable, but flexible to adapt to structural market changes › Accountability in the decision-making process › Debate investment ideas in committee › The selling or revision process is well-defined › Risk management is an integral part of the portfolio construction process › Learn from past mistakes › Performance monitoring by an observer external to the investment team
 <p>Portfolio Optimized portfolio construction that follows the investment process and ensures sound diversification</p>	<ul style="list-style-type: none"> › Coherence between the process and the actual portfolio › Sound diversification › Current size of the portfolio and liquidity of the positions › Diligent use of cash on hand
 <p>Performance Strong and predictable risk-adjusted returns</p>	<ul style="list-style-type: none"> › The portfolio behaves as anticipated in different market conditions › Competitive pricing
 <p>+ Integration of Environmental, Social and Governance criteria</p>	<ul style="list-style-type: none"> › Signatory of the United Nations Principles for Responsible Investment (or similar organizations) › Incorporation of ESG criteria for value creation and risk management › Resources dedicated to responsible investment › Proxy voting and engagement in line with investment objectives › Measures and targets for reducing the portfolio footprint › Stewardship activities

Since all external managers incorporate ESG considerations into their investment process according to their own expertise, the methods for doing so are not standardized for the entire NBI shelf. This constitutes one of NBI's strengths, as we can therefore select from the best managers, including in terms of ESG considerations, for each of the asset classes that make up our funds and solutions.

NBI portfolio managers are responsible for exercising their proxy voting rights. NBI also acknowledges external managers' expertise in handling proxy vote requests from the companies that they hold in the best way possible. NBI expects managers to exercise their voting rights in accordance with their own guidelines and to report on their activities on an annual basis. Proxy voting policies and reports from external managers are publicly available at nbinvestments.ca.

NBI believes that engagement is part of a robust investment process. NBI encourages its external portfolio managers to discuss important issues with the companies held in their portfolios, including questions related to ESG criteria that could affect their activities and outlooks. Shareholder engagement is the subject of regular discussions between NBI and its external managers.

NBI discusses various specific questions related to ESG criteria with our external portfolio managers in order to understand how they are incorporated into their investment analyses and their decision-making process. NBI encourages portfolio managers to enhance their investment process by improving their integration of ESG concerns. Currently, 97% of NBI's assets are managed by PRI signatories, a considerable increase since the start of 2019 (87%).

Breakdown of NBI assets and the proportion of them managed with ESG considerations:

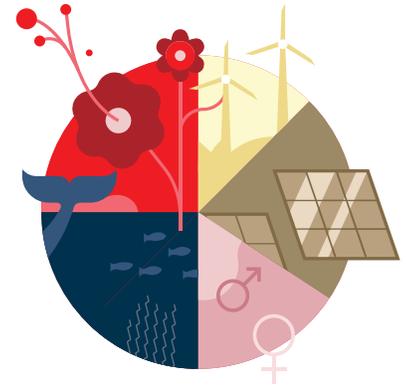
Asset class	Total assets under management (\$ millions)	Total assets under management that incorporate ESG considerations (\$ millions)	Total assets under management that incorporate ESG considerations (%)
Actively managed equities	\$22,064	\$22,064	100%
Passively managed equities	\$2,045	\$-	0%
Actively managed fixed income	\$16,757	\$16,632	99%
Passively managed fixed income	\$1,527	\$-	0%
Other (private placements, real estate, forest and agricultural land, infrastructure)	\$606	\$602	99%
Cash and derivatives	\$16,741	N/A	N/A

N/A: Not applicable

Moreover, National Bank's commitments in terms of transparency and responsibility are favourably reflected in the NBI product shelf. As at October 31, 2020, 43.8% of assets were managed by CDP members and 45.4% of assets were managed by firms that support the TCFD. Furthermore, as at October 31, 2020, 28.8% of NBI's assets managed by other banks were managed by signatories of the Principles for Responsible Banking and 86.8% of NBI assets managed by Canadian firms were managed by members of the Responsible Investment Association. NBI encourages this enhanced disclosure that allows it to make the best possible decisions when choosing external portfolio managers.

Exchange-Traded Funds

Committed to being an innovator in the field of responsible investment, NBI recently launched a new exchange-traded fund (ETF). It now offers a total of four ETFs focusing on sustainable development. These products are the first actively managed Canadian ETFs in the lineup of products incorporating ESG considerations. These products compare favourably to our competitors', as they are the first Canadian investment products that incorporate the United Nations Sustainable Development Goals (SDGs) into their investment process. The table below presents how the three ETFs launched in 2020 are aligned with the SDGs (data as at October 31, 2020).¹



SDG	NSGE ²	NSCE ³	NSCB ⁴
 1. No poverty	2.4%	3.5%	3.6%
 2. Zero hunger	6.0%	26.1%	0
 3. Good health and well-being	21.8%	14.2%	4.1%
 4. Quality education	0	3.7%	0
 5. Gender equality	0	0	2.0%
 6. Clean water and sanitation	7.0%	0	6.5%
 7. Affordable and clean energy	17.1%	3.2%	38.4%
 8. Decent work and economic growth	12.8%	43.3%	0
 9. Industry, innovation and infrastructure	10.1%	31.8%	89.3%
 10. Reduced inequalities	2.0%	9.2%	0

¹ Our external managers are responsible for assessing the alignment of securities with the SDGs. The NSGE portfolio manager uses a minimum threshold where 25% of the company's revenues must be derived from products and services aligned with the SDGs. The NSCE portfolio manager assesses the alignment of the company's revenues with a materiality threshold of 10%, the alignment of its operations and the alignment of its values. The NSCB manager can invest in labelled bonds, where 100% of the capital finances projects with a positive environmental/social impact, as well as pure plays, where at least 90% of the issuer's revenues must be generated by eligible environmental or social projects or activities. A company or project can contribute to more than one of the SDGs at the same time.

² NSGE: National Sustainable Global Equity

³ NSCE: National Sustainable Canadian Equity

⁴ NSCB: National Sustainable Canadian Bonds

SDG (continued)		NSGE ¹	NSCE ²	NSCB ³
	11. Sustainable cities and communities	0	15.1%	89.9%
	12. Responsible consumption and production	14.5%	12.6%	2.8%
	13. Climate action	0	0	89.9%
	14. Life below water	0	0	7.7%
	15. Life on land	0	0	1.2%
	16. Peace, justice and strong institutions	0	7.0%	0
	17. Partnerships for the goals	0	0	0

In addition to being aligned with the SDGs, these products incorporate other ESG considerations, in particular by excluding companies that derive a significant portion of their income from tobacco, prisons, alcohol, the military sector, weapons, fossil fuels or nuclear energy. Furthermore, the carbon footprint of these products has been calculated by the portfolio managers and found to be well below their benchmark.

Lastly, by adopting responsible investment principles and applying them in the OP4+ manager search process, in sustainable development-focused ETFs or when taking part in various industry expert groups, NBI helps its clients achieve their financial objectives while making a positive contribution to society.

1 NSGE: National Sustainable Global Equity
2 NSCE: National Sustainable Canadian Equity
3 NSCB: National Sustainable Canadian Bonds

Financial Literacy

(SASB CB-240a.4)

COVID-19

A series of content named the Answer Bank was launched during the pandemic to answer clients' questions.



Helping Our Clients

National Bank makes a vast range of resources and tools available to clients to allow them to carefully plan for their financial needs based on their plans and stages in life. In particular, we provide access to numerous experts who can answer clients' questions and provide advice.

Our partners

In 2020, National Bank's partnership with the Canadian Foundation for Economic Education (CFEE) made it possible to develop educational programs focused on managing personal finances. These programs are intended to provide information and advice to students and newcomers to Canada so they can make informed choices, reducing their financial stress. Improved financial health can have a positive impact on well-being and help people build a future that meets their needs.

The three partnership programs are:

› Help! Managing Your Money on Campus

Program made up of free workshops and webinars, available across Canada, that aims to improve the financial literacy of college and university students. During the first phase of this program, CFEE carried out a survey, with support from the Bank, of around 1,400 students at 94 post-secondary institutions to better understand their needs and interests. The survey results revealed valuable information, such as the fact that 64% of students surveyed believe their greatest issue is dealing with financial stress in general. The workshops and webinars developed in the second phase were mainly based on the results of this survey. The program's website was designed based on feedback received from students who participated in the workshops.

2020 IMPACT: Around 30 workshops were held and nearly 600 students participated.

› Managing Your Money in Canada

Financial literacy program that offers free workshops at various levels to help newcomers and immigrants to Canada stay in control of their finances and draw up plans to meet their objectives. These workshops are integrated into the adjustment programs offered by the wide network of immigrant organizations CFEE collaborates with. The content can be tailored to the needs and interests of various groups of immigrants, making it even more relevant.

2020 IMPACT: Around 20 virtual and face-to-face workshops were held and over 2,500 newcomers to Canada participated.

› FinLit 101

Platform under development offering online self-learning courses on personal finance management for high school students. National Bank and CFEE worked with the various Canadian provinces to design this program, which will also be available to parents, teachers and anyone else who wants to gain a better understanding of personal finances.



The tools and resources developed from the Bank's partnership with CFEE are available on [nbc.ca](https://www.nbc.ca) under the *Take action to support financial education today* section.

The Bank is also a partner of *Quatre95*, an online publication from *Urbania* magazine intended for millennials in Quebec. Through a series of videos and articles, the site demystifies personal finance and gives young adults the tools they need to manage their projects.

Furthermore, the Bank is among the main partners of JA Québec, which offers young people educational programs on financial literacy, work readiness and entrepreneurship.

The Bank also participates in the Your Money Students and Your Money Seniors programs from the Canadian Bankers Association, which offer free financial education seminars to groups of students and seniors across Canada.



Understanding Finances in an Instant

National Bank launched a series of 6 new videos on its updated YouTube channel, primarily intended for Generation Z. These videos, which are tagged as “Quick Answers,” explain topics related to personal finance such as buying your first car, your credit score and various investment accounts.

To learn more, check out [National Bank’s YouTube channel](#).

As part of Financial Literacy Month 2020, the Bank promoted a series of articles on personal finance, including an article by Lucie Blanchet, Executive Vice-President – Personal Banking and Client Experience, which is available in the *Advice* section on [nbc.ca](#). The Money Matters Contest, launched in partnership with the Canada Deposit Insurance Corporation (CDIC) and accessible via the Bank’s Facebook page, gave participants the chance to win \$3,000 towards a TFSA and a personalized coaching session with a financial planner.



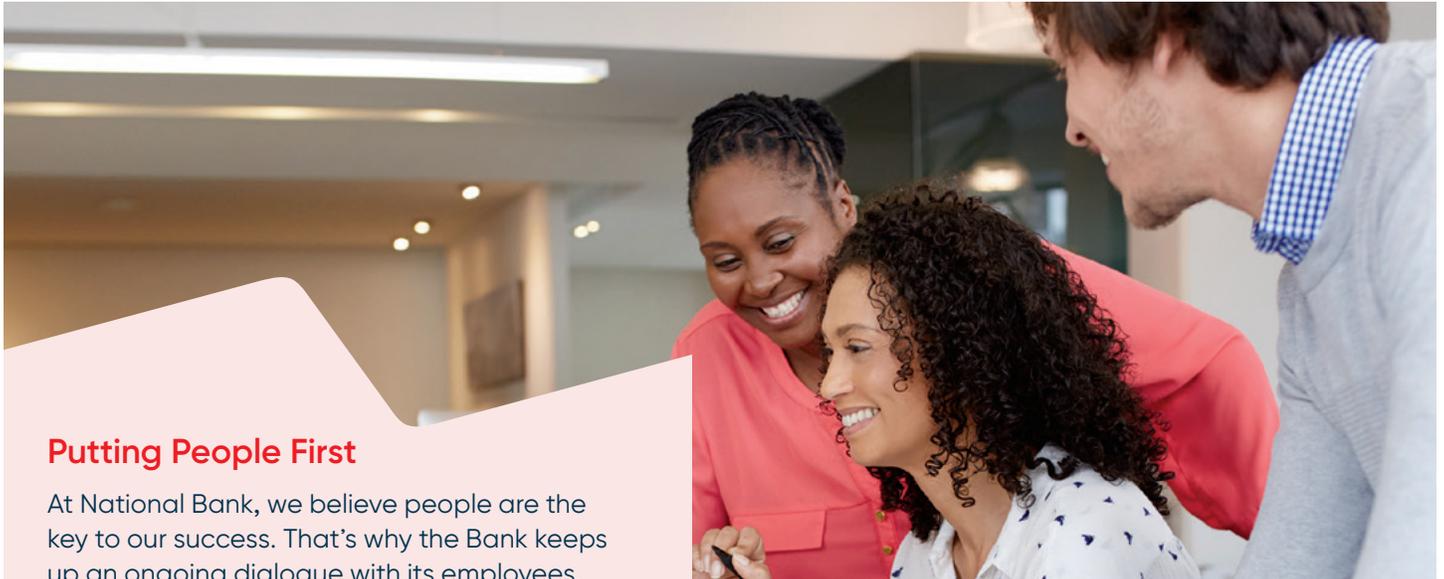
Answer Bank

The *Advice* section at [nbc.ca](#) includes some 3,000 articles, videos and other information on a wide range of topics related to managing personal finances.

