

Report

on Environmental,  
Social and  
Governance  
(ESG) Advances

2022

Take action  
for a sustainable future  
today



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### Important Notice and Caution Regarding Forward-Looking Statements

Certain statements made in this report are forward-looking statements. 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 objectives, priorities, strategies, sustainability commitments and targets or actions of National Bank of Canada (the Bank) that will be taken to achieve them (including with respect to reducing the Bank's greenhouse gas emissions related to its own activities and energy consumption, its climate strategy, reaching net-zero greenhouse gas emissions for its operating and financing activities by 2050 and transitioning to a low-carbon economy), the regulatory environment in which it operates, the causes and potential impacts of climate change globally, its approach to identifying and managing climate-related risks and opportunities, and certain risks it faces. These forward-looking statements are typically identified by verbs or words such as "outlook," "believe," "foresee," "forecast," "anticipate," "estimate," "project," "expect," "intend" and "plan," in their future or conditional forms, notably verbs such as "will," "may," "should," "could" or "would," as well as similar terms and expressions. Such forward-looking statements are made for the purpose of assisting the holders of the Bank's securities in understanding the Bank's vision, strategy, and objectives related to sustainability and environmental, social and governance advances, and may not be appropriate for other purposes. These forward-looking statements are based on our current expectations, estimates, and intentions and are subject to inherent risks and uncertainties, many of which are beyond the Bank's control.

Our ability to achieve our sustainability and environmental, social and governance advancement objectives, priorities, and targets (including with respect to reducing the Bank's greenhouse gas emissions related to its own activities and energy consumption, reaching net-zero greenhouse gas emissions for its operating and financing activities by 2050 and transitioning to a low-carbon economy) is based on a number of assumptions and is subject to a number of factors, many of which are beyond the Bank's control and the effects of which can be difficult to predict—including, among others, the transition to a low-carbon economy and the Bank's ability to satisfy stakeholder expectations on environmental and social issues; the need for active and continued participation of stakeholders (including our employees, our clients, our suppliers, the communities in which we are present, and other main change agents); the availability of comprehensive and high-quality greenhouse gas emission and other third party data; the ability of the Bank to develop indicators to effectively monitor our advancements; the development and deployment of new technologies and sustainable products; the ability of the Bank to identify climate-related opportunities as well as assess and manage climate-related risks; the general economic environment and financial market conditions in Canada, the United States, and other countries where the Bank operates; changes made to regulations that affect the Bank's business; the development of environmental, social and governance regulatory requirements; geopolitical and sociopolitical uncertainty; the Bank's ability to achieve its long-term strategies and key short-term priorities; the Bank's ability to recruit and retain key personnel in a competitive environment for talent; and possible impacts of major events affecting the local and global economies, including international conflicts, natural disasters, and public health crises such as the COVID-19 pandemic, whose progress is difficult to predict and which could have continued repercussions on the Bank.

There is a strong possibility that the Bank's express or implied predictions, targets, projections, expectations, or conclusions will not prove to be accurate, that its assumptions may not be confirmed, and that its vision, strategic objectives, and performance targets will not be achieved. The Bank recommends that readers not place undue reliance on forward-looking statements, as a number of factors could cause actual results to differ significantly from the expectations, estimates, or intentions expressed in these forward-looking statements. These risk factors include credit risk, market risk, liquidity and funding risk, operational risk, regulatory compliance risk, reputation risk, strategic risk, environmental and social risk, and certain emerging risks or risks deemed significant, all of which are described in greater detail in the Risk Management section beginning on page 65 of the Bank's 2022 Annual Report.

The foregoing list of risk factors is not exhaustive. Additional information about these risk factors is provided in the Risk Management section of the Bank's 2022 Annual Report and may be updated in the quarterly shareholders' report subsequently published. Investors and others who rely on the Bank's forward-looking statements should carefully consider the aforementioned factors as well as the uncertainties they represent and the risk 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. We caution investors that such forward-looking statements are not guarantees of future performance and that actual events or results may differ materially from these statements due to a number of factors.

This report is provided solely for informational purposes. It does not constitute an offer or a solicitation to buy or to sell any security, product, or service in any jurisdiction nor is it intended to provide investment, financial, legal, accounting, tax, or other advice and such information should not be relied or acted upon for providing such advice.



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# Take Action for a Sustainable Future Today



## Message from the President and Chief Executive Officer

The United Nations Biodiversity Conference (COP 15) held in Montreal in December 2022 reminded us that companies play a critical role—now and in the future—in protecting biodiversity and taking action on environmental, social and governance (ESG) issues.

We're proud of the progress we've made on various aspects of our ESG strategy, guided by our commitment to putting people first and maintaining the highest governance standards. We're aware that a lot of work still needs to be done to ensure a smooth and inclusive energy transition. Government bodies, our industry and the business world as a whole will need to show leadership, discuss the issues, demonstrate courage and promote innovation.

To take action on climate, the Bank is focusing on two factors that are within our control. We want to manage the impact of our activities on climate change while creating opportunities for our clients to help build a strong, sustainable economy that generates wealth, reinforcing the social safety net for future generations. We've set a target of achieving net zero greenhouse gas (GHG) emissions for our operations and financing activities by 2050. During this period, we will also need to offer greater support to our clients.

For several years, we've been working to grow the portfolio of loans related to renewable energy at a faster pace than the portfolio of loans related to non-renewable energy, and our efforts are paying off. We seize opportunities in this sector by providing capital for a growing number of sustainable projects. We've also enhanced our lending and underwriting practices to include decarbonization criteria and data related to the limits we have set for high-emission sectors.

### What we've learned

I've been President and Chief Executive Officer of the Bank for a little over a year now and during that time our institution has learned quite a bit about ESG. I'd like to share a few of the realizations that are sure to guide our actions in the coming years.

First, we're learning that our growth as an organization depends on being action-oriented while remaining pragmatic and humble. We're eager to try new approaches while accepting that not everything will go perfectly. We're confident that this agile approach will enhance our contribution for all aspects of ESG.

We're also aware that ESG considerations will deeply affect how we go about creating value. Maximizing the positive impact of ESG leads companies to reimagine their work methods and look beyond the established order of things. Agility is part of our everyday routine and entrepreneurial culture drives our actions; as such, our company is well-positioned to contribute to collective efforts while considering the interests of all our stakeholders.

The Bank's employees and the Senior Leadership Team are fortunate to be able to count on the members of our Board of Directors, who approach ESG issues with keen interest and determination. Thanks to their support and the many ideas proposed by our clients, the Bank is sure to rise to meet this challenge.

**Laurent Ferreira**

President and Chief Executive Officer



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### Message from the Senior Vice-President – Communications, Public Affairs and ESG

In 2022, I was very pleased to have the opportunity to join an institution that’s committed to driving change by putting people first. ESG takes pride of place at National Bank. We follow its principles to hold productive conversations with key stakeholders while focusing on the human side by enhancing the employee experience, promoting the wellbeing of the communities we serve, and fostering client satisfaction.

The Bank signed the UN Principles for Responsible Banking in 2019. It would follow up on this milestone with its handling of a global health crisis and a challenging economic situation that greatly affected the most vulnerable members of our society.

Since then, the Bank has made efforts to support the communities it serves by applying an agile approach and acting as a generalist donor. We’ve listened to our individual and business clients and adjusted our approach to help them deal with these difficult times. At the same time, we’ve remained focused on dealing with long-term issues that will affect future generations, such as affordable housing, climate change and the role of Indigenous communities.

Over the coming year, we will pursue our transformation and align our ESG practices even more closely with increasingly stringent external requirements. We’re taking on this challenge with gusto and raising our expectations so we can multiply our positive impact.

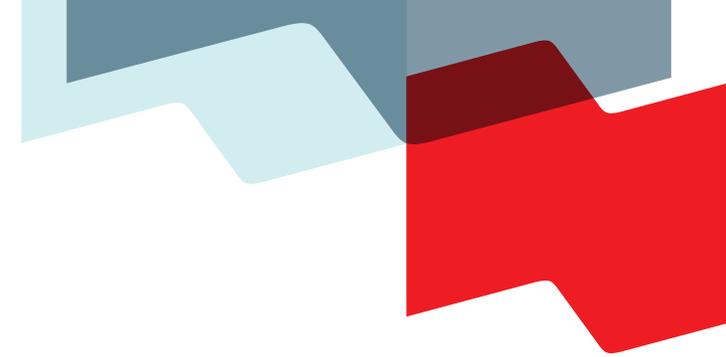
We’ll therefore keep improving our selection of sustainable products and services, such as green loans, transition loans and sustainability-linked loans, while integrating ESG criteria into our investment portfolios.

Over the coming years, data will continue to play a critical role. Society expects more from us, especially when it comes to fighting climate change, and quickly obtaining reliable data so we can calculate the footprint of our loan portfolios remains a challenge. Although this challenge is not specific to the Bank, we will be redoubling our efforts to obtain high-quality data so we can go further, faster.

In closing, I’m excited to have this opportunity to join the Bank’s efforts at such a pivotal moment for the industry and our community. By adopting a disciplined, measured approach and taking action accordingly, we can amplify our contribution to the sweeping changes that will mark this moment in history.

**Debby Cordeiro**

Senior Vice-President – Communications, Public Affairs and ESG





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### 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.

# 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.





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# About Us

Founded in 1859, National Bank of Canada (the Bank) offers financial services to individuals, businesses, institutional clients and governments across Canada. We are one of Canada's six systemically important banks and among the most profitable banks on a global basis by return on equity.

We operate through three business segments in Canada: Personal and Commercial Banking, Wealth Management and Financial Markets. A fourth segment, U.S. Specialty Finance and International, complements the growth of our domestic operations.

We are a leading bank in our core Quebec market and also hold leadership positions across the country in selected activities.

We strive to meet the highest standards of corporate responsibility while creating value for our shareholders. We are proud to be recognized as an employer of choice and for promoting inclusion and diversity. We are headquartered in Montreal and our securities are listed on the Toronto Stock Exchange (TSX: NA).

## National Bank at a glance

(as at October 31, 2022)

**2.7 million** Clients<sup>1</sup>

**29,509** Employees<sup>2</sup>

**462** Branches<sup>3</sup>

**548,464** Square metres in total area<sup>4</sup>

**1,963** Banking machines<sup>5</sup>



### Our financial performance<sup>6</sup>

**\$404B** Total assets

**\$616B** Assets under administration<sup>7</sup>

**\$1,206M** Dividends declared to common shareholders



**18.8%** Superior return on equity<sup>8,9</sup>



### Our contribution to economic activity

**\$3.3B** Compensation and employee benefits<sup>6</sup>

**\$1.4B** Spent on goods and services in Canada<sup>6,10</sup>

**\$1.4B** Income taxes and taxes in Canada<sup>11</sup>

<sup>1</sup> Personal and Commercial Banking clients.

<sup>2</sup> Worldwide.

<sup>3</sup> 378 in Canada, 81 in Cambodia and 3 in the United States (Florida).

<sup>4</sup> Surface area data applies to all spaces occupied by the Bank.

<sup>5</sup> 939 in Canada and 1,024 in Cambodia.

<sup>6</sup> Indicators taken from the Bank's Annual Report for the fiscal year ended October 31, 2022.

<sup>7</sup> Assets in respect of which a financial institution provides administrative services such as custodial services, collection of investment income, settlement of purchase and sale transactions and record-keeping. Assets under administration, which are beneficially owned by clients, are not reported on the balance sheet of the institution offering such services.