The *Advice* section also includes a category dedicated to immigration, which presents a wealth of practical information for newcomers to Canada. In 2020, this section had over 2.7 million visits.



Bringing Out the Best in Our Employees



Putting People First

At National Bank, we believe people are the key to our success. That's why the Bank keeps up an ongoing dialogue with its employees, getting them involved in business decisions and discussions and requesting their feedback on various topics.

As one of the biggest employers in Quebec and Canada, we want to offer the most stimulating work environment in the country and a modern employee experience. We believe this is a good way to access the best talent and build motivated, diverse teams that are empowered to have a positive impact in people's lives.

The unprecedented circumstances resulting from the pandemic in 2020 meant that some recognition initiatives of our offer as an employer had to be cancelled. However, the Bank stays abreast of reviews on various internal discussion platforms and external recruitment platforms. We value the feedback we receive, which makes it possible for us to assess the impact of the commitments we've made and the actions that result from them while improving our practices.

COVID-19

Since the Bank is committed to the well-being of its employees, it quickly took action to protect their health in response to the COVID-19 pandemic. Our IT infrastructure, corporate culture and agility enabled us to transition over 13,000 employees to remote work. Furthermore, to ensure the health and safety of employees who have to work on Bank premises, the Bank has introduced various hygiene and social distancing measures. These include:

- › **Distribution of protective equipment such as masks, visors and disinfectant gels.**
- › **Implementation of a 2-metre physical distancing strategy on all Bank premises.**
- › **Regular disinfection of high-risk areas.**

For more information, consult [National Bank's commitment to its employees](#).

Cultural Shift

Our corporate culture is constantly evolving to help us maintain a high-performing, change-capable workforce. That's why we've rolled out a number of initiatives to support collaboration and connectivity while enhancing our ability to adapt to the changing needs of our clients and employees, both in business units and branches. With the support of a network of ambassadors made up of Bank employees and leaders, we can more quickly implement the four key components of our strategy.

Our strategy is based on four closely related priorities:

- 1 Transition to a network-based work organization and execution model that relies on multidisciplinary, empowered and agile teams.**
- 2 Build teams guided by leader-coaches who trust and empower their employees.**
- 3 Create an ecosystem that promotes continuous learning and encourages the sharing of knowledge, while helping employees develop their skills in a multitude of ways.**
- 4 Redesign modern, flexible and ergonomic work environments that foster teamwork, mobility and well-being.**

Promoting Employee Well-Being

In line with its One Mission, National Bank offers a range of benefits and working conditions to promote employee well-being. The Employee Experience team ensures the service offering remains competitive by monitoring the benefits offered on the market and listening to its employees. The Bank wants to attract and retain top talent while maintaining a high level of engagement. We also want our employees to have a good balance between their work and personal lives. Management practices that encourage better work-life balance are a determining factor for top employers.

- › Our competitive compensation package includes base salaries and a variable compensation program.
- › Our range of flexible and innovative employee benefits include:
 - Group insurance: medical and dental care, short-term and long-term disability coverage, occasional sick leave, etc.

- A defined benefit pension plan.
- An attractive employee share ownership plan which the Bank contributes to.
- An additional six-week maternity benefit that complements the federal and provincial benefits.
- Banking and credit advantages, including certain banking services and preferred rates on some financial products.
- An Employee and Family Assistance Program (EFAP) that offers professional support for employees and their family members who are going through difficult times. This allows them to obtain assistance with full confidentiality.
- A wellness account for expenses and activities related to employee wellness.
- A telemedicine service that allows all employees to quickly access health care professionals online. What's more, this year the offer has been enhanced to include a brand new stress management and wellness service.
- Free, unlimited access to a sleep clinic via a mobile app, available 24/7.
- Support in achieving mental health through a series of articles on wellness.
- Access to a family child care centre.
- Career development and ongoing training.
- Additional discounts on products and services for employees resulting from Bank agreements with various suppliers and partners.

Through these benefits and by providing information and tools to help adopt healthy habits, the Bank aims to provide employees with the resources they need to take charge of their physical and mental health.

COVID-19

A number of measures were rolled out in response to the COVID-19 pandemic: enhancement of the wellness account, addition of wellness leave, virtual sleep clinic, additional support with stress management and wellness, as well as various activities, information sessions and conferences.

For more information, consult [National Bank's commitment to its employees](#).

Safe Work Environment

National Bank is proud of its safety record. Though the banking sector is not the most dangerous, accidents do occur and we take them very seriously. As a preventive measure, the Bank has developed a series of mandatory training sessions for all employees on occupational health and safety, hygiene measures, mental health and safety at home. The table below indicates the number of injuries that occurred in 2020.

Number of workplace accidents in Canada	24
Number of fatal workplace accidents in Canada	0

National Tour

Introduced in 2014, the National Tour promotes dialogue, networking and development. For its 7th edition, which was completely virtual, employees had the opportunity to interact with members of management in an informal setting and showcase their talent and knowledge.

Encouraging Ongoing Feedback

The Bank has been committed to listening to its employees' needs and addressing their concerns for a long time now. Listening to and providing feedback contributes to employees' professional development and has a direct impact on their feeling of belonging, which is essential to our cultural shift. On top of regular meetings, our annual engagement survey and the National Tour, a number of new initiatives were rolled out in 2020 to improve the frequency and quality of feedback.

- › During the pandemic, we've carried out regular surveys on employee well-being. We've collected over 200,000 answers, allowing the Bank to listen to and take concrete action on the concerns of its employees by implementing initiatives that have a real impact on their well-being, their stress levels and the support they are offered.
- › Over 13,000 employees have access to a platform that allows them to talk to their manager about their work situation and climate and share their concerns on a regular basis.
- › The annual survey on engagement at work allowed us to validate the impact of the measures rolled out over the past year. The engagement index was assessed at 86%.
- › In addition to being asked their opinions at key moments such as hiring, departure and onboarding, employees are also asked to answer surveys on their physical and IT work environment.
- › Managers are now asked about their satisfaction with the employee recruitment and onboarding process.
- › A new platform allows employees to submit solutions to various irritants they encounter in their work. Employees can vote on solutions proposed by their colleagues and these solutions are passed on to the process managers for implementation.
- › Survey results are communicated internally in reports made available to all employees.
- › Through the use of a corporate social network, the Bank promotes a culture of transparency and engages employees directly in business decisions and discussions.

When it comes to feeling pride in working for the Bank and recommending it as an employer: (annual survey on engagement at work)

90% of employees recommend the Bank as a great place to work.

- › **92% of employees** are proud to work at National Bank.

When it comes to ESG principles:

- › **95% of employees** say they adhere to the ESG principles adopted by the Bank.



Settling Differences with Respect

National Bank has set up an Employee Ombudsman's Office to help settle any disputes employees may have at work and to deal with situations reported by employees while protecting their anonymity when necessary. The Employee Ombudsman's Office is made up of professionals who abide by a strict code of ethics and adhere to standards governing impartiality and confidentiality. Their role is to encourage dialogue between the parties involved and serve as advisors and facilitators. The Employee Ombudsman's Office reports directly to the President and Chief Executive Officer.

In accordance with the Bank's [Code of Conduct and Ethics](#), employees must immediately report any behaviour that contravenes the Code, any of the Bank's other policies, permanent instructions, procedures and standards or any law applicable to the Bank, and must watch out for any potential infractions. They are expected to report any potential violation to their manager, their manager's manager or a person responsible for application of the Code, depending which resource they deem most suited to take action based on the circumstances. Employees who wish to remain anonymous can do so by contacting the Employee Ombudsman's Office with their report or inquiry. An employee who makes an inquiry or, in good faith, reports an actual or potential violation of the Code or any of the Bank's other policies, permanent instructions, procedures and standards, or any law applicable to the Bank will not be penalized.

Taking Action for a More Inclusive Future Today

(SASB IB-330a.1; AC-330a.1)

At National Bank, we're confident that a diverse, inclusive organization is also a stronger, more creative organization that can more closely relate to its employees, its clients and society. The diverse points of view, life experiences and talents of our employees help us resolve complex problems more quickly, design better ideas, innovate and offer solutions tailored to the issues faced by our various stakeholders.

In 2020, National Bank changed the composition and mandate of its Inclusion and Diversity Council. It remains under the leadership of a member of the Office of the President. The Council is made up of employees and executives. It ensures each sector understands the Bank's vision and orientations in terms of diversity and inclusion, takes ownership of its objectives and has a clear and realistic plan to achieve them.

Inclusion and Diversity Booklet

In line with its commitment to disclosure, the Bank has published a booklet entirely dedicated to inclusion and diversity. The strategy, fields of action and performance indicators outlined in the booklet are tied to the Bank's 2020–2023 three-year plan and reaffirm our commitment to promoting real inclusion and improving our practices.

Key elements of our three-year plan include rolling out a new structure for the Inclusion and Diversity Council, adopting human resources practices that foster diversity, building internal networks and developing partnerships with various organizations.



For more information on the Bank's diversity strategy and partnerships, as well as diversity data, consult the [2020 Inclusion and Diversity Booklet](#).

Promoting Success for All

Enabling our employees to pursue their ambitions as part of an inclusive culture means understanding their needs and taking specific action to meet them. A number of initiatives were therefore introduced in 2020 to foster the inclusion and promote the development of various employee groups: women, visible minorities, persons with disabilities, Indigenous persons and members of the LGBTQ community.

Women

To promote women's development and mobility while enhancing their representation in management roles and taking advantage of market best practices, we've established a number of partnerships with the industry and external organizations: Association of Quebec Women in Finance, Women in Capital Markets, Fondation Lise Watier, Catalyst and L'effet A.

In 2020, the Bank became a signatory of the UN Women's Empowerment Principles, which promote gender equality in the workplace, marketplace and community.

The internal Women's Leadership Network builds ties between women in different sectors, creates networking opportunities and contributes to developing women leaders at the Bank.



The Bank launched the Invest in you program (live events, videos and articles), which aims to provide women with the tools they need to manage their finances and enhance their financial knowledge. For more information, consult the *Women's finance* section on [nbc.ca](#).

Recognition

The Bank was selected for the **Bloomberg Gender-Equality Index** for a third consecutive year. We also received the **Platinum Parity Certification** from Women in Governance in recognition of our efforts to close the gender gap within our organization.





Visible Minorities

We recognize that cultural diversity enriches our society and we're proud to have a workforce that reflects the communities we serve. We've entered into partnerships with various organizations that contribute to the success of people in a variety of communities. For example:

- › Support for the Fabienne Colas Foundation's Being Black in Canada program, in partnership with Netflix. Participants get access to mentoring and training from leading experts in film production.
- › Signatory of the BlackNorth Initiative to promote equality in society and take concrete action to end systemic racism.
- › Black Opportunity Fund: \$1.25 million donation and \$5 million investment fund to support Black entrepreneurs across Canada and help them achieve their full potential.
- › 100 Strong Foundation: This partnership will make it possible for the Foundation to pursue its core mission of offering community-based mentoring to young Black men and fostering excellence.