<sup>8</sup> Return on common shareholders' equity represents net income attributable to common shareholders expressed as a percentage of average equity attributable to common shareholders. It's a general measure of the Bank's efficiency in using equity.

<sup>9</sup> Based on the return on common shareholders' equity reported by Canadian banks, including Bank of Montreal, Canadian Imperial Bank of Commerce, Royal Bank of Canada, Scotiabank and Toronto-Dominion Bank (the "Canadian Banks").

<sup>10</sup> This amount includes occupancy and technology costs (excluding depreciation), communications, professional fees, advertising and other goods and services.

<sup>11</sup> Includes income taxes, capital taxes and other taxes. For more information, see page 9 of the 2022 Corporate Social Responsibility Statement.



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The 2022 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 the ESG team, with input from dozens of experts and collaborators. It is approved by executives from different sectors of the organization and revised by the Conduct Review and Corporate Governance Committee.

### Scope

Unless otherwise indicated, this report presents relevant content associated with the activities of the Bank and its main subsidiaries in Canada<sup>1</sup>, it refers to fiscal 2022 (November 1, 2021 to October 31, 2022) and 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, suppliers, interest groups, international organizations and regulatory authorities. Our commitment to constructive, open and transparent dialogue enables us to include stakeholders in our strategic decisions, enhance our practices and adopt the latest disclosure standards. As part of this commitment to ongoing dialogue, the Bank has released its first relative importance matrix, which presents trends with respect to priority sustainable development issues to be integrated into its ESG strategy.

### 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 (PRB), the CDP, and the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

### External certification and accounting

Certain indicators are extracted from Management's Discussion and Analysis and the Audited Annual Consolidated Financial Statements of the [2022 Annual Report](#). Unless extracted from the Audited Annual Consolidated Financial Statements of the 2022 Annual Report, the information contained in this report is unaudited. Groupe AGÉCO, an independent third party, calculated our greenhouse gas (GHG) emissions.



For more information, please refer to the [Stakeholder Engagement Guidelines](#) and the [2023 Management Proxy Circular](#), available in the [Investor relations](#) section of [nbc.ca](#).

<sup>1</sup> Some of the information provided in this report does not include Flinks Technology Inc. This has no significant impact on the information provided.



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## Additional publications

This report mentions other publications available on [nbc.ca](https://www.nbc.ca) under [About us](#):



### Corporate responsibility

Presentation of our responsibility in terms of sustainable development and our ESG principles.

### Investor relations

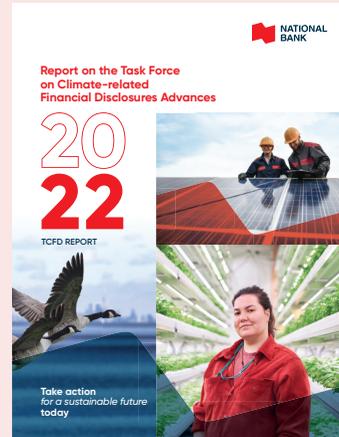
Reports, circulars and other information concerning the Bank's financial results.

### Governance

Corporate governance and governance practices, including codes and commitments.



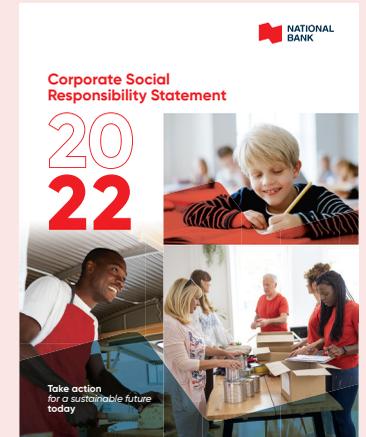
[2022 Annual Report](#)



[2022 TCFD Report](#)



[2023 Management Proxy Circular](#)



[2022 Corporate Social Responsibility Statement](#)

## @ Contact us

If you have any comments about this report, please contact the ESG team at [ESG@nbc.ca](mailto:ESG@nbc.ca).



# How We Support Sustainable Development

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## Our relative importance matrix

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.

As such, we are committed to identifying, understanding and effectively managing the ESG priorities that matter to our stakeholders. We make regular efforts to address material sustainability issues as part of our ongoing dialogue with stakeholders.

In 2022, we assessed the relative importance of the various ESG priorities to fuel our discussions and better understand the changing expectations of our stakeholders.

## Our approach

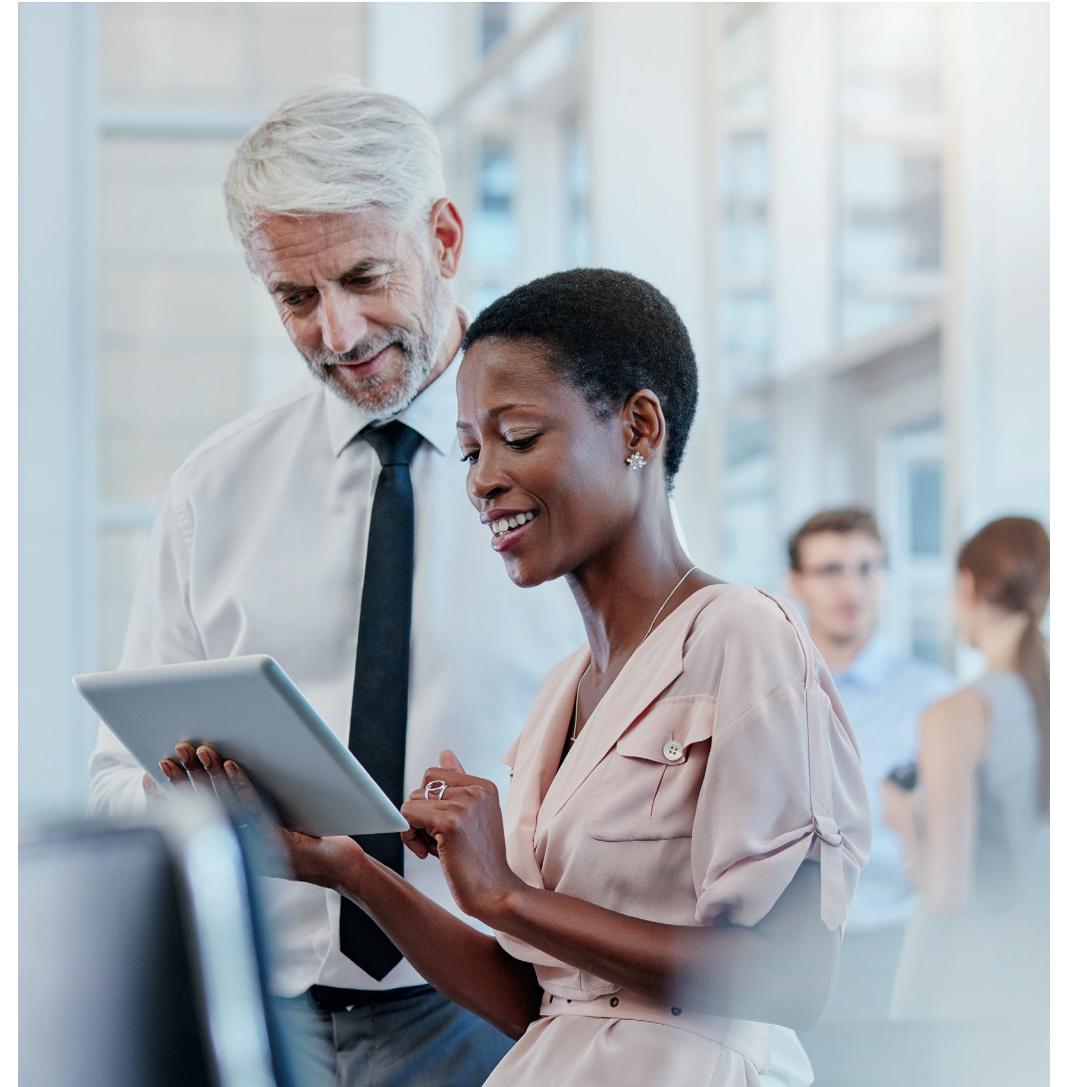
Our approach is based on the standards for sustainability reporting set out by the Global Reporting Initiative (GRI).

By means of internal and external consultations, comparative analyses and recommendations from recognized organizations, such as the Sustainability Accounting Standards Board (SASB) and the Task Force on Climate-related Financial Disclosures (TCFD), and in line with the Bank's regulatory framework, we identified and drew up a list of 17 key sustainable development issues.

We then consulted our clients, employees and suppliers via a survey, which was completed by more than 1,000 respondents. This exercise aimed to determine the importance of the various issues and their potential impact on the Bank, as seen by various stakeholders.

At the end of this consultation process, we tallied the results and ranked the ESG issues to illustrate their importance for our stakeholders and for the organization. All of the ESG issues included in the matrix are important to us and to our stakeholders. The responses received allowed us to prioritize the ESG issues according to their level of importance and impact. These results are a valuable resource for the Bank. They contribute to our dialogue with stakeholders and help us take action where we can have the greatest impact.

This was the first edition of this exercise, and it may be subject to change. It allowed us to identify certain trends and prioritize our actions. We will conduct a similar exercise in two years in order to track changes in our stakeholders' expectations.





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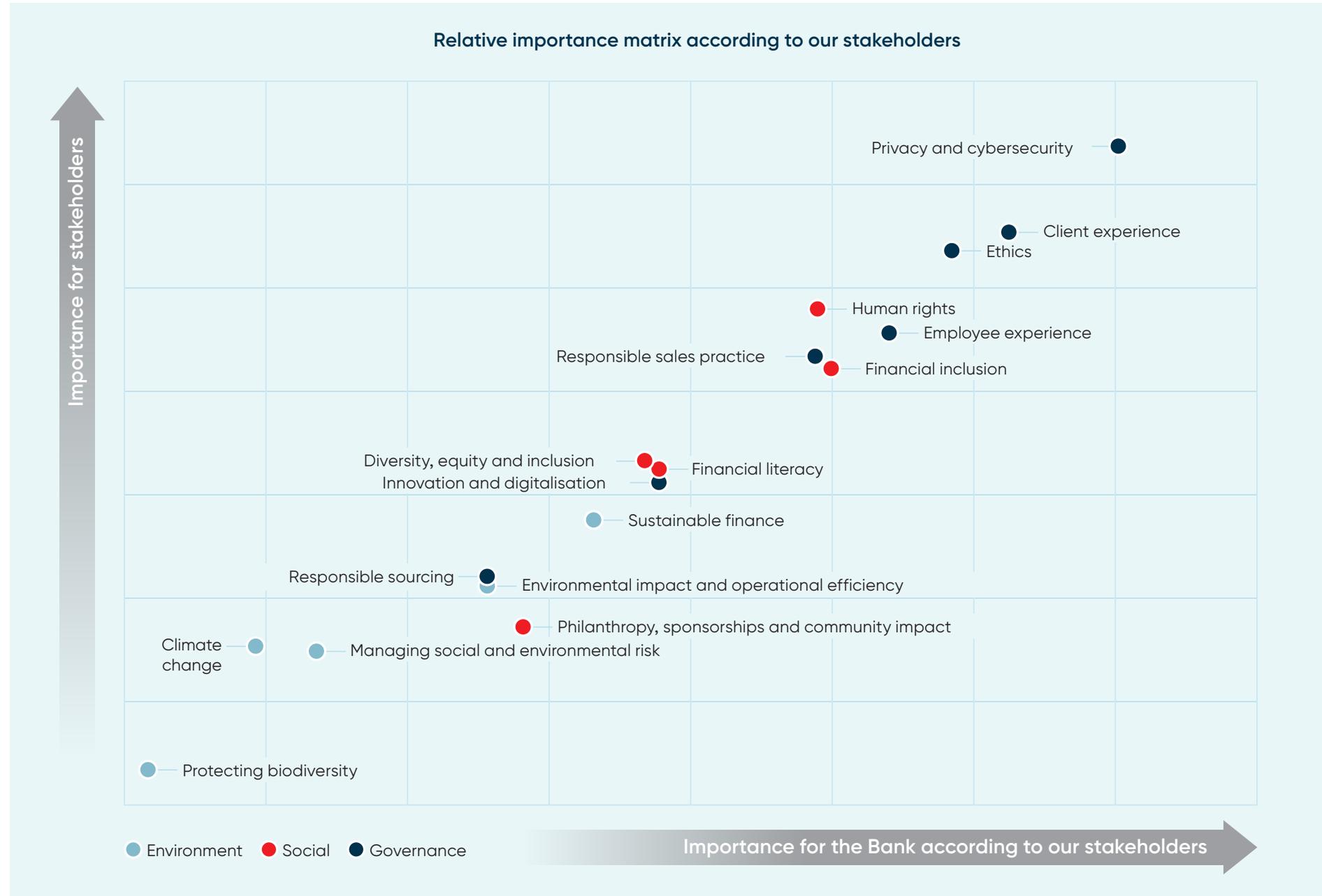
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Relative importance matrix according to our stakeholders



● Environment ● Social ● Governance

Importance for the Bank according to our stakeholders



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## Our ESG principles

The ESG principles that our Board of Directors have adopted demonstrate our commitment to sustainable development and to balancing the interests of different stakeholders in society.

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

### Key United Nations Sustainable Development Goals covered by our principles





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## Our Commitments

In accordance with our principles and to help the Bank achieve its ESG objectives, we have made the following commitments:

### Environment

- › Grow the portfolio of loans related to renewable energy at a faster pace than the portfolio of loans related to non-renewable energy.
- › Not offer or grant new financing related to oil and gas exploration, exploitation or production in the Arctic.
- › Not finance new thermal coal mining and processing activities.

### Social

- › Facilitate access to banking services for underbanked people.
- › Promote the development and success of women, visible minorities, persons with disabilities, Indigenous persons and members of LGBTQ+ communities.
- › Promote financial literacy to improve financial knowledge and help people achieve financial security.

### Governance

- › Protect our clients' personal information to build and maintain a trust-based relationship with them.

## OUR TARGETS

Have **more than a quarter** of our workforce be made up of **people in diversity segments** by the end of 2023

Reduce greenhouse gas emissions from our activities by **25%** by the end of 2025



Reduce portfolio intensity for the **Oil and Gas Producers** sub-sector by **31%** by 2030

Achieve **net zero emissions** for our **operations and our financing activities by 2050**

In 2022, the Bank also pursued its commitment to the following initiatives:





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## Our Contribution to the UN Sustainable Development Goals

In 2022, 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"> <li>› Partnership with the Canadian Foundation for Economic Education</li> <li>› \$3.8M donated to United Way Centraide from employees, retirees and the Bank</li> <li>› \$100,000 donated to the Red Cross Ukraine Humanitarian Crisis Appeal to respond to humanitarian needs and provide emergency aid</li> <li>› Supported the Lise Watier Foundation's Let's Start Up program to foster women's financial independence</li> <li>› \$250,000 donated to La rue des Femmes to support the fight against female homelessness</li> </ul>
 <p>2 ZERO HUNGER</p>	<ul style="list-style-type: none"> <li>› Supported La Tablee des chefs in fighting food insecurity and promoting food self-sufficiency</li> <li>› Supported the Supermarket Recovery Program of the Food Banks of Quebec</li> </ul>
 <p>3 GOOD HEALTH AND WELL-BEING</p>	<ul style="list-style-type: none"> <li>› \$2.5M donated to support the health of preemies at the Montreal Children's Hospital</li> <li>› \$250,000 donated to the Sinai Health Foundation to support the Schwartz/Reisman Emergency Medicine Institute's Research Chair in Geriatric Emergency Medicine</li> <li>› Supported the Paralympic Foundation of Canada</li> <li>› \$2M donated to the Neuro (Montreal Neurological Institute-Hospital) to support the renovation of radiochemical labs at the Centre for Excellence in Neurological Molecular Biomarkers</li> <li>› \$178,710 raised for the JDRF as part of the Ride to Defeat Diabetes</li> <li>› \$175,000 raised for 14 organizations that work with young people as part of the NB Grand Tour sporting challenge</li> <li>› \$135,000 raised for the Breakfast Club of Canada as part of the NB Classic hockey tournament</li> </ul>
 <p>4 QUALITY EDUCATION</p>	<ul style="list-style-type: none"> <li>› Partnerships with the École de technologie supérieure (ÉTS) and Polytechnique Montréal</li> <li>› \$100,000 donated to Mount Royal University to promote the development of high-impact talent in Alberta</li> <li>› Partnership with Quatre95, which aims to demystify personal finance for young adults</li> <li>› Partnership with JA Québec's educational programs</li> <li>› \$300,000 donated to Youth Fusion to spark the passions of youth through experiential learning education</li> </ul>
 <p>5 GENDER EQUALITY</p>	<ul style="list-style-type: none"> <li>› Internship program for women in the financial markets sector</li> <li>› Girls. Set. Match. program in collaboration with Tennis Canada to create meaningful change and promote gender equality in tennis</li> <li>› Supported ESPACE GO to promote women's voices in the arts</li> </ul>
 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	<ul style="list-style-type: none"> <li>› Our renewable energy industry loan portfolio is growing more rapidly than our non-renewable energy loan portfolio</li> <li>› Supported a number of cleantech companies</li> <li>› \$7.2B in financing authorized in the renewable energy sector as at October 31, 2022</li> <li>› \$5.8B in sustainability-linked loans authorized as at October 31, 2022</li> </ul>



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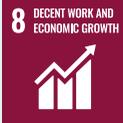
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Objectif	Notre contribution (suite)
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<ul style="list-style-type: none"> <li>› \$142B in debt financing granted to Canadian businesses of all sizes</li> <li>› Supported a dozen incubators and accelerators</li> <li>› Supported Concordia University to accelerate the growth of innovative new businesses</li> <li>› Supported various training programs specifically for entrepreneurs</li> <li>› Supported the OSMO Foundation, which develops start-ups in Montreal</li> <li>› Supported the Fondation Duceppe to revitalize the theatre company</li> </ul>
 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	<ul style="list-style-type: none"> <li>› New head office designed to obtain LEED v4 Gold and WELL certification</li> <li>› \$1.4B spent on goods and services in Canada</li> <li>› Partnership with the Institute for Data Valorization (IVADO) to accelerate innovation</li> </ul>
 <p>10 REDUCED INEQUALITIES</p>	<ul style="list-style-type: none"> <li>› Second year contributing to the \$52.5M financing envelope for Evol</li> <li>› Participated in numerous initiatives to actively support women, visible minorities, LGBTQ+ communities, persons with disabilities and Indigenous persons</li> <li>› Supported the 100 Strong Foundation</li> <li>› Committed to the Progressive Aboriginal Relations program rolled out by the Canadian Council for Aboriginal Business</li> <li>› Promoted employee resource groups working to create an inclusive work environment</li> <li>› \$150,000 donated to the Canadian Centre for Architecture to stimulate links with Indigenous youth for the benefit of the built environment across Canada</li> <li>› Support for the Right To Play program to help Indigenous youth reach their full potential through the power of play</li> </ul>
 <p>13 CLIMATE ACTION</p>	<ul style="list-style-type: none"> <li>› Net-zero target for GHG emissions by 2050, with interim targets</li> <li>› Commitment to protect the Arctic and position on thermal coal</li> <li>› National Bank Investments OP4+ process: 98.2% of assets under management managed by PRI signatories</li> <li>› ESG criteria incorporated into investment decisions</li> <li>› Continued partnership with the <i>Parcours Transition écologique</i> (formerly known as the <i>Parcours Développement durable Montréal</i>)</li> <li>› Published a report on progress made for the Task Force on Climate-related Financial Disclosures</li> <li>› \$10B in capital made available for renewable energy projects in North America since 2019, as at October 31, 2022</li> </ul>
 <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	<ul style="list-style-type: none"> <li>› ESG responsibilities integrated into the mandate of the Board of Directors and all of its committees</li> <li>› Succession planning for directors takes into account the Board's diversity policy (gender, age, designated groups, sexual orientation, ethno-cultural groups and geographic origins)</li> <li>› Succession planning for all senior management positions, including the President and Chief Executive Officer</li> </ul>
 <p>17 PARTNERSHIPS FOR THE GOALS</p>	<ul style="list-style-type: none"> <li>› Fourth year implementing the UN Principles for Responsible Banking (PRB)</li> <li>› Continued to participate in the Partnership for Carbon Accounting Financials (PCAF)</li> <li>› Continued to participate in the United Nations Net-Zero Banking Alliance (NZBA)</li> <li>› Ongoing support for a number of national and international initiatives:             <ul style="list-style-type: none"> <li>– United Nations Environment Programme – Finance Initiative</li> <li>– UN Principles for Responsible Investment (PRI)</li> <li>– UN Women's Empowerment Principles</li> <li>– UN Global Business Standards of Conduct for Tackling Discrimination Against Lesbian, Gay, Bi, Trans and Intersex People</li> </ul> </li> </ul>



**Our employees promote ESG practices in their communities and have taken on various initiatives that contribute to sustainable development.**

# Our ESG Dashboard



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	2022	2021	2020
<b>Environment</b>			
Total GHG emissions (in tonnes of CO <sub>2</sub> equivalent) <sup>1</sup>	17,994	13,964	17,031
Energy consumption from renewable sources	71%	70%	69%
FSC paper consumption per full-time employee <sup>2,3</sup>	6.80 kg	7.96 kg	10.60 kg
LEED certified buildings <sup>2</sup>	5	5	5
Carbon-related assets in loan portfolio	19%	17%	4.7% <sup>4</sup>
Carbon neutrality	Yes	Yes	Yes
<b>Social</b>			
<b>Clients</b>			
Assets under management managed by PRI signatories <sup>5</sup>	98.2%	98.1%	96.5%
Value of sustainable bonds issued <sup>6</sup>	\$3.2B	\$3.1B	\$2.1B
Growth of digitally active clients <sup>7</sup>	106%	102%	108%
Personal bank accounts with eStatements	74.9%	71.9%	68.7%
Chequing accounts with no fixed monthly fees (no minimum balance) <sup>8</sup> (SASB CB-240a.3)	242,110	230,553	226,185 <sup>9</sup>
<b>Employees</b>			
Women at the Bank <sup>2,10</sup>	52.9%	53.8%	54.7%
Women executives and officers <sup>2,10</sup>	33.1%	31.4%	30%
Visible minorities at the Bank <sup>2,10,11</sup>	23.6%	23.1%	23.2%
Persons with disabilities at the Bank <sup>2,10,11</sup>	2.6%	2.6%	2.9%
Indigenous persons at the Bank <sup>2,10,11</sup>	0.6%	0.6%	0.8%

1 An independent service provider calculates our GHG emissions data using the methodology described in the Greenhouse Gas Protocol Initiative (GHG Protocol) (WRI and WBCSD, 2015; 2011; 2004). The 2020 and 2021 data have been adjusted. For more information, consult our 2022 TCFD Report, available in the [Corporate responsibility](#) section of nbc.ca.