The Bank has also supported employees in creating the Black Professionals Network, whose mission is to attract, develop and retain top Black talent through community engagement, leadership development and a culture of inclusion.

Persons with Disabilities

The Bank is aware of the needs of persons with visible or invisible disabilities and is committed to helping them fulfill their ambitions through various measures designed to support them in their work and enhance their everyday experience. For example:

- › Our accommodation program allows us to modify working conditions, physical and IT work environments, work schedules and tasks to suit the specific needs and abilities of employees.
- › All our branch remodelling, relocation and construction projects comply with sustainable development principles and universal accessibility standards for people with reduced mobility. Furthermore, in accordance with the *Accessible Canada Act*, we've set up work teams to identify, remove and prevent barriers for employees and clients at the Bank and help make Canada a barrier-free country by January 1, 2040.

Indigenous Persons

National Bank is proud of its long tradition of supporting and collaborating with Canada's Indigenous communities, from setting up bond programs to financing local initiatives. For example:

- › Since 2014, National Bank's innovative bond program has allowed the First Nations Finance Authority to make over \$800 million available to Indigenous communities for the development of community and economic infrastructure.
- › Partnership with Right To Play to support the rollout of the Youth Leadership program, aimed at teaching essential skills to young Indigenous people, and the Power 10 program, which helps children in Indigenous communities thrive through play and physical activity.
- › The Bank supports the Montreal Children's Hospital Foundation's Pediatric Emergency Mental Health Fund, which provides remote care to young patients and their families across Quebec, including in Cree and Inuit communities in the Far North.
- › \$25,000 donation to the Héma-Québec Foundation to support a study of HLA markers in Indigenous persons to further understanding of Indigenous genetic profiles and recruit candidates to register and join the list of potential donors.

LGBTQ Community

At the Bank, our inclusive culture means considering all of our employees equally and applying the same approach to everyone while respecting each person's diversity. Accordingly, we fully support the LGBTQ community and work with organizations that promote respect for the human rights of all people, irrespective of their gender identity or sexual orientation. For example:

- › Partnership with the Fondation Émergence, GRIS-Montréal and Pride at Work Canada
- › Signatory of the United Nations Global Business Standards of Conduct for Tackling Discrimination Against Lesbian, Gay, Bi, Trans and Intersex People (LGBTI)
- › Participant in the 2020 virtual edition of the Montreal Pride Parade

In 2020, the IDÉO employee network became known as the MOI network. It aims to offer all Bank employees an additional point of contact for questions related to orientation and identity diversity.



To learn more about Bank initiatives and internal networks that promote inclusion and diversity, consult the [2020 Inclusion and Diversity Booklet](#).

2020 Lieutenant Governor's Dialogue Award

The only honour of its kind in Canada, the New Brunswick Lieutenant Governor's Dialogue Award recognizes role models who champion the principles of harmony and respect in the province's diverse communities. David Michaud, a Branch Manager at National Bank, received this prestigious recognition for his work promoting diversity and equal opportunities.



"By giving everyone an equal opportunity to access jobs, or even start their own business and create jobs accessible to everyone, without discrimination, we can uncover hidden strengths, attract new talent and enter a positive feedback loop for a better future. This is what drives my commitment to the causes I hold dear. This prize is a key milestone in my mission to have a positive impact on society."

David Michaud, Branch Manager, Moncton

Zero Tolerance for Discrimination, Harassment and Violence in the Workplace

The Bank is committed to providing its employees with a healthy and inclusive work environment and does not tolerate any form of discrimination, harassment or violence in the workplace. The Bank has created a framework to ensure ongoing sound governance of practices intended to prevent workplace discrimination, harassment and violence. Our position on non-discrimination is set out in our [Policy on the Prevention of Harassment and Workplace Violence](#), our [Code of Conduct and Ethics](#) and our [Human Rights Statement](#). This anti-discrimination standard also applies to our hiring process.

Special Programs to Promote New Talent

Financial Markets

Our summer internship program gives university students the opportunity to spend a few months working in a Financial Markets business unit and interacting with financial specialists and professionals at the Bank. Our rotation program offers university graduates training followed by several months' work experience in our trading rooms and various other business sectors in Montreal, Toronto and Calgary. Participants improve their knowledge of the banking sector and financial markets and may be offered a permanent position aligned with their strengths and interests.

Promoting Women in Finance

To promote women's role in the Canadian banking industry, National Bank is proud to be pursuing its Women in Financial Markets Internship Program for the 11th year. This program awards each winner a \$5,000 bursary, support from a mentor and a job offer in our rotation program or a summer internship at the Bank.



National Bank Financial Wealth Management's mentorship program gives women enrolled in a university program the opportunity to discover the profession of investment advisor through internships at our organization. This program has contributed to the development of 100 mentees over the past six years. NBFWM also organizes the annual Women Investment Advisors' Symposium. Recently, it launched the Invest in you program for women.

Information Technology (IT)

In 2020, National Bank signed a two-year partnership agreement with the École de technologie supérieure (ÉTS). This includes:

- › Two bursaries of \$2,000 each with internships
- › Financial support for student science clubs and committees:
 - \$4,000 for Cedille, whose mission is to explore the possibilities of open source software by carrying out diverse engineering projects.
 - \$4,000 for AppLETS, which aims to create a specialized mobile app engineering team within ÉTS and promote the development of apps by the student community.
 - \$1,500 for InfranETS, whose mission is to give students the opportunity to develop their technical expertise and engineering ability by using and operating the latest technology. They will create scale models of professional IT infrastructures, in partnership with market leaders and with the support of designated mentors (students or professionals).
 - \$1,000 for the *Délégation des compétitions en informatique de l'ÉTS* (DCIÉTS), whose mission is to represent ÉTS at inter-university computer science events and competitions.

In 2018, National Bank signed a 3-year agreement with Polytechnique Montréal to encourage career development in the IT sector. This includes:

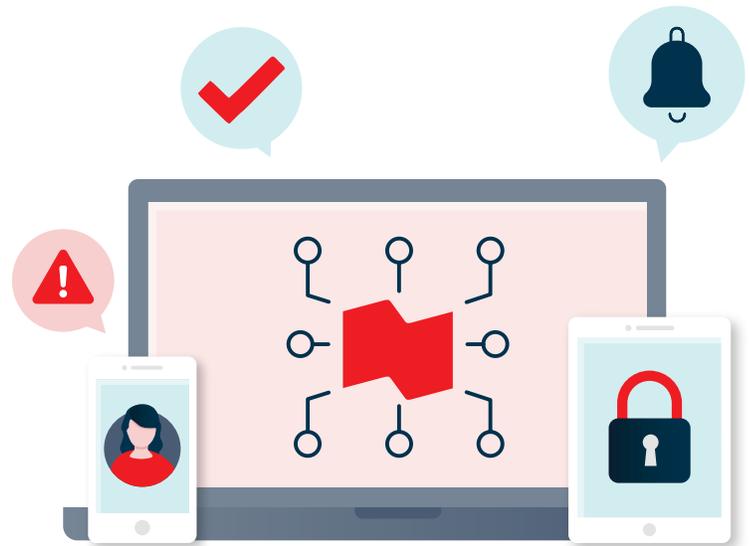
- › Three \$5,000 bursaries with internships, including one to recognize women leaders
- › Financial support for student committees:
 - \$5,000 for the Poly-Fi committee, whose mission is to promote engineering careers among girls and women.
 - \$2,500 for the Poly Games committee, dedicated to developing and designing video games.
 - \$2,500 for the PolyHx committee, whose members organize and participate in events such as hackathons.

In line with these partnerships, the Bank's IT sector organizes and participates in activities throughout the year to build closer ties with students and share IT experience and expertise. These include career days, conferences, workshops, networking events, mentorship activities and more.

The year 2020 was the fourth year of a \$500,000, 5-year financing agreement between National Bank and the Institute for Data Valorization (IVADO). The acceleration of the digital transformation resulting from the COVID-19 pandemic clearly highlights the value of this partnership with the Institute, whose mission is to expand scientific and industry-based talent in digital intelligence, develop world-class knowledge and technologies and accelerate adoption of digital intelligence. In 2020, the following activities were carried out as part of this partnership:

- › Launch of 4 applied research projects in collaboration with our academic partners in the fields of data science, industrialization of artificial intelligence as well as cybersecurity.
- › Contribution to a study on challenges to industrializing artificial intelligence in the industry.
- › Expansion of a Montreal-based academic and business community of practice dedicated to industrializing artificial intelligence.
- › Contribution to the governance of the FIN-ML CREATE advanced training program for specialists in machine learning in finance.
- › Recruitment of 4 academic interns at a master's, doctoral and post-doctoral level in software engineering and computer science in a 100% virtual environment.

Our rotation program for data scientists has been in place for several years. We've now added a rotation program for data engineers. Both of these programs are designed to allow external and internal experts to develop their skills in data-related areas of expertise. Over a 2-year cycle, participants in the rotation programs get the chance to learn about various roles and experiences in different Bank sectors, under the supervision of National Bank's Chief Data Officer.



NBI-HEC Montréal Fund

Created in 2019 by National Bank Investments (NBI), the NBI-HEC Montréal Fund offers students the opportunity to take on the unique challenge of managing a multi-asset portfolio based on current market conditions, which are more complex than ever. Their duties in managing the fund go well beyond traditional security selection. Students focus on constructing a portfolio (including ESG criteria), risk budgeting, selecting investment vehicles and translating the economic situation into an asset allocation strategy. The NBI team provides ongoing coaching to student analysts as part of this initiative.

“National Bank Investments values the quality and relevance of university training in portfolio management. This fund gives a team of motivated students the opportunity to complement their outstanding academic achievements with a unique, high-quality hands-on experience.”

Pierre Laroche, Vice-President – Research and Strategy at NBI

Contributing to Professional Development

National Bank prioritizes employee learning and development. To support our ambition to build the most stimulating work environment in the country, we foster a culture of continuous professional development. We're rolling out new initiatives to enable all of our full-time and part-time employees to achieve their full potential and have a positive impact in the lives of our clients, their colleagues and the community.

The Bank is among the companies awarded a *Certificat de qualité des initiatives de formation* by Emploi-Québec in recognition of the distinctive quality of their development programs. Each sector has its own development strategy that reflects the specific market issues and transformation challenges it faces. In this way, the Bank ensures that its employees continue to build relevant expertise and stay on top of industry trends.

COVID-19

The pandemic has spurred employees to quickly adopt new work methods, highlighting the value of collaboration and on-the-job learning. We quickly adapted the format and content of our training to the situation and rolled out new training using IT tools.

Manager development

Our officers and managers benefit from a leadership development program with four areas of focus: preparatory activities, group coaching, leadership and business challenges and individual coaching. They can also access a coaching program, then obtain a certification that measures six skills to help them achieve their full potential and optimize their leadership skills. This program is also offered to new managers as part of their development plan.

Learning organization

Since 2019, the Bank has taken action to deliver a distinctive learning experience that has a positive impact on employees. In 2020, the employee experience transitioned toward ongoing development of knowledge and competencies, in line with business objectives. Employees are encouraged to learn from each other through a collaborative environment and an approach focused on peer coaching.

Learning organization¹

2020

Percentage of employees who consider the Bank to be a learning organization	83% ² (target: 72%)
› At National Bank, I feel I have a responsibility to help others learn.	86%
› I feel that I'm learning every day.	83%

- › **Regular multi-source feedback:** Employees use a simple, dynamic platform to request feedback from their colleagues. They can also use this platform to give recognition, highlight their colleagues' strengths and discover development opportunities.
- › **NB coaching:** We have adopted a manager-coach model to ensure all employees are well-supported in achieving their full potential. Employees with specific development needs can also access a more structured offer involving certified and accredited internal and external professional coaches.
- › **Learning Corner:** Resource for all employees who want to design or distribute development content or lead coaching on specific tasks. Includes tips on leading training, creating videos and supporting colleagues with their development. Employees are supported by a community of practice, which provides advice and shares information so they can quickly take action.