2 In Canada.

3 Paper from certified forests. Data as at December 31.

4 Data for 2020 are based on the TCFD's 2017 definition of carbon-related assets. In October 2021, the TCFD updated its definition of carbon-related assets to add three scopes. Data for 2021 and 2022 are based on this new definition. For more information, consult our 2022 TCFD Report, available in the [Corporate responsibility](#) section of nbc.ca.

5 PRI: United Nations Principles for Responsible Investment. Each of the portfolio managers selected by NBI has their own approach to responsible investing. They prioritize different objectives, ranging from avoiding exposure to undesirable companies or economic sectors to aligning their portfolio with key factors in sustainable development. These different responsible investment approaches enrich the NBI platform by taking into account the distinctive features of each asset class.

6 Data as at December 31. In line with the International Capital Markets Association (ICMA) Green Bond Principles and Social Bond Principles, the Bank's Sustainability Bonds will be allocated to financing of projects and organizations that credibly contribute to environmental objectives (climate change mitigation and adaptation, natural resource conservation, biodiversity conservation and pollution prevention and control) or seek to achieve positive socioeconomic outcomes for target populations.

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

8 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.

9 The 2020 data have been restated to reflect all of the no-fee chequing accounts.

10 Data as at December 31.

11 As defined under the *Employment Equity Act*.



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	2022	2021	2020
<b>Social (continued)</b>			
<b>Employés (continued)</b>			
Employee engagement index <sup>1</sup>	89%	87%	86%
Turnover rate <sup>2</sup>	17%	16.1%	12.4%
Voluntary turnover rate (excluding retirements) <sup>2</sup>	12.7%	11.9%	7.9%
Amount invested in training <sup>1,3</sup>	\$44M	\$37M	\$31.5M
Compensation and employee benefits <sup>4</sup>	\$3.3B	\$3.0B	\$2.7B
Bank's contribution to the Employee Share Ownership Plan <sup>4</sup>	\$15M	\$14M	\$13M
<b>Community</b>			
Visitors to the Advice page on nbc.ca	1.9M	2.1M	1.9M
Goods and services suppliers with contracts	1,263	1,010	935
Spending on goods and services in Canada	\$1.4B	\$1.3B <sup>5</sup>	\$1.2B
<b>Governance</b>			
Income taxes and other taxes in Canada <sup>6</sup>	\$1.4B	\$1.3B	\$0.9B
Income tax outside of Canada	\$162.1M	\$123.8M	\$122.1M
Total effective tax rate <sup>7</sup>	31.8%	31.5% <sup>8</sup>	34.1%
Members of the Bank's Board of Directors	15	15 <sup>9</sup>	15
Independent directors	14 (93.3%)	14 (93.3%)	14 (93.3%)
Women on the Board	40.0%	40.0%	40.0%
Board committees that have ESG oversight in their mandates	100%	100%	100%
Employees who completed the annual compliance training	99.0%	97.9%	99.0%



For more Bank ESG data, refer to the ESG Data file available in the [Corporate Responsibility](#) section on [nbc.ca](#).

1 In Canada.

2 Represents the workforce included in our human resources management tool, which covers nearly 75% of the Bank's employees.

3 The amount invested in employee development encompasses the total invested in internal and external training, including design, presentation and related costs (e.g., licences).

4 Indicators taken from the Bank's Annual Report for the fiscal year ended October 31, 2022.

5 This amount has been adjusted to reflect an accounting policy change applicable to cloud computing arrangements. For more information, see Note 1 to the Bank's consolidated financial statements.

6 Includes income taxes, capital taxes and other taxes. For more information, see page 9 of the 2022 Corporate Social Responsibility Statement.

7 Percentage is equal to total taxes paid divided by pre-tax income. The statutory tax rate was 26.5% in 2022. For more information on income taxes, see Note 24 in the 2022 Annual Report.

8 The pre-tax income used to calculate the total effective tax rate has been adjusted to reflect an accounting policy change applicable to cloud computing arrangements. For more information, consult Note 1 in the 2022 Annual Report.

9 Excluding Louis Vachon, who retired on October 31, 2021, and was no longer a Board member after that date.



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## We Are Working to Develop a Green Economy



### Our ESG Principles

- › 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





# Our Climate Strategy

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## OUR APPROACH

As a key player in the Canadian financial industry, the Bank is determined to understand and reduce the impact of its activities on the environment. We aim to follow the most rigorous climate risk management standards while having a positive impact on all our stakeholders. The Bank has adopted various measures to fight climate change and reduce its greenhouse gas emissions.

In accordance with our [Stakeholder Engagement Guidelines](#), we hold ongoing discussions with clients, employees and other stakeholders so we can work together to achieve the net-zero GHG emission target for our operating and financing activities by 2050. We're taking concrete action to meet our interim targets and build a green economy for future generations.

### Our priorities

### Our commitments and actions

**Consider the fight against climate change in our economic and community actions**

Reduce GHG emissions for our operating and financing activities to zero by 2050. The Bank has strengthened its commitment by joining the NZBA.

Use the PCAF methodology to measure our financed emissions, starting with high-intensity sectors. They will be disclosed gradually in our TCFD report.

Set progressive reduction targets for financed emissions using internationally recognized decarbonization scenarios.

**Support and actively advise our clients in their transition towards a lower-carbon economy**

Consolidate our energy transition expertise by creating the Energy & Infrastructure Sustainability Impact Group so we can support and actively advise our clients from the Commercial Banking sector in their transition while providing comprehensive solutions.

Make capital available for the transition and continue to grow the portfolio of loans related to renewable energy at a faster pace than the portfolio of loans related to non-renewable energy.

Roll out products and services to support our clients in their transition and offer investment products aligned with the UN SDGs.

**Increase our capacity to assess and manage climate risks.**

Continue to develop our analytical and stress testing skills so we can better identify, quantify and disclose the vulnerability to climate risk of various industries and business sectors.

Gradually integrate climate indicators into the risk appetite framework and ESG criteria into the credit adjudication process.

Work with our peers, regulatory organizations and international organizations to improve the climate risk management and disclosure framework.

**Reduce the carbon footprint of our operations**

Reduce GHG emissions from our operations by 25% by the end of 2025.<sup>1</sup>

Roll out energy efficiency initiatives, including policies governing employee travel and the layout of workspaces in the new head office.

Maintain carbon neutrality by offsetting the remaining annual GHG emissions from our activities.

**Support the energy transition ecosystem (incubators, accelerators, peer groups, government initiatives)**

Collaborate with various groups, as a signatory of the UN PRB, to align strategies with the UN SDGs and the objectives of the Paris Agreement.

Together with our peers, contribute to improving the methodology and the quality of climate data through the PCAF.

Contribute to the work of the Canadian Bankers Association, the Sustainable Finance Action Council and Finance Montréal and participate in various public consultations (OSFI, SEC, BCBS).<sup>2</sup>

<sup>1</sup> This absolute target includes Scope 1, 2 and 3 emissions (Scope 3 includes employee business travel and paper consumption as part of the supply chain) and uses 2019 as the reference year. This target includes our activities in Canada and the United States, as well as our subsidiary in Dublin, our branch in London and our representative offices abroad.

<sup>2</sup> OSFI: Office of the Superintendent of Financial Institutions (Canada); SEC: Securities and Exchange Commission; BCBS: Basel Committee on Banking Supervision.



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# Managing Risks and Opportunities Related to Climate Change

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, in 2020 the Bank began publishing a report presenting 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.



For more information on the Bank's advances, consult the 2022 TCFD Report, available in the [Corporate responsibility](#) section of [nbc.ca](#).

## Summary of our support for the TCFD

<b>Governance</b>	<ul style="list-style-type: none"> <li>› The Bank's Board of Directors (the Board) ensures ESG criteria are integrated into long-term strategic objectives while overseeing the progress and integration of ESG initiatives and principles.</li> <li>› The Board and its committees have been assigned ESG responsibilities according to their respective roles and the expertise of their members.</li> <li>› Directors undergo training on climate-related risks and opportunities and ESG issues.</li> <li>› An ESG team is responsible for managing climate-related risks and opportunities, with oversight from the ESG working group, under the leadership of the Chief Financial Officer and Executive Vice-President – Finance.</li> </ul>
<b>Strategy</b>	<ul style="list-style-type: none"> <li>› We've developed sustainable investment and financing solutions.</li> <li>› Our team dedicated to renewable energy and the energy transition is supporting our clients in adapting to a lower-carbon economy.</li> <li>› We work with various partners, regulatory organizations and our peers to share best practices, advance methodologies and develop climate-related initiatives.</li> </ul>
<b>Risk management</b>	<ul style="list-style-type: none"> <li>› We're continuing to integrate ESG criteria (including climate criteria) into our risk management framework.</li> <li>› We're developing our expertise in analyzing climate scenarios to assess our exposure to climate risks. In 2022, we carried out a Bank-wide disaster risk simulation exercise (flooding).</li> <li>› We're setting up a structure that will enable us to collect data related to ESG from our clients.</li> <li>› Our risk appetite framework includes a quantitative climate-related indicator.</li> </ul>
<b>Metrics and targets</b>	<ul style="list-style-type: none"> <li>› We've set a target to reduce GHG emissions for our operating and financing activities to zero by 2050.</li> <li>› We've set a target to reduce our emissions by 25% by the end of 2025, with 2019 being the reference year.</li> <li>› We've established interim reduction targets for our portfolio of loans to borrowers in high-emission sectors.</li> <li>› We aim to grow the portfolio of loans related to renewable energy faster than the portfolio of loans related to non-renewable energy.</li> <li>› We're continuing to analyze the carbon footprint of our loan portfolio further to the work of the Net-Zero Banking Alliance (NZBA) and the Partnership for Carbon Accounting Financials (PCAF).</li> </ul>



# Reducing Our Carbon Footprint

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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, in close collaboration with a number of recognized expert firms. Our goal is to align our methods with current best practices. The Bank uses the methodology described in the Greenhouse Gas Protocol Initiative (GHG Protocol) (WRI and WBCSD, 2015; 2011; 2004). Data concerning GHG emissions resulting from our activities will be disclosed in the 2022 TCFD Report.



## Carbon neutrality

In 2011, the Bank reported neutral carbon emissions for the first time thanks to an innovative agreement with Sobeys supermarkets. Under the agreement, the Bank committed to buy 15,000 tonnes of certified carbon credits every year until 2015 to completely offset its emissions. Since 2019, the Bank has renewed its commitment to achieving carbon neutrality for its own activities by reducing its carbon footprint and working with a number of organizations to offset its GHG emissions. For instance, in 2023, the Bank purchased 18,000 Verified Carbon Units from Will Solutions, a B Corp certified company that adheres to the principles of a sharing economy and secondly monetizes the climate-related actions of Quebec SMEs to the benefit of the local community.

The Bank strives to reduce its carbon footprint every year. To do so, we've decided to set a target to cut GHG emissions from our own operations by 25% by the end of 2025, with 2019 being the reference year.<sup>1</sup> This science-based and absolute target aims to help limit global warming to 1.5 C. It includes Scope 1, 2 and 3 emissions (Scope 3 includes 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 a hybrid remote work approach
- › Continuing to focus on energy efficiency and apply LEED assessment system criteria
- › Moving to the new head office



For more information on the Bank's GHG reduction target, consult the 2022 TCFD Report, available in the [Corporate responsibility](#) section of [nbc.ca](#).

<sup>1</sup> This target includes our activities in Canada and the United States, as well as our our subsidiary in Dublin, our branch in London and our representative offices abroad.



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### 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. This address is particularly meaningful since the Bank had its head office on that same street over a century ago. Standing at nearly 200 metres, the 40-storey building will be one of the tallest office towers in Montreal. Construction will span four years and should be completed in 2023.

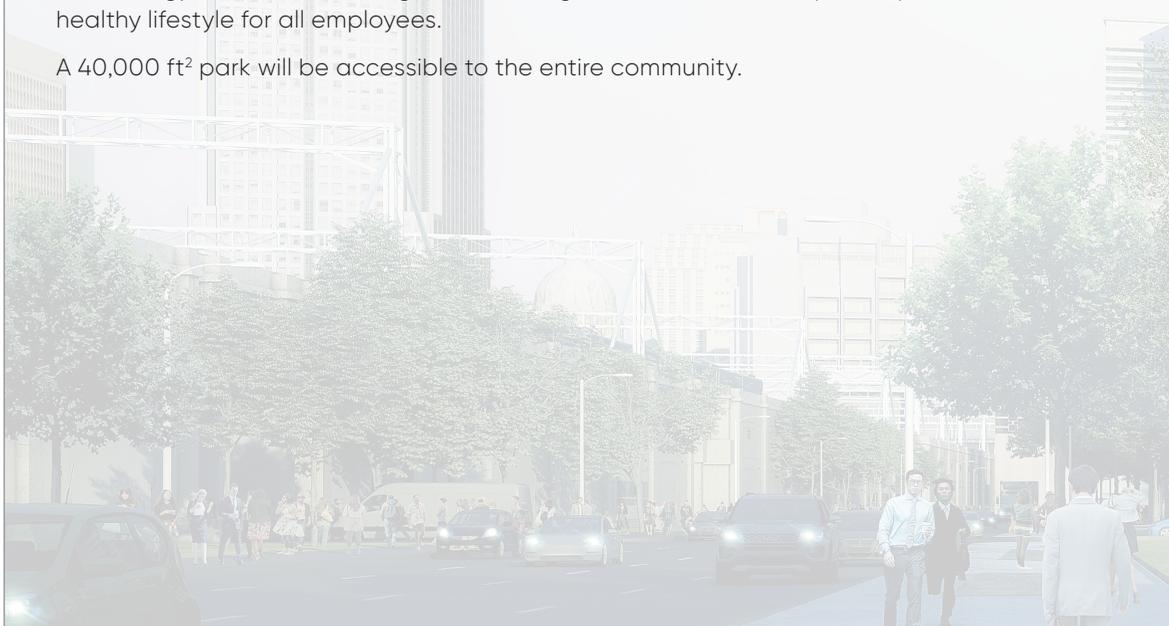
Our goal is to meet LEED v4 Gold and WELL standards. Building the tower will have an economic impact of more than \$1.2 billion. Our plans include 400 bicycle parking spots and 100 charging stations for electric vehicles. It will be possible to increase this number, since the Bank's new head office facilities will allow for the addition of portable charging stations.

We aim to offer our employees the most stimulating work environment in the country. Our new head office will be filled with natural light and provide a welcoming, informal environment that fosters conversation and collaboration.

The new building is designed to promote the Bank's commitment to work-life balance, with a daycare centre adapted to employees' new needs and food service facilities on two floors with access to a terrace.

Employees will also have access to a Health and Wellness floor offering group fitness sessions, gym facilities, a lounge and training on health-related topics to promote a healthy lifestyle for all employees.

A 40,000 ft<sup>2</sup> park will be accessible to the entire community.





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### 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 criteria, which are automatically applied to its major investment projects. For example, the Bank purchases low-flow plumbing fixtures, LED lighting and finishing products, furniture and equipment from local or Canadian suppliers. This practice extends to all of our buildings across Canada.

The Bank also follows best practices in workspace design. For example, many features of the WELL building standards have been integrated into the floor plans for the future head office, 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.

For more information on our responsible sourcing practices, consult the *Responsible sourcing* section on page 86 of this report.

### Built on energy efficiency

Since a large portion of our emissions come from electricity and fuel consumption, energy efficiency is a top priority. When we drew up our action plan to reduce GHG emissions from our operations by 25% by 2025, we focused on various objectives and initiatives centred on the transition and energy efficiency.

In order to achieve our reduction target, we analyze emission rates and the availability of various energy sources on an annual basis and promote the use of renewable energy. For instance, in Quebec, Ontario and Manitoba, we are gradually retiring Heating, Ventilating and Air Conditioning (HVAC) equipment that uses natural gas and replacing it with fully electric systems.

The measures already in place have demonstrated their effectiveness for a number of years. We’ve implemented a continuous energy improvement and remote management approach at over 260 branches across Canada, using building control systems and a web interface. This enables us to target the buildings with the highest energy use so we can upgrade or restore their systems. By using remote access to diagnose issues

in branches, we can increase comfort for their occupants and minimize travel for maintenance teams. We aim to extend this approach to all National Bank buildings in Canada over the next few years.

### 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 now be installed near buildings targeted by major investment projects when site conditions allow it, in accordance with our rollout strategy. Since 2018, we’ve installed 37 charging stations across 21 sites. We plan to continue installing more stations over the coming years to increase their availability in the communities we serve. We also plan to roll out 100 charging stations in the new head office’s parking lot. We will be able to add to this number, as the facilities allow for the installation of additional portable charging stations.



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### A community of environmentally conscious employees

The Bank’s community of eco-ambassadors brings together employees from all sectors, regions and positions. They all have one thing in common: they are committed to having a positive impact on the environment through their habits, behaviours and actions and their influence on others.

In 2022, the community undertook a number of initiatives to raise employees’ awareness of the importance of adopting environmentally conscious behaviour.

#### Moving towards an eco-friendly holiday season

It can be difficult to refuse, reduce, reuse and recycle (the 4Rs) during the holidays. That’s why we published a number of articles sharing best practices to reduce our ecological footprint. These articles presented topics related to the 4Rs and the circular economy, from promoting ethical, eco-friendly local businesses to practical advice on adopting greener habits.

#### Green challenge

Employees were encouraged to take up the challenge by adopting more environmentally friendly behaviours—from limiting consumption and choosing active transportation to recycling items they no longer use and getting into the habit of composting.

#### Celebrating our planet

In April, we discussed preventing food waste and the positive impact we can have every day. We launched a contest among employees to find out why the planet is important to them. Some 50 participants shared their thoughts.

**“Existence itself is a marvel. Our children reflect our actions. Watching them is like looking into a mirror that shows our values and principles. My planet is important for the life that I live, and even more so for the lives I have created.”**

– Vincent Dugas, Senior Applications Analyst



**“It is important to me because it is our home. Our planet is the beginning of all living beings, humans, animals, life itself. It is the place where we take our fresh breaths every morning and where we live and grow. It is the place where we run with our children, where we meet new people, where we play in parks. It is the place where we belong and have a sense of our being.”**

– Antonietta Greco, Advisor – Banking Services





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**Taking concrete action in the workplace**

Our eco-ambassadors have carried out concrete initiatives to promote eco-friendly behaviours at home and at work, for instance by providing reusable dishes in the workplace. They also celebrated Car-Free Day by encouraging their colleagues to use active transportation or public transit.

**Community involvement**

In June, a team in Montreal took action for the environment. Employees participated in a clean-up drive that collected 460 cigarette butts, 0.6 kg of recyclable waste and 3.5 kg of garbage. In October, 11 Bank volunteers planted 120 trees during an event organized by Verdissons Longueuil.

Employees of NBC Global Finance in Dublin, Ireland, participated in an initiative to protect the environment by taking part in the clean-up of a local green space—Herbert Park. They also put various other initiatives in place, including Plastic-Free Tuesdays and the circulation of reusable mugs, to raise their colleagues' awareness about the importance of recycling and avoiding the use of single-use plastics.



Volunteers at the event on October 15. From left to right: David Dion, Mathieu Germain, Dominic Delambre, Vincent Di Fruscia, Christine Lebel, Papa Ousmane Ibrahima Sakho, Ashley Noonan, Ricardo Rossi, Marc-Antoine Azouz, Fatou Bobo Diallo. Seated: Ioana Petrescu



Mary Swords and Beata Golec in Herbert Park, Dublin.





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## We Enrich Communities



### Our ESG Principles

- › 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





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# Clients

## OUR APPROACH

At the Bank, our clients are at the heart of our activities, and our employees share a common goal: to have a positive impact in people’s lives. To build lasting relationships, we strive to fully understand clients’ needs and find solutions tailored to their specific personal and financial situations. We see every regulatory requirement as an opportunity to enhance our advice.

Our approach focuses on supporting clients during key moments of their lives, providing sound advice based on the expertise of our advisors and ensuring our services are accessible. The economic situation this past year has once again allowed us to demonstrate our commitment to supporting clients and working with them to find solutions.

Ongoing dialogue with clients enables us to improve our methods and identify products and services that meet the needs of both individuals and society so we can build a more sustainable future.



## Our banking offer

### Putting people first at our branches

In 2022, the Bank continued to roll out the new branch experience for its clients. More than half of our branches now offer this approach based on welcoming clients when they arrive at the branch and taking charge of all of their financial needs. The key components of the experience are enhanced advisory service and increased digital engagement. Given the situation over the past few years, we’ve focused on improving the remote experience by allowing clients to meet with their advisors from the comfort of their own home.

Our clients’ transaction habits are changing and the use of digital channels is growing, year after year. Clients visit their branch to carry out cash transactions more rarely. In response to this change, the Bank has rolled out a new cashless concept to 25 branches, while focusing on advisory service as part of its new branch experience.

The remote approach combined with cashless branches allows us to offer a better client experience centred on advisory service.

### Transforming the advisor role

In 2022, the Bank continued to transform the role of branch advisors by adopting the Banking Advisor model. This has enabled us to keep upgrading employees’ advisory skills while having a direct impact on the client experience. Each Banking Advisor benefits from a personalized training plan to help them identify learning opportunities so they can advance their career at their own pace, in line with their development objectives. Thanks to this model, which is integrated into initiatives such as the new branch experience, clients can benefit from end-to-end support with their financial needs, receive sound advice and easily access various experts at the branch.



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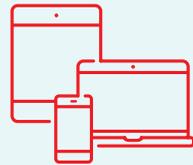
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## Enhancing the digital experience to better meet clients' needs

Our clients have told us that they want to carry out their daily transactions simply, quickly and independently. The Bank therefore aims to enhance their experience by making digital solutions central to the client relationship. By adopting digital solutions, we can increase client autonomy while reducing our environmental impact by eliminating printed documents.

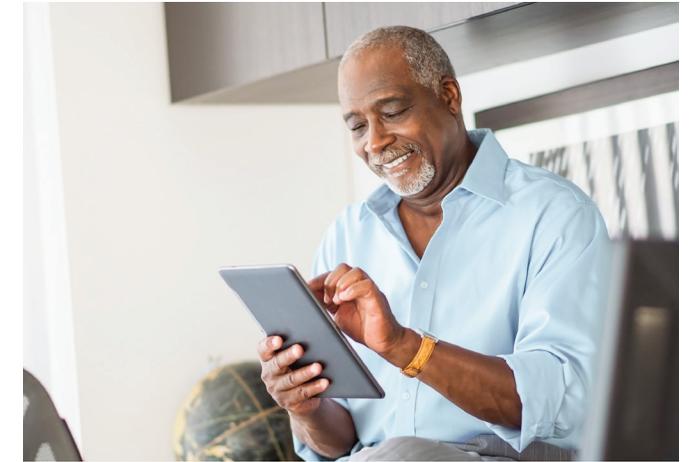
From November 1, 2021 to October 31, 2022, over 90% of Personal Banking client transactions involving transfers of funds<sup>1</sup> were carried out in self-service mode via our digital platforms (web and mobile).