¹ Results of National Bank's annual employee satisfaction survey. Over 14,000 employees across the Bank responded to the survey in 2020.

² The exceptional circumstances of the COVID-19 pandemic have created numerous development opportunities. Given this situation, the Bank expects the increase to be less significant in 2021.



ESG training: Understanding ESG and Contributing

The Bank is committed to sustainable development and believes businesses play an essential role in achieving environmental, social and economic goals. That's why it has rolled out new training for all employees. This mandatory training is designed to help current and future employees understand:

- › What ESG represents and its link with corporate social responsibility and sustainable development.
- › How ESG fits into the Bank's One Mission.
- › How each employee can contribute to the Bank's goals, no matter what their function.

Training on the Prevention of Workplace Harassment and Violence

A new version of the mandatory training on preventing workplace harassment and violence has been rolled out for new Bank employees.

We're Adapting Our Training Approach To Better Serve Clients

- › **Training plan – remote customer service:** Under this new training plan, each learner is supported during their training by an ecosystem that includes a manager, a mentor and a buddy.
- › **Ongoing training:** Rollout of a motivating, personalized IT learning solution that helps employees learn and reinforce their knowledge and behaviours every day, in line with business strategies and the client experience. This solution earned the Bank the Silver award at the 2020 Canadian HR Awards for the most innovative use of human resources technology.
- › **Everyday banking:** This series of initiatives is intended to enhance the client's experience of banking transactions. Supported by on-the-job learning strategies, it gives leaders a central role in employee development, engagement and coaching (e.g., simplifying financial packages, increasing employee latitudes).

Survey on learning technology

97%

of employees say the content is relevant to their job.*

96%

of employees say that the concepts learned increase their sense of trust with customers.*

*Out of a sample of over 4,300 users of the platform who responded to the survey.

Data is central to what we do

To enhance the expertise of our employees and develop their data skills, we've undertaken a number of initiatives:

- › Workshops/training for Security Ambassadors
- › IT skills training
- › Data Academy: Training platform that promotes knowledge sharing

In addition to formal learning activities, social learning opportunities are also offered through practices that help employees acquire new skills and learn by doing. In 2020, we invested \$31.5 million in developing our employees' skills and every employee took an average of 17 hours of formal training.

\$31.5 M

invested in
developing our
employees' skills

17 h

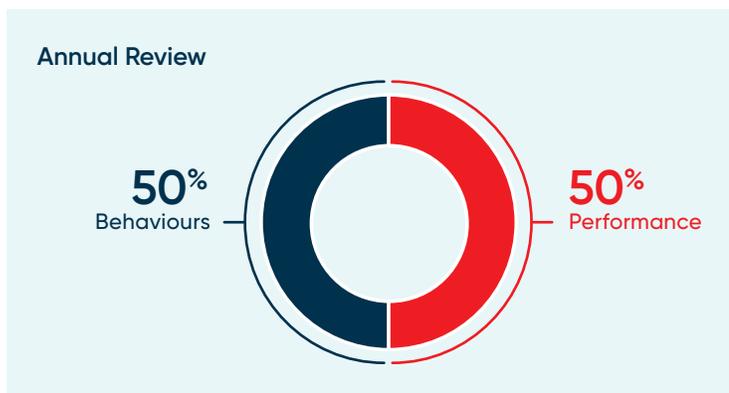
on average
of formal training
per employee



Performance Management Is a Team Sport

We're continually refining our approach to managing performance in order to enhance synergy between business sectors, improve the team's performance and facilitate learning and skills development on an ongoing basis. All executives, including the members of the Office of the President, share a single scorecard with common objectives.

These objectives are established to support the financial and non-financial indicators used to balance the interests of the Bank's various stakeholders, i.e., shareholders, employees, clients and the community. They are then communicated to all Bank employees.



When it comes to evaluating our employees, we believe that how things are done is just as important as what is achieved. All employees are encouraged to ask for ongoing feedback to help them understand their impact.

At the end of the year, employees receive an appraisal, where targeted Bank behaviours and annual objectives each contribute 50% toward employees' annual performance review.

Executive appraisal

All our executives share the same objectives as the members of senior management to ensure the entire management team is united by our One Mission. Since November 1, 2020, the Bank has further reinforced the alignment of compensation, performance and inter-sector collaboration by financing compensation for all executives from a shared envelope based on the Bank's available net income and other key indicators aligned with our One Mission. ESG indicators have also been incorporated into executives' overall performance appraisals. For more information on executives' objectives and compensation, see our [2021 Management Proxy Circular](#).

Offering Competitive Total Compensation

National Bank stands out for its courage, entrepreneurial culture, and passion for people. We are a people-centric bank with a total compensation policy designed to support strategies for attracting, engaging and retaining motivated and competent employees, making it possible for us to meet our business objectives. The Bank carries out market research to ensure total compensation remains competitive in all sectors of the organization. It ensures compliance with the regulations and standards in effect, especially as concerns salary equity, through its strong governance of compensation programs and practices. Our total compensation offer is guided by the following principles:

- › Employees' contributions are recognized.
- › Compensation is competitive to attract, motivate and retain talent.
- › Our organization is evolving toward an agile, highly collaborative culture.
- › Motivated employees support our commitment to creating value and enhancing the client and employee experience.
- › Our benefits are innovative, flexible and focused on employee well-being.
- › The complexity of our IT environments promotes development and fosters better work/life balance through remote work, variable or compressed work schedules, voluntary part-time work, etc.
- › Our new work environments are collaborative, colourful and innovative.

We Govern According to the Highest Standards



- › We promote a strong ethics culture, sound governance practices and rigorous risk management
- › We manage according to responsible business practices
- › We ensure the long-term viability of the institution

16 PEACE, JUSTICE AND STRONG INSTITUTIONS



17 PARTNERSHIPS FOR THE GOALS



› GOVERNANCE

› CYBERSECURITY AND INFORMATION SECURITY

› ARTIFICIAL INTELLIGENCE

Governance

At the Bank, ESG factors are embedded into all our activities. Over the past few years, we have clarified and strengthened our ESG practices. Among other things, we've committed to implementing an efficient, dynamic governance structure for all of our initiatives.

What Matters

As a financial institution, we believe in the value of creating a corporate governance culture that ensures compliance with applicable best practices and rules. Not only is this in the best interest of our shareholders, clients and employees, but it will also help us have a positive impact on our community in line with our One Mission. Our commitment to excellence and transparency is built on strong relationships with our stakeholders and our determination to meet the changing needs of our society. Integrity is central to our culture, and we promote the highest ethical standards in the way we conduct our business. Trust and honesty are fundamental to our relationships with stakeholders.

Selecting the Best

The Board is composed of directors who possess extensive complementary knowledge and skills, as well as the expertise to make active, informed, positive contributions. The mix of knowledge and expertise we require from our Board ensures that it can effectively fulfill its role in all areas.

Our directors demonstrate:

- › Dedication and integrity
- › Commitment, discipline and involvement
- › Adherence to Bank values and business acumen

Succession planning is fundamental to strong governance. We seek out directors who will champion Bank values. Each year, the Conduct Review and Corporate Governance Committee is tasked with reviewing the composition of the Board and its committees to ensure we have the expertise we need and compiling a list of potential nominees.

Director independence is assessed regularly. This is a key factor of our governance as we strive to foster independent decision-making. The Board has therefore adopted a set of standards, which are disclosed in our Director Independence Policy, available in the *Governance* section on nbc.ca.



For more information on our governance practices and on the Board's 2020 achievements, please consult the [2021 Management Proxy Circular](#), available in the *Investor Relations* section on nbc.ca, as well as the [Statement of Corporate Governance Practices](#), available in the *Governance* section.

The Bank's Code of Conduct and Ethics

(SASB: CB-510a.2; IB-510a.2; AC-510a.2)

The Code does not discriminate. It applies to everyone: employees, directors and officers. As a bank, our goal is to ensure that we can work together to achieve our vision and fulfill our commitment to our stakeholders. Our Code of Conduct and Ethics sets out principles that articulate what we are about: building strong relationships based on trust and integrity. In 2020, we added content to the following two sections of the Code:

Adopting secure and responsible practices

This section outlines our information security practices and highlights the importance of always analyzing the context before acting. Information about our clients and employees must not be used for personal gain or maliciously. We must be vigilant when working in a public place and when our activities require us to consult confidential information.

Respecting the environment

This section highlights the Bank's commitment to working to develop a green economy. Reducing our environmental footprint means adopting eco-responsible behaviours. This includes taking concrete action in our workplace by reducing our paper consumption and minimizing business travel. Our operational decisions must also account for environmental opportunities and risks.



The Conduct Review and Corporate Governance Committee oversees compliance with the [Code of Conduct and Ethics](#). The Code is available in the *Codes and Commitments* section on nbc.ca.

Our Key Practices (data as at October 31, 2020)

Board	
Number of directors	15
Average age of directors	61.2
Diversity statement adopted by the Board	✓
Representation of women on the Board (40%) and in management (31%) ¹	✓
Independent directors	14 / 15
All committee members are independent	✓
Directors elected annually and individually	✓
Limited number of years as director	✓
All directors are financially literate	✓
Number of Board meetings in fiscal 2020	18
Number of Board committee and subcommittee meetings in fiscal 2020	36
Meeting attendance requirements met	✓
Chair and President and Chief Executive Officer are separate roles	✓

Board policies	
Majority voting policy for election of directors	✓
Code of Conduct and Ethics signed and upheld by directors	✓
Annual advisory vote on executive compensation	✓
Formal Board assessment process	✓
Guidance program for new directors	✓
Continuing education program for directors	✓

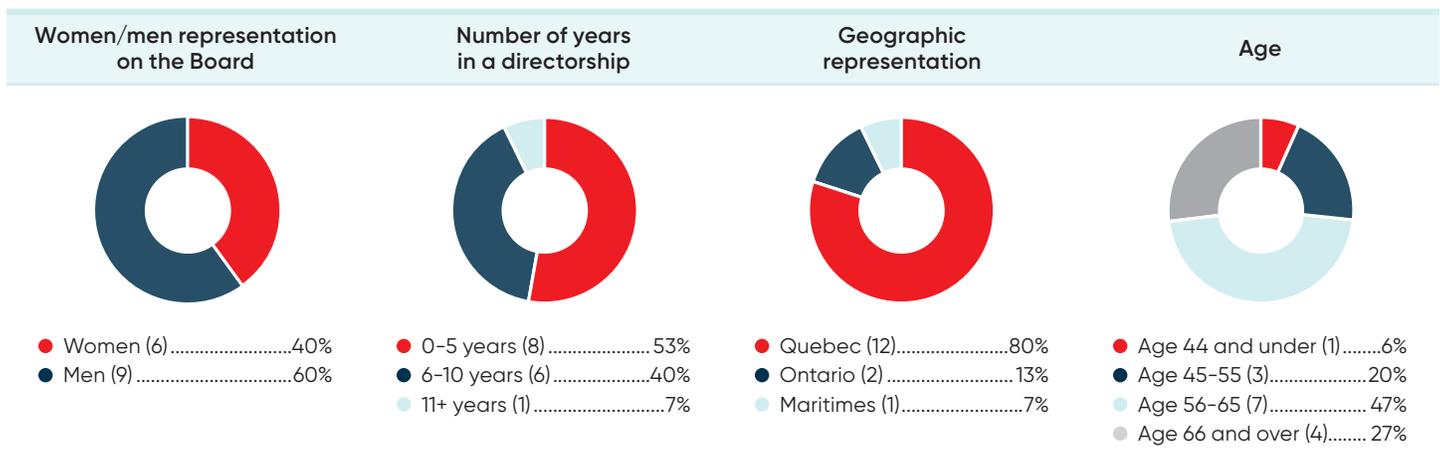
¹ Percentage in executive or officer positions (combined)

Promoting Diversity Throughout the Organization

We are committed to diversity at all levels of our organization. We know that it plays a key role in our success as an institution and as a community leader. NBC supports the Catalyst Accord, an agreement that unites companies around the goal of increasing the number of women serving on boards of directors in Canada (at least 30% by 2022). We've made a commitment to strive for gender parity on the Board and have women account for at least one-third of directors. As at October 31, 2020, 40% of Board seats were held by women.

As set out in our [Policy Regarding the Diversity of the Board of Directors](#), we seek directors with characteristics—such as gender, age, designated groups, sexual orientation, ethno-cultural groups and geography—that represent the communities in which the Bank is present and conducts its business.

Data points on Board members (as at October 31, 2020)



Providing Oversight

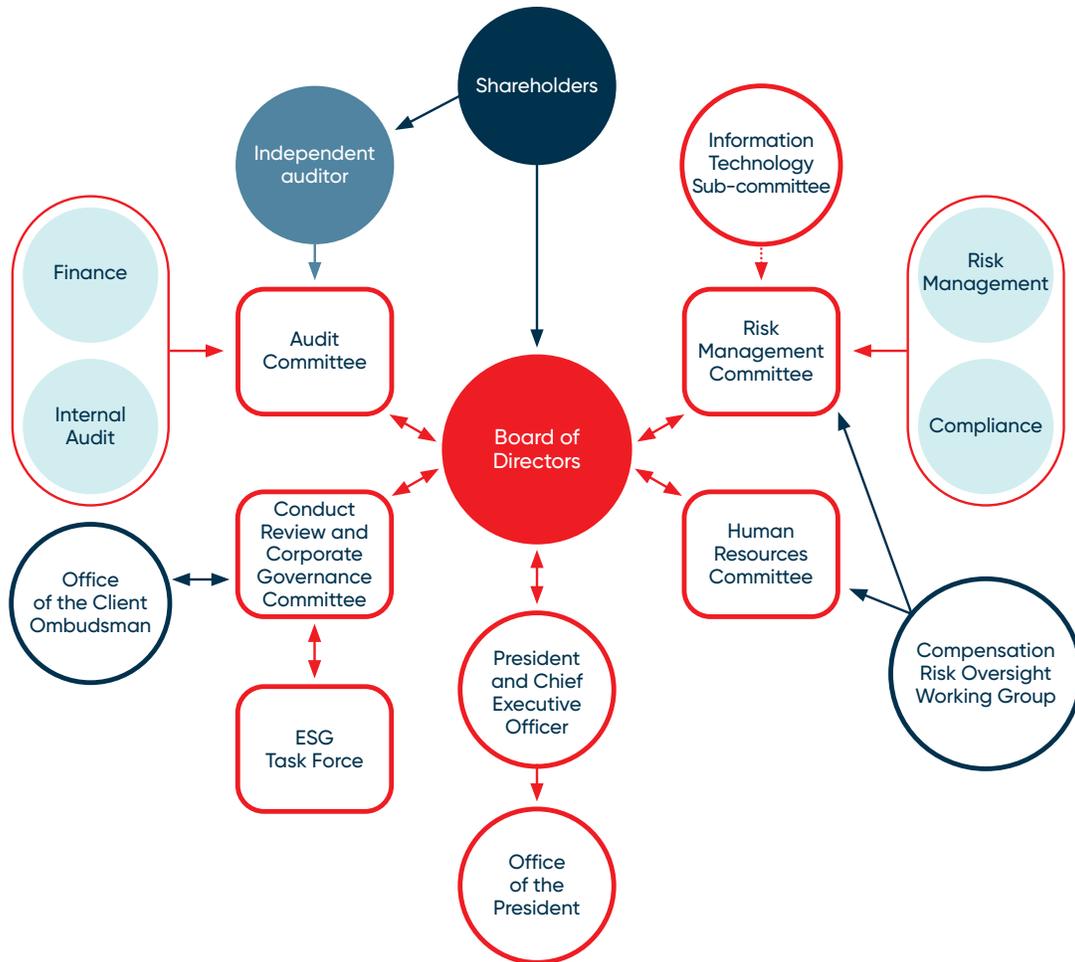
The Bank's corporate governance consists of a set of structures and policies. It is supported by the Board, four standing committees and one subcommittee. The Bank's governance is the result of collaboration between the Board, management, shareholders and stakeholders.

In recent years, the Bank has been paying special attention to social and environmental issues in order to meet the changing needs of clients, employees and the communities it serves. It has adopted measures to boost its commitment in this area, notably by updating the mandates of the Board and its committees to include ESG factors.

Board Oversight

The Board ensures environmental factors are incorporated into long-term strategic objectives, monitors the progress of environmental initiatives and the integration of ESG principles, and exercises its own activities in accordance with the Bank's ESG practices and strategies. Its four committees—the Conduct Review and Corporate Governance Committee, the Risk Management Committee, the Audit Committee and the Human Resources Committee—are responsible for periodically reviewing the Bank's activities to ensure they comply with stringent corporate responsibility standards.

Board of Directors



Conduct Review and Corporate Governance Committee

This Committee is responsible for staying abreast of exemplary ESG practices and overseeing the Bank's ESG strategy. It ensures that the Bank operates in accordance with these practices and its One Mission. The Committee is also responsible for regularly reviewing the ESG principles in effect at the Bank and making recommendations to improve them. It ensures that the Bank's ESG practices are sound and aligned with legislation. It also reviews the decisions made by senior management and plays an advisory role, as needed. All strategic ESG publications must be examined by this Committee. The Committee must also ensure that directors, officers and employees act in an ethical and responsible manner. An update on ESG advances is presented to the Committee twice a year.

Risk Management Committee

This Committee's responsibilities include ensuring that the risk management framework accounts for environmental, social and governance risks, allowing them to be

appropriately identified, monitored and integrated into existing risk management processes. Climate risk is an integral component of the Bank's risk management approach and is reviewed quarterly.

Audit Committee

This Committee is responsible for monitoring trends relating to controls and integrating environmental criteria into financial reporting. A report on advances related to the Task Force on Climate-related Financial Disclosures (TCFD) is presented at least twice a year.

Human Resources Committee

This Committee ensures the effectiveness of the Bank's HR management programs and is responsible for aligning organizational culture with the Bank's ESG practices and strategies. It oversees all the Bank's HR practices, including employee health and well-being, talent management and inclusion and diversity.

Management Role

ESG Working Group

Led by the Chief Financial Officer and Executive Vice-President of Finance, the ESG working group includes a number of executives from various Bank sectors. Its main duty is to develop and support the Bank's ESG initiatives and strategies. Members meet monthly. This working group is responsible for implementing TCFD recommendations as well as the UN Principles for Responsible Banking. Twice a year, the ESG working group reports to the Conduct Review and Corporate Governance Committee on the advances made and the planned next steps.

Specialized ESG Team

Under the responsibility of the Vice-President — Communications and Corporate Social Responsibility, the ESG team helps the ESG working group develop the Bank's environmental strategy and ensures it is implemented in collaboration with all business sectors. The ESG team's mandate also includes identifying climate-related risks and opportunities, setting environmental targets and working with the various business units to develop processes that account for ESG factors. The ESG team reports monthly to the ESG working group.



Subsidiary Governance

Subsidiary governance is an important element of risk management at the Bank. To ensure responsible subsidiary governance, the Board and its committees, in particular the Conduct Review and Corporate Governance Committee and the Risk Management Committee (which are responsible for overseeing subsidiaries' governance practices), have developed concrete tools to ensure a long-term governance strategy for all subsidiaries.



For more information, please consult the [2021 Management Proxy Circular](#).

Independent Assessment by the Internal Audit Department

The Internal Audit Department is an independent and objective body within the Bank. Through the Audit Committee, it provides assurance to management and the Board concerning the Bank's governance of its activities, advises on improvements and helps create added value. This department helps the Bank achieve its objectives by applying a systematic, methodical approach to assessing the effectiveness of the design and operation of its key governance, risk management and internal control processes and systems. It also makes recommendations and gives advice to strengthen these processes and systems and enhance the Bank's long-term stability. The audit plan, which is approved by the Audit Committee, determines the frequency of internal audits.

Through its activities, the Internal Audit Department provides assurance on the following topics:

Governance: It ensures that the Board of Directors stays abreast of exemplary ESG practices, integrates ESG factors into the Bank's long-term strategic objectives, periodically reviews practices in effect at the Bank and verifies that the Bank conducts its business in accordance with these practices.

Maintaining an Open Dialogue

The Board believes regular and constructive communication is an important factor in creating a candid and productive dialogue with stakeholders. That's why the Conduct Review and Corporate Governance Committee has adopted a Shareholder Engagement Policy that clarifies the process by which shareholders can contact the Board or one of its members.



For more information, consult our [Shareholder Engagement Policy](#).

Risk management: It ensures that the risk management framework accounts for ESG risks and that these risks are adequately identified, monitored and integrated into existing risk management processes. Internal Audit also makes sure that the Bank's HR management strategies and organizational culture are aligned with the Bank's ESG practices and strategies, including those that concern employee health and well-being.

Internal control: It ensures that internal controls related to the integration of ESG factors into operational processes and the disclosure of ESG-related financial information are effective.

Risk Management

(SASB CB-410a.2)

Risk-taking is intrinsic to a financial institution's business. The Bank views risk as an integral part of its development and the diversification of its activities. It advocates a risk management approach consistent with its business strategy.

Risk is rigorously managed. Risks are identified, measured and controlled to achieve an appropriate balance between the returns obtained and the risks assumed. Consequently, decision-making is supported by risk assessments and management processes that are consistent with the Bank's risk appetite and by prudent levels of capital and liquidity.

Risk appetite represents the risk level a business is prepared to assume to achieve its business strategy.

The Bank's risk appetite is determined by the following principles:

- › Our brand, reputation and continuity are at the core of our decisions.
- › We understand the risks we assume and they are aligned with our business strategy.
- › We make efforts to simplify our processes without compromising rigorous risk management.

The Bank effectively governs its oversight mechanisms for risks and opportunities. The Risk Management Committee is responsible for ensuring that the Bank's risk management framework addresses environmental, social and governance risks. Once identified, these risks are monitored and integrated into the existing risk management process.



ESG Risk Management

Environmental risk and the associated social risk involve the possibility that environmental or social issues will lead to a loss of financial or operational value for the Bank, tarnish its reputation or have a negative impact on its stakeholders. The Bank is directly exposed to these risks through its own activities and indirectly through its stakeholders' activities.

The Bank has therefore drawn up ESG principles to demonstrate its commitment to sustainable development and to balancing the interests of different stakeholders in society. To enhance employees' understanding of climate risks, it has introduced various training and awareness activities. It supports a number of sustainable development initiatives and is working to integrate environmental and social factors into its business and operational decisions. This also involves continually strengthening its ability to adapt to a major crisis—a natural disaster or health crisis, like the COVID-19 pandemic, that could have a significant, lasting impact on the global economy and our society.



The assessment and mitigation of environmental and social risks is an integral part of risk management, together with credit, market, liquidity, operational and reputational risk management. Environmental and social issues play an increasingly important role in the Bank's strategies and decisions. Accounting for these risks can be a significant asset in certain financing or investment transactions. It also helps encourage best practices among our stakeholders.

We're continuing to integrate ESG factors into our processes, in line with our TCFD roadmap. This integration involves carrying out due diligence as part of our credit origination processes, starting with the Corporate Banking portfolio. For this client segment, the ESG risk analysis framework provides for collecting information on the carbon footprint and assessing climate risks (transition and physical) based on the industry sector and the ratings assigned by ESG rating agencies. Numerous other criteria are also considered, including waste management practices, labour standards, corporate governance, responsibility for products and human rights policies.

Through its risk management policies, the Bank is committed to improving its risk assessment processes so it can offer sustainable financing that promotes healthy growth while adhering to the TCFD recommendations and the UN Principles for Responsible Banking.