Over **90%** of Personal Banking client transactions involving transfers of funds<sup>1</sup> were carried out in self-service mode via our digital platforms via our digital platforms

The Bank has continued to improve its digital offering over the past fiscal year, in particular by adding the following features:

<b>Direct deposits</b>	Our clients can now receive amounts from Revenu Québec via secure electronic transfer. By signing up for direct deposits, clients can have their government benefits, credits and other payments deposited to the account of their choice. This means clients no longer have to wait for cheques to arrive in the mail and bring them to an ABM or branch to complete the transaction.
<b>Alerts and notifications</b>	All our Personal Banking clients with an email address on file receive email alerts to inform them of various events related to their bank accounts, credit cards and lines of credit. In addition to allowing our clients to proactively manage their finances, these alerts reduce our environmental footprint since we don't have to mail out letters.
<b>My Document Exchange platform</b>	We've streamlined communication between clients and advisors by making the My Document Exchange platform accessible via our mobile app. The platform allows clients to securely view, download and upload documents. This change means clients don't have to visit the branch and reduces paper use.



## Using open banking to ensure secure data sharing

In 2022, the Bank collaborated with its subsidiary Flinks Technology Inc. to become the first financial institution in Canada to offer clients a data-sharing channel aligned with open banking principles. The Flinks Outbound solution provides Bank clients with greater security when interacting with third-party financial apps (fintechs). It enables clients to securely share their data with fintechs without sharing their credentials, clearly explains what the client is consenting to, and allows clients to revoke access to their data instantly, at any time. Open banking gives clients greater control over how their financial data is shared thanks to simple, transparent and secure authentication processes.

<sup>1</sup> Transfers of funds include bill payments, transfers (Interac®, international or to another financial institution), receipt of transfers (Interac or between National Bank clients), requests for funds via Interac, deposits (via cheque or cash to a National Bank account), transfers to a Mastercard® or personal account, and additional payments (on a mortgage or personal loan).



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### Personalized advice to help clients achieve their financial goals

Advisors make a real difference when it comes to retirement planning or setting goals to achieve financial independence. The Exclusive Remote Advisory Service team allows clients to access personalized advice and get regular follow-up over the phone or via videoconference. It provides made-to-measure service in over 15 languages by assigning an advisor to each client.

Working in synergy with various Bank experts, the Exclusive Remote Advisory Service team serves as a single point of contact for its clients' financial, investment and wealth management needs.



For more information, consult the [Exclusive Remote Advisory Service](#) page on [nbc.ca](#).

### Continuing our partnerships with businesses

As the Bank of entrepreneurs and a partner of choice for businesses, the Bank stands out for the close ties it has forged with its clients over the years. The 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 business or grow an existing business. We also support larger businesses with their specific needs. In 2022, we approved more than \$142 billion in loans for businesses of all sizes across Canada.

#### Simplifying business management for entrepreneurs

The Bank offers business owners products and services that simplify the day-to-day management of their business so that they can focus on its growth and development. We have solutions tailored to the needs of businesses of all sizes, including transaction and digital solutions, cash management solutions and financing solutions to support them in their growth.

Large companies receive support from a dedicated team of experts, including account managers specialized in various sectors such as technology, agriculture, health and real estate. Our approach is based on providing advice, helping companies deal with the economic situation and supporting them in their energy transition.

Small businesses and SMEs are supported by an entirely remote team of experts. This means they can get high-quality advice while saving time and reducing travel. We've provided a wealth of content about the economic situation for business clients, as well as practical tips to help them deal with rising interest rates.

We offer a range of hedging instruments, such as forex contracts, to enable businesses exposed to foreign exchange rate fluctuations to protect their profit margins. With interest rates continuing to rise over the past year, products such as interest rate swaps can help clients protect themselves.



#### The Bank has also signed a number of partnerships to support its clients, such as:

- › **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.
- › **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.



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## Supporting entrepreneurship

The Bank is fully committed to supporting entrepreneurship and advancing business knowledge, two essential drivers of economic and social development. That's why we have formed numerous partnerships.

### Incubators and accelerators

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

- › The **Espace entrepreneurial** at Université Laval
- › The **Accélérateur de création d'entreprises technologiques (ACET)** at Université de Sherbrooke
- › The **Dobson Cup – McGill Dobson Centre for Entrepreneurship** at McGill University
- › **La Piscine** and **Zù**, two organizations dedicated to developing entrepreneurship in Montreal's and Quebec's cultural and creative industries

In 2022, the Bank also renewed its commitment to:

- › **Centech** at the École de technologie supérieure (ÉTS): Over the next 5 years, 100 grants of \$10,000 will be awarded to companies participating in the Propulsion Program.
- › The OSMO Foundation's **Notman House**: The Bank is supporting a new program focusing on social and environmental innovation.
- › **L-SPARK**: an organization whose acceleration programs give companies exclusive access to leading-edge technology and help them build the foundations and metrics needed to raise capital, grow revenues, and reach global markets and partners.

### Training programs

The Bank continues to support various training programs specifically for entrepreneurs, including:

- › The **École d'Entrepreneurship de Beauce**, a school that supports entrepreneurs from all industries in developing their businesses, from incubation to transformation, thanks to ongoing training programs, intensive sessions at the school and a variety of training offered in person and online.
- › **La Factory**, a school of creative sciences.
- › **Alias entrepreneur-e**, a business coaching web platform.
- › **Entrepreneuriat Québec**, a network of over 50 schools for entrepreneurs in Quebec that prepares more than 5,000 entrepreneurs per year. The network manages 60 training centres across Quebec and offers two programs on starting a business and managing a business effectively. As a partner, the Bank offers a \$350 bursary to graduates of these programs when they open a business account.



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### Enhancing our financing offer for small businesses

In 2022, the Bank pursued a number of initiatives and launched several new ones to enhance its financing offer for small businesses. For example:

- › Together with other financial institutions and investors, the Bank invested \$250 million in **Idealist Capital**'s Idealist Climate Impact Fund. This fund aims to contribute to accelerating the energy transition by investing in businesses that offer solutions for this transition. It will provide businesses with growth capital to accelerate the marketing of verified solutions that generate a positive climate impact.
- › Second year of our partnership with the **Black Opportunity Fund**, including a \$1.25 million donation and a \$5 million investment fund for Black entrepreneurs. This funding is used to invest in Black-owned businesses and initiatives to benefit Black communities, which continue to face barriers in terms of access to education, job opportunities and the capital required to fully participate in the growth of the Canadian economy.
- › Second year contributing to a financing envelope of \$52.5 million, together with the Government of Quebec and other financial institutions, to support the mission of **Evol**, an organization dedicated to promoting inclusive businesses. This financing will

be used to provide conventional loans to support diversified and inclusive businesses that generate positive social and environmental impacts in line with the United Nations Sustainable Development Goals.

- › Third year of our partnership with the **Parcours Transition écologique** (formerly known as the *Parcours Développement durable Montréal*). The Parcours was launched by the Ville de Montréal, Services Québec, 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.
- › Continuation of the **Lise Watier Foundation** Let's Start Up program for women who need support. Powered by the Bank, this program helps participants attain financial independence by giving them access to microloans to support their business projects.





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### Strategic partnerships

The Bank's corporate venture capital arm, NAventures™, buys an equity stake in startups and growing businesses, building strong partnerships that will shape the financial institutions of the future. This group is more than just a source of capital. The Bank supports entrepreneurs every step of the way to ensure the success of their projects.

To date, the NAventures portfolio, which includes 19 active businesses, consists mainly of fintechs. It also features other companies that play a role in the future of financial institutions. Every company in the portfolio contributes in its own way to its community, and the Bank is proud to be investing in their missions.

NAventures is honoured to support culturally diverse founders and considers diversity an important factor when analyzing investments. Of the 19 active businesses in its portfolio, nearly 50% have at least one founder who is a member of a visible minority.

#### 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 cash back on every purchase and an integrated app that helps users spend smart and save more.
- › **Workind**  
Workind helps businesses take care of their employees through a customizable, flexible and innovative turnkey wellness program. Workind offers a platform to support employees on a daily basis, celebrate their successes and highlight key moments in their life.
- › **ClearEstate**  
The ClearEstate platform helps executors by streamlining tasks and professional services related to planning and settling estates. The platform provides easy access to high-quality information and services during a difficult time.
- › **Borrowell**  
Borrowell is dedicated to making financial prosperity possible for everyone. By providing access to credit education, innovative digital tools and personalized experiences, Borrowell aims to help all Canadians feel in control and optimistic about their financial future.



### Supporting non-profit organizations

The Bank's clients also include many non-profit organizations. These clients benefit from financial solutions at favourable rates, as well as various support services, including services to boost planned donations.





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# Offering a responsible client experience

## Providing our clients with appropriate advice and information on our products and services

(SASB AC-270 a.3)

As set out in the Bank's [Code of Conduct](#), professionalism, honesty and integrity must always guide our actions, behaviour and communications.

### No-pressure sales

To deliver an outstanding experience, we need to know our clients: their priorities, their financial situations and their changing needs. This knowledge enables us to offer personalized advice and recommend the products and services best suited to each client. To provide appropriate advice, we also need to know our products and services. By communicating clear, complete and accurate information, we help our clients make informed decisions without any pressure. We put our clients' interests first, regardless of our objectives under our performance and compensation programs. When we know that a product or service is not suitable for a client, we are required to mention it so they can make an informed decision.

The Bank also ensures all of its employees comply with the requirements of the law prohibiting coercive tied selling through its Code of Conduct and the communications, tools and training it provides. Clients can see explanations and examples in our booklet [What you need to know about prohibited conduct](#).

More specifically, it is prohibited for the Bank to force a person to obtain a product or service as a condition of being able to obtain another.



For more information, consult our [Code of Conduct](#) and our booklet [What you need to know about prohibited conduct](#).

### Promoting our products and services honestly

The Bank is committed to promoting products and services honestly. This means creating marketing communications that are clear and accurate, do not lead to confusion and comply with the standards governing advertising design and production. Furthermore, the Bank's Intellectual Property Office organizes training sessions to update Marketing teams on laws applicable to advertising. We also hold meetings to approve advertising content and ensure our communications are compliant.





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## Developing our advisors' expertise to better serve our clients

Our advisor training plans highlight on-the-job learning and social learning. Advisors alternate between acquiring knowledge and putting it into practice in a real work context. Each learner is supported during their training by an ecosystem that includes their manager, expert colleagues, a tutor and a buddy.

Our advisors also receive ongoing training via a stimulating, personalized gamified learning solution. This approach makes it possible to provide training that reinforces knowledge and behaviours related to business strategies and the client experience. Managers can access a dashboard to track the progress of employees in real time and provide coaching on the knowledge and competencies they need to work on.

In 2022, 8,200 employees used this learning solution, answering over 3 million questions on a wide range of topics: inflation and interest rate hikes, estate planning, digital engagement, insurance coverage, investment advice, financial planning, etc.