Anticorruption

National Bank of Canada, its subsidiaries and its centres abroad (the "Bank") are committed to complying with Canadian and international legislation prohibiting corruption and influence-peddling, while preserving public trust. That's why the Bank has implemented a robust anticorruption program that reflects its main ethical values and its commitment to acting responsibly, no matter where it does business. The Anticorruption Policy is central to this program. National Bank is a member of Transparency International Canada.

Fight Against Money Laundering and Terrorist Financing (MLTF)

The money laundering and terrorist financing methods and techniques used by criminal organizations are becoming increasingly sophisticated.

National Bank of Canada, its subsidiaries and its centres abroad (the "Bank") have rigorous regulatory compliance management processes, in particular with regard to the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* and its regulations. Its high standards enable the Bank to earn the trust of its clients, its shareholders, the market and the general public.

The Bank's Anti-Money Laundering and Terrorist Financing program is the main mechanism used to establish and maintain effective control over exposure to MLTF activities across the organization.



For more information on our Anti-MLTF program, consult the Anti-MLTF program and questionnaire on [nbc.ca](https://www.nbc.ca).



For more information on the Bank's guiding principles, key prohibitions and reporting mechanisms, please consult the summary of the Anticorruption Policy on [nbc.ca](https://www.nbc.ca).

Cybersecurity and Information Security



In this digital age, increasingly complex transactions are carried out online and cyber threats continue to grow. This is why the Bank considers cybersecurity risks to be among the most significant. Each day, we take all necessary precautions to protect our clients' personal information and assets and ensure the continuity of our activities.

Strategic Planning

Our cybersecurity strategic program is aligned with our business strategy and supports our One Mission. The program relies on recognized frameworks and controls established by the National Institute of Standards and Technology (NIST), which enable us to continually assess cyber risks and the Bank's capacity to deal with cyber threats, protect ourselves from them, detect them, react to them and resume our activities once they have been resolved.

We implement processes, IT solutions and a culture of security to protect the Bank, its clients and its employees. Over the next three years, we want to achieve three specific objectives: reduce cybersecurity risks within the Bank, optimize the contribution of security to the IT sector and optimize the impact of security on clients. We will achieve these objectives by enhancing the security of our valuable assets and developing cross-sector capabilities. Human risks are also central to our strategy, since our employees are an integral part of our defences.

Governance Model

We take action to ensure the integrity and protection of our systems and the information we store. We reaffirm our commitment to continuously improving our information security practices, with the ultimate goal of protecting our clients and maintaining their trust. Together with our partners in the financial sector and the regulatory authorities, we are committed to pursuing efforts to mitigate IT and human risks.

In 2019, we set up a cybercrime fusion centre to make it easier to communicate information, share data and enhance technical oversight, providing a comprehensive view of threats to the Bank. This constantly evolving centre is made up of multidisciplinary teams that include experts in cybersecurity and fraud prevention as well as representatives of the business lines. Its mission is to predict and prevent cyber threats.

Furthermore, we're pursuing our cybersecurity program by adapting our protection, monitoring, detection and incident response capabilities to deal with changing threats.

We've also implemented a governance and reporting model that supports decision-making based on sound risk management. We regularly inform the Technology Sub-committee of our activities, advances, trends and new developments in the field. The Sub-committee examines operational incidents at other large organizations, drawing upon lessons that help to better understand potential risks, especially risks linked to cybersecurity and the protection of personal information.

This governance model is supported by a clear definition of roles and responsibilities that forges strong partnerships and promotes close collaboration between stakeholders. Our understanding of the current situation is based on thorough knowledge of existing organizational components (resources, assets, data, capacity, regulatory requirements, etc.) and of external information sources (threats, vulnerabilities, monitoring, trends, etc.) with respect to cybersecurity, data protection, protection of personal information and fraud.

This overview allows for optimal coverage of the security requirements identified through cybersecurity risk assessment and prioritization of action plans. These requirements are rolled out via our ongoing cybersecurity enhancement program. It should be noted that our investment in cybersecurity is comparable to that of other Canadian financial institutions. A portion of this investment is allocated to a portfolio of initiatives intended to raise awareness of, predict and defend against current and future attacks. Our risk mitigation efforts are divided into five categories based on the National Institute of Standards and Technology (NIST) framework: Identify, Protect, Detect, Respond, Recover.

Furthermore, we carry out rigorous assessments of the security practices of the various partners and suppliers whose services and technology we use. We have taken out insurance to mitigate the risks, if any, related to cyberattacks. This insurance protects us financially and helps us manage the IT and public relations aspects of cyberattacks. Each year, our information security sector is subject to internal and external audits to evaluate our practices and work methods and promote continuous improvement.

Approaches and Practices

The approaches and practices implemented by the Bank, under the supervision of the Chief Information Security Officer, are intended to ensure that security is everyone's responsibility and remains an integral part of all of the Bank's activities and practices, every day. Our practices are supported by the following measures:

- › A cybersecurity awareness program for employees is one of the key pillars protecting the organization. This comprehensive program evolves based on the market and the various threats that arise. It includes a range of tools: training, communications, workshops, phishing tests and password robustness tests. The program is intended to continuously improve employees' reflexes to protect the organization and its clients. More specific content is also offered during Fraud Prevention Month (March) and Cybersecurity Awareness Month (October), such as conferences with internal and external partners and collaborators.

- › A community of Security Ambassadors has also been established. This community is made up of over 1,000 employee volunteers who care about cybersecurity best practices and want to make them known to peers and clients.
- › The security measures outlined in our cybersecurity framework are applied to all business processes and operational procedures. These measures ensure adequate controls for access to information, configuration and IT change management, and vulnerability management. They are regularly reassessed to make sure they remain relevant and address current risks.
- › We've implemented a structure to ensure information security risks are understood and managed in each of our business lines. Security officers in each sector help incorporate security into our cross-sector business strategy and manage cybersecurity risks on an ongoing basis.

Monitoring and Responding to Incidents

In accordance with sector best practices, the Bank continues to invest in monitoring events to detect and identify any malicious actions that could pose a threat to the security and processing of our IT assets and understand the potential impact of any such events on the Bank and its operations. The actions we take include ad hoc testing of people, processes and technology to check the effectiveness of our detection measures.

We have a team of specialists that deploys tactical, operational and strategic intelligence to prevent and analyze cybercrimes. This team collaborates with multiple stakeholders in the Bank and the banking industry, relying on Canadian and international sources.

Threat readiness is an integral part of the Bank's cybersecurity risk mitigation strategy. In accordance with market practices, the Bank actively manages and improves its response plan for incidents involving information security. Our plan complies with regulatory requirements and is regularly updated. We carry out testing in collaboration with stakeholders across the organization to evaluate various threat scenarios, which are updated to keep pace with the changing market.

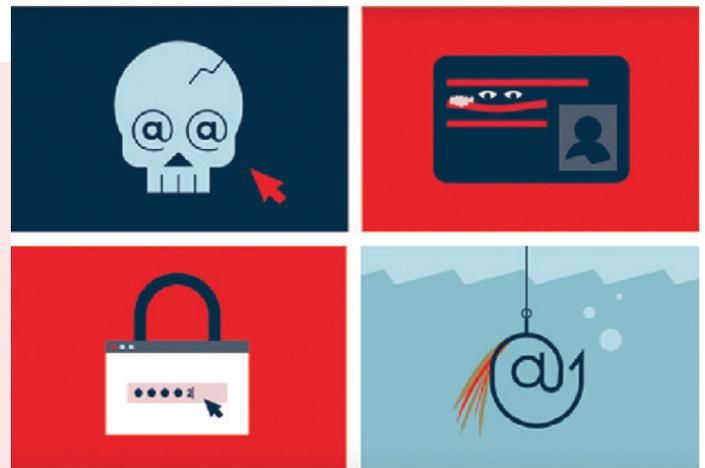
Promotion

The Bank has adopted programs to hire and retain skilled employees, identify promising innovations and promote our organization to clients and the community. These programs involve:

- › Creating and publishing material to educate individual and business clients about cyber risk.
- › Planning and executing promising, innovative projects to lay the necessary foundations for secure financial activities in the future.
- › Developing diversified, innovative approaches to attract, develop and retain skilled cybersecurity specialists.
- › Creating and maintaining strategic partnerships with the various members of the cybersecurity ecosystem, including governments, education and research institutions and other financial institutions, in particular the members of the Canadian Bankers Association.
- › Introducing a training program for all new employees on social engineering, phishing, passwords and data protection.
- › Implementing a Security Champions initiative that integrates security into application development.

Highlights

- › We created the *Cybersecurity Awareness Kit* in partnership with the founding members of Cybereco. Businesses are offered a variety of tools, including turnkey kits on four key cybersecurity topics: phishing, passwords, impersonation fraud and working remotely.
- › The Bank's capacity to handle security incidents has been stepped up by automating processes for responding to phishing attempts.
- › We've improved our measures to prevent data exfiltration and block high-risk activities (certain websites restricted: external personal email platforms, instant messaging platforms, social networks and hosting sites).
- › We upgraded identity and access management processes and technology, especially as concerns securing high-privilege access.
- › We automated the correction of operating system vulnerabilities and processes to shut down phishing sites.
- › We've rolled out an awareness program for all employees at the Bank and its subsidiaries to instill a security culture in the organization. We are currently meeting industry standards in this area:
 - We offer six mandatory cybersecurity training sessions, completed by over 90% of employees, and a gamified training program for client-facing employees.
 - We've launched a comprehensive program for new Bank employees.



– We regularly conduct different types of phishing tests with our employees involving varying levels of difficulty. In 2020, we carried out 10 Bank-wide campaigns and more than 15 targeted campaigns, including monthly campaigns for new Bank employees.

- › We are a founding member of, member of the management committee of and financial contributor to the Research Chair in Cybercrime Prevention at Université de Montréal and the NSERC/Desjardins/ National Bank Industrial Research Chair in Cybersecurity.
- › We make financial contributions to Cybereco and the Canadian Cyber Threat Exchange (CCTX).
- › We helped create content on cyber defence for Concordia University's Cyber Resilience program, for which the first cohort of students have begun their studies.

Data Management

(SASB CB-230a.2; CF-230a.3)

Data is central to innovation at the Bank. By leveraging data, the Bank can personalize and enhance its service offering. We are keenly aware of our responsibilities, and we strive to balance value creation with sound risk management.

The Bank's Chief Data Officer is responsible for developing a sustainable vision and strategy for our data management program, which is regularly presented to the Office of the President and the Board.

More specifically, the Chief Data Officer develops a federated model for data management based on the following principles:

- › Data foundations that ensure continuous improvement of data exposure within the company.
- › Enhanced data expertise to ensure greater maturity across the organization.

The Bank has developed:

- The Data Academy, which organizes monthly presentations on various data-related topics.
 - The Rotation Program for Data Scientists, a laboratory of innovation that helps attract new clients.
-
- › A data governance framework that clearly sets out stakeholder accountability, especially as concerns data risk.
 - › Data practices that standardize our approach in terms of:
 - Data management
 - Data engineering
 - Data science
 - Software engineering
 - › A data-driven mindset founded on multidisciplinary teams.

This operational model is supported by a decision-making structure overseen by the Data Council, a committee of senior executives that meets monthly to establish strategic orientations for data, approve any initiatives with a significant impact on compliance with the data strategy, and issue corporate positions.

Protecting Personal Information

(SASB CB-230a.1; CF-230a.1)

The Bank implements the measures needed to protect its clients' personal information. Based on best practices, it has created a strict privacy policy that sets out how it collects, uses and shares information. It has developed consent and information sharing policies and practices that meet clients' expectations and comply with existing legislation. It has also introduced a number of control measures to protect personal information. The Bank's Chief Privacy Officer is responsible for designing a robust personal information governance strategy. Our corporate culture emphasizes responsible use of client and employee information. Employees, directors and clients all play a role in mitigating risks associated with protecting personal information.

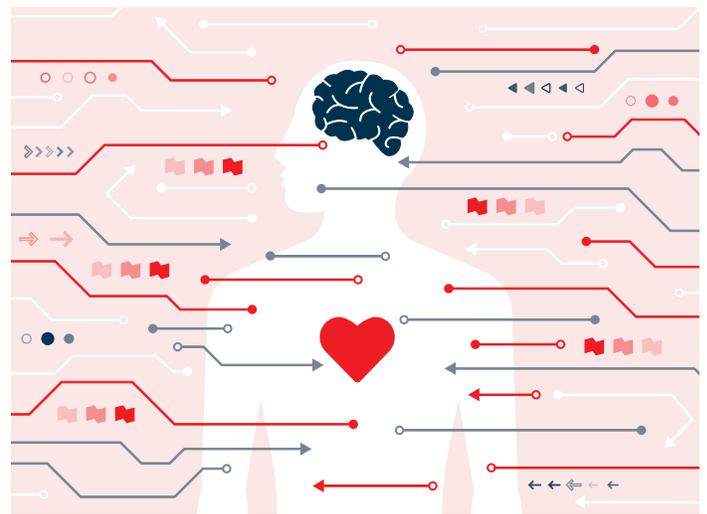
- ✔ Monitoring of best practices and regulatory requirements
- ✔ Effective reporting process for privacy breaches
- ✔ Client assistance and support with issues related to protecting personal information, including alerts from credit agencies and changes to account or card numbers
- ✔ Specific training on protecting personal information for all new employees
- ✔ Annual compliance training, including a section on protecting personal information, completed by 99% of employees
- ✔ Each year, all employees sign the Code of Conduct and Ethics, which sets out our obligations regarding confidential information

Artificial Intelligence

For National Bank, using artificial intelligence technology and advanced analytics (AI) is both an opportunity and a responsibility. It is an opportunity in that this technology can be a powerful driver in creating a positive client and employee experience and can enhance the Bank's risk management capabilities. It is a responsibility in that it is our duty to ensure this technology is used responsibly, in line with our values and the [Code of Conduct and Ethics](#). The concept of **innovating respectfully** has been added to the Code, to anchor our use of artificial intelligence and advanced analytics.

The Bank has made a commitment to proactively evaluate its practices, implement governance and risk management measures and address issues of interpretability and fairness. We're continuing our work on these issues, in particular by establishing a program that focuses on fairness by design. As such, some 30 awareness and training activities have been conducted across the Bank's various sectors, for business development and scientific teams alike. Performance indicators have also been established to ensure these initiatives are having a real impact on practices involving fairness. The Bank continues to hire internal experts from different disciplines to ensure that this technology is used according to the highest scientific standards.

The Bank is committed to being an active player in the Quebec, Canadian and international ecosystem surrounding responsible artificial intelligence in order to keep abreast of best practices and the latest developments. It participates in roundtable discussions and contributed to a cross-sector initiative in the Canadian financial services industry concerning ethical considerations related to artificial intelligence.



Lastly, it encourages its employees to share their expertise on responsible use of AI with various communities—for example, by contributing to academic conversations on fairness or by raising awareness of these issues among students and fintech start-ups.

Our SASB Disclosure

SASB Disclosure	Accounting Metric	2020 Disclosure
Financial Sector – Commercial Bank		
CB-230a.1	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of account holders affected	Please refer to the <i>Cybersecurity and Information Security – Protecting Personal Information</i> section on page 70 of the 2020 ESG Report. Please also consult the <i>Top and Emerging Risks</i> section on page 73 of the 2020 Annual Report . National Bank does not disclose this information.
CB-230a.2	Description of approach to identifying and addressing data security risk	The Bank discloses how it manages information security risks on page 70 of the 2020 ESG Report. Please also consult the <i>Top and Emerging Risks</i> section on page 73 of the 2020 Annual Report .
CB-240a.1	(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development	National Bank is a key lender for small businesses: 80% of its Canadian business clients received loans under \$250,000 in 2020. The Bank also supports community development by financing close to 900 clients that offer social programs in housing and early childhood development—an amount close to \$1 billion.
CB-240a.3	Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	As at October 31, 2020, National Bank has 146,697 no-fee personal chequing accounts.
CB-240a.4	Number of participants in financial literacy initiatives for unbanked, underbanked or underserved customers	National Bank participates in a number of financial literacy initiatives as part of its activities, from discussing financial health and best practices with clients in branches to holding events to promote financial literacy. Although we don't track the number of participants who are unbanked, underbanked or underserved, we discuss the impact of our initiatives on page 44 of the 2020 ESG Report.
CB-410a.1	Commercial and industrial credit exposure, by industry	National Bank discloses its exposure to credit risk by industry on page 19 of the Supplementary Financial Information document for Q4 2020, which is available on nbc.ca .
CB-410a.2	Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis	To comply with our commitments to the TCFD, we're improving our processes. We will be integrating ESG factors into our credit analyses in accordance with our roadmap. For more information, please consult the <i>Risk Management</i> section of the 2020 ESG Report on page 65.
CB-510a.1	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behaviour, market manipulation, malpractice, or other related financial industry laws or regulations	National Bank does not disclose this information. In the normal course of business, the Bank and its subsidiaries are involved in various claims relating, among other matters, to loan portfolios, investment portfolios and supplier agreements, including court proceedings, investigations or claims of a regulatory nature, class actions or other legal remedies of varied natures. However, National Bank does not believe that any proceedings it is involved in could have a material negative impact on its consolidated financial situation. Please refer to note 26 (Guarantees, Commitments and Contingent Liabilities) on page 209 of the 2020 Annual Report .

SASB Disclosure	Accounting Metric	2020 Disclosure
CB-510a.2	Description of whistleblower policies and procedures	Please refer to the <i>Governance – Code of Conduct and Ethics</i> section on page 61 of the 2020 ESG Report.
CB-550a.1	Global Systemically Important Bank (G-SIB) score, by category	Although National Bank is a domestic systemically important bank (D-SIB), it is not a G-SIB. We therefore have no G-SIB scores.
CB-550a.2	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	The crisis simulation program supports management's decision-making process by identifying potential vulnerabilities for the Bank as a whole, which are reflected in the limits established and in longer-term business planning. Scenarios and results are ultimately approved by the Board. The Bank also performs stress tests and liquidity risk crisis simulations. For more information, refer to pages 69 and 95 of the 2020 Annual Report .
CB-000.A	(1) Number and (2) value of checking and savings accounts by segment: (a) personal and (b) small business	National Bank had an average deposit volume of \$35,555 million for its Personal sector and \$36,697 million for its Commercial sector in Q4 2020. For more information, see the presentation given to analysts and investors in Q4 2020 on nbc.ca . As at October 31, 2020, there were over 1.9 million chequing and savings accounts for the personal segment and over 184,000 for the commercial segment.
CB-000.B	(1) Number and (2) value of loans by segment: (a) personal, (b) small business, and (c) corporate	In Q4 2020, National Bank had an average volume of \$81,000 million in personal loans and bankers' acceptances and \$37,994 million in business loans and bankers' acceptances. For more information, see the presentation given to analysts and investors in Q4 2020 on nbc.ca . The Bank disclosed the amount approved to businesses across Canada as debt financing and the number of businesses to which debt financing was granted. Please refer to page 8 of the 2020 Corporate Social Responsibility Statement . The Bank also disclosed its average loans and acceptances for corporate banking on page 9 of the Supplementary Financial Information document for Q4 2020, which is available on nbc.ca .

Financial Sector – Consumer Finance

CF-220a.2	Total amount of monetary losses as a result of legal proceedings associated with customer privacy	National Bank does not disclose this information. In the normal course of business, the Bank and its subsidiaries are involved in various claims relating, among other matters, to loan portfolios, investment portfolios and supplier agreements, including court proceedings, investigations or claims of a regulatory nature, class actions or other legal remedies of varied natures. However, National Bank does not believe that any proceedings it is involved in could have a material negative impact on its consolidated financial situation. Please refer to note 26 (Guarantees, Commitments and Contingent Liabilities) on page 209 of the 2020 Annual Report .
CF-230a.1	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of account holders affected	Please refer to the <i>Cybersecurity and Information Security – Protecting Personal Information</i> section on page 70 of the 2020 ESG Report. Please also consult the <i>Top and Emerging Risks</i> section on page 73 of the 2020 Annual Report . National Bank does not disclose this information.

SASB Disclosure	Accounting Metric	2020 Disclosure
CF-230a.3	Description of approach to identifying and addressing data security risks	Refer to the answer for standard CB 230a.2
CF-270a.2	Approval rate for (1) credit and (2) pre-paid products for applicants with FICO scores above and below 660	Although National Bank does not disclose this data, the average value, Loan-to-Value (LTV) ratio and FICO score for its portfolio of Canadian mortgage loans and home equity lines of credit can be found in the presentation given to analysts and investors in Q4 2020, available on nbc.ca . Additional information on the credit quality of our loan portfolio can be found on pages 80 and 169 of the 2020 Annual Report .
CF-270a.5	Total amount of monetary losses as a result of legal proceedings associated with selling and servicing of products	National Bank does not disclose this information. In the normal course of business, the Bank and its subsidiaries are involved in various claims relating, among other matters, to loan portfolios, investment portfolios and supplier agreements, including court proceedings, investigations or claims of a regulatory nature, class actions or other legal remedies of varied natures. However, National Bank does not believe that any proceedings it is involved in could have a material negative impact on its consolidated financial situation. Please refer to note 26 (Guarantees, Commitments and Contingent Liabilities) on page 209 of the 2020 Annual Report .
CF-000.B	Number of (1) credit card accounts and (2) pre-paid debit card accounts	As at October 31, 2020, we had over 800,000 active credit card accounts for the Personal and SME segment.

Financial Sector – Mortgage Finance

MF-270a.3	Total amount of monetary losses as a result of legal proceedings associated with communications to customers or remuneration of loan originators	National Bank does not disclose this information. In the normal course of business, the Bank and its subsidiaries are involved in various claims relating, among other matters, to loan portfolios, investment portfolios and supplier agreements, including court proceedings, investigations or claims of a regulatory nature, class actions or other legal remedies of varied natures. However, National Bank does not believe that any proceedings it is involved in could have a material negative impact on its consolidated financial situation. Please refer to note 26 (Guarantees, Commitments and Contingent Liabilities) on page 209 of the 2020 Annual Report .
MF-270b.1	(1) Number, (2) value, and (3) weighted average Loan-to-Value (LTV) ratio of mortgages issued to (a) minority and (b) all other borrowers, by FICO scores above and below 660	Although National Bank does not disclose this data, the average value, LTV ratio and FICO score for its portfolio of Canadian mortgage loans and home equity lines of credit can be found in the presentation given to analysts and investors in Q4 2020, available on nbc.ca . Also see page 21 of the Supplementary Financial Information document from Q4 2020 for more information on our portfolio of residential mortgage loans on nbc.ca .
MF-270b.3	Description of policies and procedures for ensuring non-discriminatory mortgage origination	National Bank complies with all anti-discrimination laws and regulations. In addition, the Bank's Code of Conduct and Ethics applies to everyone at the Bank (employees, directors and officers). The Code of Conduct and Ethics establishes a zero-tolerance policy for any type of discrimination.

SASB Disclosure	Accounting Metric	2020 Disclosure
MF-000.A	(1) Number and (2) value of mortgages originated by category: (a) residential and (b) commercial	National Bank discloses the value of its residential mortgages and the value of loans by category in the presentation given to analysts and investors in Q4 2020, available on nbc.ca .
MF-000.B	(1) Number and (2) value of mortgages purchased by category: (a) residential and (b) commercial	In the fiscal year 2020, the Bank purchased mortgage loans from iA Financial Group. The loan portfolio included about 6,600 residential mortgage loans for a total value of \$1.1 billion.