### 2022 highlights

(sample of over 3,600 users)

**93%** of employees say that the content is relevant to their work



**92%** of employees say that the concepts learned increase their confidence with clients

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

For more information on the measures the Bank has put in place to contribute to employee development, consult the *Contributing to development and career advancement* section on page 51 of this report.

## Directory for advisors

Bank advisors can access an internal directory of more than 600 bilingual documents to help them increase their knowledge and provide informed advice to clients. Information is organized based on different objectives and life events, enabling advisors to adopt a personalized approach tailored to each client's situation and needs. Financial literacy articles are also published for advisors to share with their clients in order to address relevant topics and answer clients' questions.

## A consistent shared approach to managing performance

The Bank continues to update its performance management program for employees in the branch network. Our collective regional objectives align the total compensation of our employees with our business strategy to boost client engagement. We aim to recognize behaviours that foster proactivity and relevant advice while promoting sound management of client complaints, and reward the efforts of employees who work in synergy to help us deliver on our One Mission: having a positive impact on the lives of our clients.



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### Maintaining an ongoing dialogue with clients and acting based on their feedback

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

In 2022, more than 180,000 individual and business clients were surveyed by an external firm, giving us an overview of their needs and expectations. We continued our transition from phone to email surveys. This enabled us to survey more clients while giving them greater flexibility to answer at their convenience.

We also rely on other approaches, such as focus groups, interviews, user testing, monitoring social media and actively tracking client complaints, to help us make decisions centred on client feedback and expectations. Over the past year, survey results enabled us to improve the support we offer for contactless payment solutions. For example, we:

- › Added supporting content about the cumulative limit to our [Help Centre](#) on [nbc.ca](#)
- › Communicated with certain clients who have signed up for the Bank’s newsletter
- › Reviewed the virtual assistant to better support clients
- › Resolved certain technical issues observed at the source

In the past year, the Bank also continued to roll out its client experience platform, which allows for active management of client satisfaction and provides instant access to results. This platform gives client-facing employees access to deeper insights about the clients surveyed so they can respond to the needs expressed.

The platform can also generate alerts when a client wants to be contacted about an issue, a complaint or a new need.

Since 2019, annual targets have been set and the Net Promoter Score has been integrated into the compensation program for all employees.

In 2022, we carried out 230 coaching sessions to teach sales force employees to listen to the client voice in their daily work.

In 2022, the Bank rolled out measures to improve how complaints are documented, take action in response to client feedback and easily share this information internally. We also developed a survey to track client satisfaction further to complaint settlement.



### A TRIPLE POSITIVE IMPACT: clients, employees and the community

#### Having a positive impact based on client feedback

The Our Impact program, launched in 2021, spotlights a client comment and recognizes all Bank employees who contributed directly or indirectly to the client’s experience. We contact the client to thank them for taking the time to share their feedback and ask them to choose an organization that will receive a donation. All employees involved receive a gift produced by a business client of the Bank. This year, more than 900 employees from all Bank sectors received recognition and \$15,000 was donated to various organizations.

### 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](#)





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## Ensuring client satisfaction

The Bank offers a complaint settlement process accessible via its many channels. It's easy to use and focused on finding solutions. It encourages employees to handle and resolve client complaints promptly. All client-facing employees are required to complete training on handling client complaints.

Since September 2021, surveys have been sent to clients after we take charge of their complaint. Results are analyzed and tracked to improve the Bank's processes. Proactive coaching is offered to Branch Managers to enhance their complaint management skills.

Client complaints and dissatisfactions enable the Bank to keep improving its products and services and its business practices.

### Client Complaint Appeal Office

The Client Complaint Appeal Office offers clients a neutral, impartial, objective and equitable avenue of recourse for complaints not settled to their satisfaction by the Bank. It partners with specialists from all areas to promote an approach focused on finding solutions and uses methods adapted to each specific situation. Each file is reviewed confidentially in accordance with legislation, regulations and industry best practices.

The Board of Directors' Conduct Review and Corporate Governance Committee:

- › Oversees the application of mechanisms and procedures for examining complaints from clients and from anyone who applies for a product or service
- › Ensures officers or other agents are designated to apply these mechanisms and procedures and handle these complaints
- › Reviews periodic reports on complaint handling prepared by the Client Complaint Appeal Office

On an annual basis, the Client Complaint Appeal Office communicates data on complaints handled, as well as examples of cases handled and best practices for clients to adopt when managing their banking activities.

Indicators	2022	2021	2020
Complaints received by the Client Complaint Appeal Office	2,556	3,086	2,769
Complaints investigated and settled	326	179	208
Settlement rate <sup>1</sup>	29%	44%	57%
Average number of days to settle a complaint <sup>2</sup>	60 days	67 days	58 days

<sup>1</sup> Settlement rate: Final decision rendered in favour of the client for the entire file or via a settlement agreement.

<sup>2</sup> Bill C-86, which came into effect on July 1, 2022, reduced the maximum timeframe for processing a client complaint from 90 days to 56 days. The 60-day timeframe shown is based on the 12 months of National Bank's fiscal year.



For more information on the Client Complaint Appeal Office and the data disclosed annually, consult the [Complaint settlement](#) section on [nbc.ca](#).



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**Offering accessible services**

The Bank is committed to offering a simple, people-centric experience to all its clients. That's why we constantly strive to make our products and services more accessible. 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.

Among other things, we are committed to:

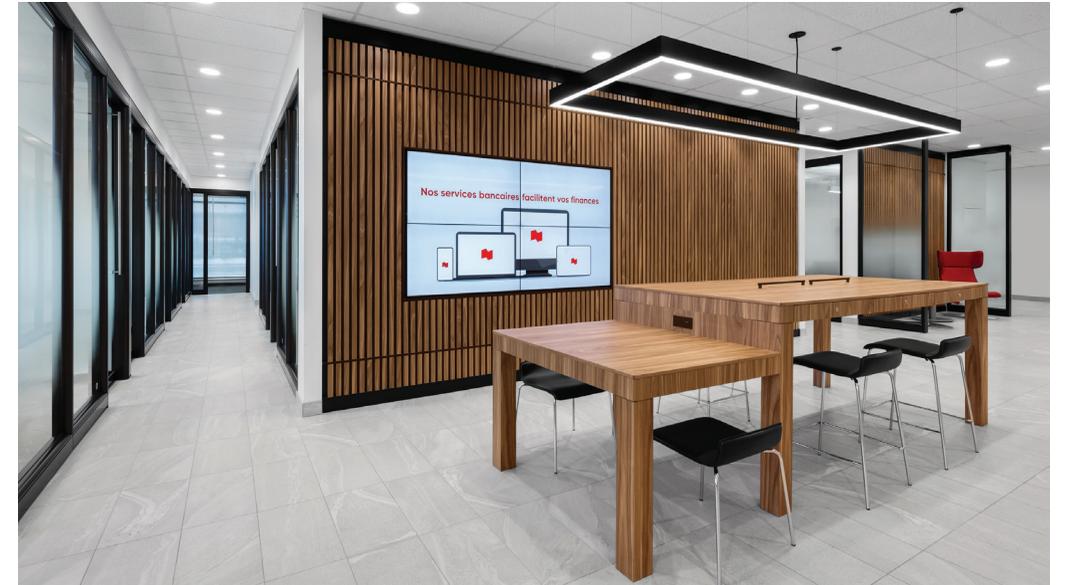
- › Sharing clear information using different means of communication
- › Asking our clients if they need help using our services
- › Analyzing and carrying out any requested changes to accommodate clients with limitations, in accordance with the codes and standards in effect

**Branches and points of service**

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 buildings are accessible to persons with reduced mobility.

The Bank continues to invest extensively in its branches and points of service to offer clients an environment that lives up to their expectations. For example:

- › We've opened, renovated or relocated some 20 branches to offer modern, technologically enhanced spaces. All projects are carried out in compliance 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.



**ABMs**

We've rolled out three new display languages on ABMs throughout the Bank's network. This will increase the accessibility of our self-service solutions. In addition to English, French, and traditional Chinese, ABMs now feature Arabic, Punjabi, and Spanish. By integrating these new languages and making its products and services accessible to a greater number of communities, the Bank continues to position itself as an active player in the promotion of inclusion and diversity.



For more information on the measures the Bank has put in place to offer accessible services, consult the [An accessible experience for all](#) section on [nbc.ca](#).





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### Underbanked, unbanked and underserved clients

(SASB CB-240a.4)

There are people who are underbanked, unbanked and underserved in Canada, and the Bank aims to remedy this situation. It has therefore set up measures to give a portion of its clients easier access to financial services and allow it to better meet their needs. For example:

- › Bank accounts with no fixed monthly fees offered to certain client segments identified by the Government of Canada as financially vulnerable (seniors,<sup>1</sup> persons who have been determined to be disabled,<sup>2</sup> persons aged 24 or younger), if linked to a specific package.
- › Monthly discount on most banking packages offered to certain client segments, such as persons aged 24 or younger and persons aged 60 or older.
- › **Banking Offer for Newcomers to Canada**, which includes a chequing account with no fixed monthly fees for the first 12 months, with no obligation to take out any other products; this fee waiver can be extended to the second and third years under certain conditions. Eligible clients who sign up for this offer also have access to a credit card even if they have no credit history in Canada<sup>3</sup> and a free support service<sup>4</sup> during their first year to help them get settled in Canada.
- › Free access to preferred services included in certain banking offers and packages
  - Access to a virtual clinic: the Bank actively supports the health and wellness of its clients. Through our partner Dialogue, our clients can access a virtual healthcare service platform from anywhere in Canada, at any time.
  - Access to legal assistance: in partnership with FBA Solutions, we offer phone access to lawyers who can provide legal information in a number of fields.
  - People who sign up for The Total® banking package can enjoy estate planning assistance that includes access to legal professionals for questions related to estate law.



**226,866**

**Number of chequing accounts with no fixed monthly fees in Canada (no minimum balance)**



### Communicating proactively with vulnerable clients

To adequately support our clients during this period of economic uncertainty and rising interest rates, our teams have developed tools to enable effective, proactive communication with more vulnerable clients so we can offer personalized financial advice and solutions.

Furthermore, videos and articles prepared by our experts have been made available to help clients understand how the economic situation affects their personal finances and offer them advice based on their changing needs.

1 Persons aged 65 years or older, upon 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 RDSP eligibility.

3 Financing subject to credit approval by National Bank. Certain conditions apply. Security may be required under certain circumstances.

4 Telephone assistance service offered by National Bank Assistance Network, valid for 12 months from the account opening date. The content of the packages and terms described are subject to change.



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## Protecting our clients' interests

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 accordingly. The Board of Directors' Conduct Review and Corporate Governance Committee takes steps to ensure the Bank's management implements mechanisms to monitor client-facing initiatives. It is also responsible for reviewing the effectiveness of these mechanisms.

## Protecting seniors and supporting them every day

In 2022, more than 26%<sup>1</sup> of Canadians were aged 60 or over, compared to only 16%<sup>1</sup> in 2000. This illustrates the fact that our population is aging. As the elderly population increases, the banking industry is taking measures to meet the specific needs of clients aged 60 and over, including protecting them from financial abuse.

The Bank has signed on to the Code of Conduct for the Delivery of Banking Services to Seniors, a set of guiding principles for our protective measures. The Financial Consumer Agency of Canada (FCAC) is responsible for ensuring banks comply with this Code.