Financial Sector – Investment Banking and Brokerage

IB-330a.1	Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees	Please refer to the <i>Taking Action for a More Inclusive Future Today</i> section of the 2020 ESG Report on page 49 and the 2020 Inclusion and Diversity Booklet .
IB-410a.2	(1) Number and (2) total value of investments and loans incorporating integration of ESG factors, by industry	Please refer to the <i>Responsible Investment – Sustainability Bonds</i> section of the 2020 ESG Report on page 38 as well as to the <i>Capital & Debt Information</i> section on nbc.ca .
IB-510a.1	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behaviour, market manipulation, malpractice, or other related financial industry laws or regulations	Refer to the answer for standard CB 510a.1
IB-510a.2	Description of whistleblower policies and procedures	Refer to the answer for standard CB 510a.2
IB-510b.3	Total amount of monetary losses as a result of legal proceedings associated with professional integrity, including duty of care	National Bank does not disclose this information. In the normal course of business, the Bank and its subsidiaries are involved in various claims relating, among other matters, to loan portfolios, investment portfolios and supplier agreements, including court proceedings, investigations or claims of a regulatory nature, class actions or other legal remedies of varied natures. However, National Bank does not believe that any proceedings it is involved in could have a material negative impact on its consolidated financial situation. Please refer to note 26 (Guarantees, Commitments and Contingent Liabilities) on page 209 of the 2020 Annual Report .
IB-510b.4	Description of approach to ensuring professional integrity, including duty of care	Every year, all employees, directors and officers of the Bank sign the Code of Conduct and Ethics , which requires them to demonstrate honesty, trust, integrity and loyalty in all of their actions.
IB-550a.1	Global Systemically Important Bank (G-SIB) score, by category	Refer to the answer for standard CB 550a.1
IB-550a.2	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	Refer to the answer for standard CB 550a.2
IB-000.A	(1) Number and (2) value of (a) underwriting, (b) advisory, and (c) securitization transactions	National Bank acted as agent for 172 transactions with a total value of over \$102 billion and as underwriter for 313 transactions with a total value of \$267 billion.

SASB Disclosure	Accounting Metric	2020 Disclosure
Financial Sector – Asset Management and Custody Activities		
AC-270a.2	Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of financial product related information to new and returning customers	<p>National Bank does not disclose this information.</p> <p>In the normal course of business, the Bank and its subsidiaries are involved in various claims relating, among other matters, to loan portfolios, investment portfolios and supplier agreements, including court proceedings, investigations or claims of a regulatory nature, class actions or other legal remedies of varied natures. However, National Bank does not believe that any proceedings it is involved in could have a material negative impact on its consolidated financial situation.</p> <p>Please refer to note 26 (Guarantees, Commitments and Contingent Liabilities) on page 209 of the 2020 Annual Report.</p>
AC-270a.3	Description of approach to informing customers about products and services	<p>Employees of National Bank are bound by the Code of Conduct and Ethics, which sets out a number of basic principles to protect clients, including, "We must inform them in a transparent manner about the rates, fees and conditions of every transaction for every product they acquire." Please refer to the <i>Protecting Our Clients' Interests</i> section on page 27 of the 2020 ESG Report.</p> <p>National Bank also complies with the regulations set out by the Financial Consumer Agency of Canada, provincial consumer protection agencies, IIROC, the Mutual Fund Dealers Association of Canada, the TSX and provincial regulatory authorities, including securities regulatory authorities. The Human Resources Committee reviewed the Bank's compensation practices in 2017 and continues to do so periodically.</p>
AC-330a.1	Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees	Refer to the answer for standard IB 330a.1
AC-410a.1	Amount of assets under management, by asset class, that employ (1) integration of environmental, social, and governance (ESG) issues, (2) sustainability themed investing, and (3) screening	<p>Through its open architecture business model, National Bank Investments entrusts the management of its funds and investment solutions to external portfolio managers. 97% of National Bank Investments' assets under management as at October 31, 2020, were managed by signatories of the UN Principles for Responsible Investment. NBI assesses its external managers' integration of ESG criteria as part of its proprietary OP4+ analysis framework.</p> <p>Furthermore, 87% of NBI's assets under management are managed by Canadian fund managers who belong to the Responsible Investment Association.</p> <p>For more information, see the <i>NBI</i> section of the 2020 ESG Report on page 40.</p>
AC-410a.2	Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment and/or wealth management processes and strategies	National Bank discloses how it integrates ESG criteria in its OP4+ process. For more information, see the <i>NBI</i> section on page 40 of the 2020 ESG Report and on nbinvestments.ca .
AC-410a.3	Description of proxy voting and investee engagement policies and procedures	Our proxy voting and investee engagement policies and procedures are available on nbinvestments.ca .

SASB Disclosure	Accounting Metric	2020 Disclosure
AC-510a.1	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behaviour, market manipulation, malpractice, or other related financial industry laws or regulations	Refer to the answer for standard CB 510a.1
AC-510a.2	Description of whistleblower policies and procedures	Refer to the answer for standard CB 510a.2
AC-550a.2	Description of approach to incorporation of liquidity risk management programs into portfolio strategy and redemption risk management	<p>The investment funds and services offered by National Bank Investments (NBI) are governed by a liquidity risk management policy (internal publication). This policy is intended to establish liquidity requirements for investment funds and services offered by NBI, as well as a framework for their application.</p> <p>To manage risk, NBI monitors the following three components:</p> <ul style="list-style-type: none"> › Liquidity risk associated with product design (redemption conditions tailored to investment strategy) › Liquidity risk associated with the market for the products (liquidity dashboard, liquidity groups, third-party supplier data, various metrics, etc.) › Liquidity risk associated with holding the products (historic rates for redemption requests, asset concentration, etc.) <p>The policy complements Regulation 81-102 respecting Investment Funds for the products governed by it and establishes the requirements for other products.</p> <p>As authorized by the Canadian Securities Administrators, NBI can suspend the right to redeem securities for products governed by the prospectus under certain conditions (see prospectus under <i>Right to Refuse the Redemption of Fund Securities</i>).</p>
AC-550a.3	Total exposure to securities financing transactions	National Bank disclosed its total exposure to securities financing transactions in the Supplementary Financial Information document from Q4 2020, which is available on nbc.ca . Total exposure as at Q4 2020 was \$16,686 million.
AC-000.A	(1) Total registered and (2) total unregistered assets under management (AUM)	In Q4 2020, National Bank had \$596.6 billion in assets under management and administration. For a breakdown of this data, please refer to the Supplementary Financial Information document from Q4 2020, which is available on nbc.ca .

Definitions

2020 Annual Report: The Bank's Annual Report uploaded on December 2, 2020, to nbc.ca and sedar.com, including the consolidated financial statements for the fiscal year ending October 31, 2020, as well as the associated management report and independent auditor's report

2020 Corporate Social Responsibility Statement: Corporate Social Responsibility Statement uploaded March 4, 2021, to nbc.ca and sedar.com

2020 ESG Report: 2020 Report on Environmental, Social and Governance Advances

ABA Bank: Advanced Bank of Asia Limited

Act: Bank Act, S.C. 1991, c. 46

Bank: National Bank of Canada

Board: The Board of Directors of the Bank

CFEE: Canadian Foundation for Economic Education

Circular: Management Proxy Circular in respect of the Annual Meeting, uploaded on March 4, 2021, to nbc.ca and sedar.com

CSA: Canadian Securities Administrators

Directors: Members of the Board of Directors for National Bank of Canada

EFAP: Employee and Family Assistance Program

ESG: Environment, social and governance

ETF: Exchange-traded fund

FATCA: Foreign Account Tax Compliance Act

GHG: Greenhouse gas

LEED: Leadership in Energy and Environmental Design

LGBTI: Lesbian, Gay, Bisexual, Transgender and Intersex

NBF: National Bank Financial Inc.

NBI: National Bank Investments Inc.

Officers: The term "officers" includes the Bank's Executive Vice-Presidents and Vice-Presidents, all employees of Bank subsidiaries reporting directly to members of senior management, as well as any employee of the Bank or one of its subsidiaries deemed by the Human Resources Committee to occupy a comparable function.

PRB: The United Nations Principles for Responsible Banking

PRI: The United Nations Principles for Responsible Investment

SASB: Sustainable Accounting Standards Board

Scope 1: Direct GHG emissions from owned or controlled sources

Scope 2: Indirect GHG emissions from the generation of purchased energy

Scope 3: Indirect GHG emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions

SDGs: The United Nations Sustainable Development Goals

SME: Small and medium-sized enterprise

TCFD: Task Force on Climate-related Financial Disclosures

TSX: Toronto Stock Exchange

UN: United Nations

UNEP FI: The United Nations Environment Programme Finance Initiative

Caution Regarding Forward-Looking Statements

From time to time, the Bank makes written and oral forward-looking statements such as those contained in this 2020 ESG Report, in other filings with Canadian securities regulators, and in other communications. All such statements are made in accordance with applicable securities legislation in Canada and the United States. Forward-looking statements in this document may include, but are not limited to, statements with respect to the economy—particularly the Canadian and U.S. economies—market changes, the Bank's objectives, outlook and priorities for fiscal year 2021 and beyond including environmental, social and governance related objectives, its strategies or future actions for achieving them, expectations for the Bank's financial condition, the regulatory environment in which it operates, the potential impacts of, and the Bank's response to, the COVID-19 pandemic, and certain risks it faces. These forward-looking statements are typically identified by words such as "outlook", "believe", "foresee", "forecast", "anticipate", "estimate", "project", "expect", "intend", "plan", and similar expressions of future or conditional verbs such as "will", "may", "should", "could" or "would".

Such forward-looking statements are made for the purpose of assisting the holders of the Bank's securities in understanding the Bank's financial position and results of operations as at and for the periods ended on the dates presented, as well as the Bank's financial performance, environmental, social and governance related objectives, vision and strategic goals, and may not be appropriate for other purposes.

By their very nature, these forward-looking statements require assumptions to be made and involve inherent risks and uncertainties, both general and specific. Assumptions about the performance of the Canadian and U.S. economies in 2021, including in the context of the COVID-19 pandemic, and how that will affect the Bank's business are among the main factors considered in setting the Bank's strategic priorities and objectives. In determining its expectations for economic conditions, both broadly and in the financial services sector in particular, the Bank primarily considers historical economic data provided by the governments of Canada, the United States and certain other countries in which the Bank conducts business, as well as their agencies.

There is a strong possibility that the Bank's express or implied predictions, forecasts, projections, expectations or conclusions will not prove to be accurate, that its assumptions may not be correct and that its financial performance, environmental, social and governance related

objectives, vision and strategic goals will not be achieved. The Bank recommends that readers not place undue reliance on forward-looking statements, as a number of factors, many of which are beyond the Bank's control, could cause actual results to differ significantly from the expectations, estimates or intentions expressed in these statements. These factors include credit risk, market risk, liquidity and funding risk, operational risk, regulatory compliance risk, reputation risk, strategic risk and environmental and social risk, all of which are described in more detail in the Risk Management section beginning on page 68 of the Bank's 2020 Annual Report, and more specifically, general economic environment and financial market conditions in Canada, the United States and certain other countries in which the Bank conducts business; regulatory changes affecting the Bank's business; geopolitical and sociopolitical uncertainty; important changes in consumer behavior; the housing and household indebtedness situation and real estate market in Canada; changes in the Bank's customers' and counterparties' performance and creditworthiness; changes in the accounting policies the Bank uses to report its financial condition, including uncertainties associated with assumptions and critical accounting estimates; tax laws in the countries in which the Bank operates, primarily Canada and the United States; changes to capital and liquidity guidelines and to the manner in which they are to be presented and interpreted; changes to the credit ratings assigned to the Bank; potential disruption to key suppliers of goods and services to the Bank; potential disruptions to the Bank's information technology systems, including evolving cyberattack risk; and possible impacts of catastrophic events affecting local and global economies, including natural disasters and public health emergencies such as the COVID-19 pandemic.

The foregoing list of risk factors is not exhaustive. Additional information about these factors can be found in the Risk Management section of the Bank's 2020 Annual Report, as may be updated in subsequently filed quarterly reports to shareholders. Investors and others who rely on the Bank's forward-looking statements should carefully consider the above factors as well as the uncertainties they represent and the risks they entail.

Except as required by law, the Bank does not undertake to update any forward-looking statements, whether written or oral, that may be made from time to time, by it or on its behalf.

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