The Bank is committed to:

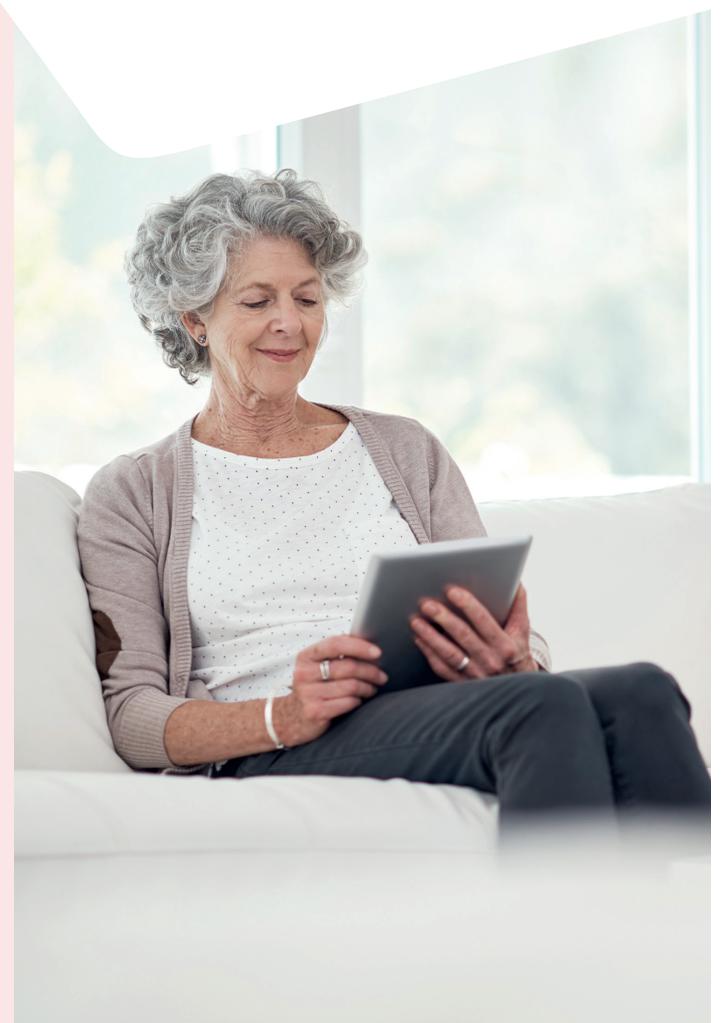
- › Supporting elderly clients
- › Taking action to prevent scams, fraud and financial abuse targeting seniors
- › Recognizing signs of abuse and taking action
- › Communicating effectively with seniors
- › Offering products and services adapted to their needs

To ensure all of the Bank's sectors apply the code, we offer all employees ongoing training on this topic and access to resources to help them take charge of these clients effectively. The content of the training is adapted to the reality of each sector.

We've also created an internal framework to help us deliver on our commitments by continually improving our processes and the measures we use to protect our clients.

**19,555** calls had been received 

To support and assist our clients, we provide a section on [Protecting our clients aged 60 and over](#) on [nbc.ca](#). We've also set up a dedicated phone line for clients aged 70 and over. In 2022, this line received 19,555 calls.



For more information, consult the Annual Report on the Protection of Seniors, available in the [Codes and Commitments](#) section on [nbc.ca](#).

<sup>1</sup> Source: Statistics Canada. Table 17-10-0005-01 — Population estimates on July 1, by age and sex.



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## Collaborating with organizations to improve banking services

Improving banking services and the client experience are key concerns for the Bank. We have therefore undertaken a number of actions to contribute to advancement in these areas. In accordance with our [Stakeholder Engagement Guidelines](#), the Bank holds discussions with regulatory bodies and other entities involved with these issues. As such, the Bank:

- › Is a member of the Canadian Bankers Association (CBA), which allows the industry to maintain a dialogue with government on various issues and policies that affect financial institutions. We participate in a number of this organization's working committees, including several that discuss issues related to clients.
- › Regularly meets with the Financial Consumer Agency of Canada (FCAC) and Quebec's *Office de la protection du consommateur* (OPC) to discuss specific cases and industry issues. We make a point of suggesting ways to improve financial services for consumers.





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# Supporting clients in their energy and social transition

## Responsible investment

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

National Bank Investments Inc. (NBI), a subsidiary of the Bank, aims to be an accelerator that promotes the growth and development of investment solutions and services to help investors achieve their financial goals. As the leading open architecture provider in Canada, NBI is dedicated to offering diverse investment solutions to meet investors' evolving needs. This open architecture structure offers a number of benefits including the power to act by choosing the best portfolio managers and the agility to easily navigate the world of investing. We constantly work on improving this structure to build a more sustainable future.

### Integration of ESG criteria

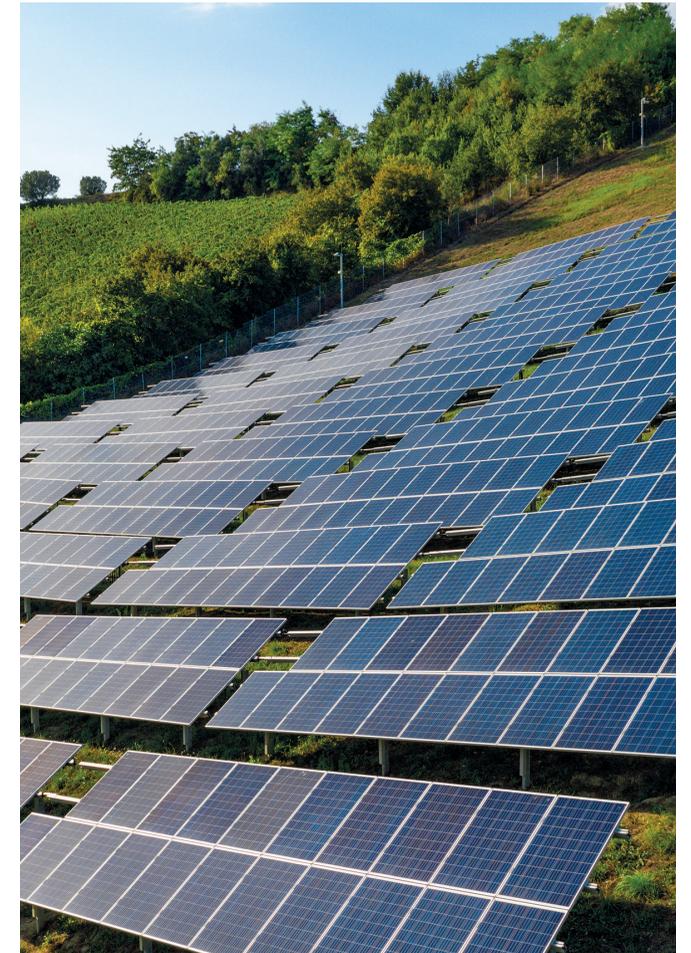
Since 2018, NBI has evaluated the integration of ESG criteria through its OP4+ process for selecting external managers. This process assesses the organization, people, process, portfolio and performance of external portfolio managers, along with their responsible investment practices and how they integrate ESG criteria. We believe that considering ESG criteria alongside traditional financial analysis allows for a better assessment of risks and long-term investment opportunities.

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 product 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.

In 2022, NBI updated its responsible investment policy and established expectations in terms of exclusions, proxy voting, stewardship activities and sustainability objectives for portfolios.

NBI regularly discusses various specific questions related to ESG criteria with its external portfolio managers in order to understand how these criteria 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.

NBI prefers external portfolio managers who have made a commitment to apply the [six principles for responsible investment](#) set out in the United Nations-supported Principles for Responsible Investment (PRI). The PRI is a world leading proponent of responsible investment. Currently, 98.2% of National Bank Investments' assets under management are managed by PRI signatories.





Percentage of NBI assets under management managed by PRI signatories as at October 31, 2022:

Asset class	Total assets under management <sup>1</sup> (\$ millions)	Total assets under management managed by PRI signatories (\$ millions)	Total assets under management managed by PRI signatories (%)
Actively managed equities <sup>2</sup>	27,138	27,138	100%
Passively managed equities <sup>3</sup>	3,793	3,741	98.6%
Actively managed fixed income	17,711	16,940	95.6%
Passively managed fixed income	3,056	3,056	100%
Other (private placements, real estate, forest and agricultural land, infrastructure)	2,131	1,962	92.1%
Cash <sup>4</sup> and derivatives <sup>5</sup>	14,796	14,796	100%
<b>Total excluding cash</b>	<b>53,829</b>	<b>52,837</b>	<b>98.2%</b>

**As part of its commitment to ensuring it has the resources needed to advance its responsible investment projects, NBI has continued to grow its team by adding human capital dedicated to strategic initiatives and communication. NBI has also signed an agreement with a new ESG data supplier. This will enhance our monitoring and reporting capacity in the future.**

Since NBI is a PRI signatory, its responsible practices are assessed on an annual basis. Our latest results confirmed the high standards applied within our firm. The table below presents the scores<sup>6</sup> we obtained under each module. The full report can be consulted on the [PRI website](#).

Module	Score <sup>6</sup> (%)
Investment and Stewardship Policy	<b>89</b>
Equities (public markets)	Index-linked <b>88</b> , Actively managed <b>87</b>
Fixed Income	Index-linked <b>89</b> , Actively managed <b>89</b>
Real Estate	<b>100</b>
Infrastructure	<b>100</b>

1 Assets managed by a financial institution and that are beneficially owned by clients. Management services are more comprehensive than administrative services and include selecting investments or offering investment advice. Assets under management, which may also be administered by the financial institution, are not reported on the balance sheet of the institution offering such services.

2 Active management aims to outperform the market in comparison to a benchmark for the managed portfolio. The manager uses various analytical tools to select products, securities or sectors likely to outpace the market.

3 Passive management is a management approach that involves replicating the performance of an index as accurately as possible.

4 Cash is the portion of the portfolio not invested, which is used to manage cash inflows and outflows.

5 Derivatives are financial instruments whose value depends on the value of an underlying asset.

6 Percentage based on the applicable indicators, calculated as total points obtained / total points available for the module (only indicators that are relevant for the signatory were considered). For more information on the PRI assessment methodology, consult the page describing the general framework and the assessment methodology more specifically.



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### Sustainable development-focused exchange-traded funds (ETFs)

In 2022, NBI enhanced its sustainable ETF offering with the launch of the NBI Sustainable Canadian Short Term Bond ETF (NSSB), managed by AlphaFixe Capital Inc. NBI's sustainable development-focused ETFs are the first actively managed ETFs in Canada to be aligned with the UN Sustainable Development Goals (SDGs).

To promote the growth of sustainable development-focused products, NBI gives its clients greater access to some of these strategies by offering them as part of a mutual fund structure.

Since 2021, NBI has been incorporating these ETFs and funds into some of its investment solutions, such as the NBI Portfolios and NBI Private Wealth Management. Exposure to the sustainable development-focused strategies used by these solutions has grown over the past year, largely because they allow for a more diversified offer and represent attractive investment opportunities.

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

### Collaboration with the CFA Institute

Our commitment to promoting best practices in terms of disclosure has led us to collaborate with the CFA Institute, a globally recognized organization that promotes financial analysis standards. As such, NBI has become the first investment product manufacturer operating under an open architecture model to make a commitment to apply the new ESG disclosure standards developed by the CFA Institute.



For more information about the responsible investment approach adopted by NBI, consult the NBI Responsible Investment Policy and the 2022 report, available on [nbinvestments.ca](https://nbinvestments.ca).





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## Sustainable bonds for eco-friendly projects and organizations

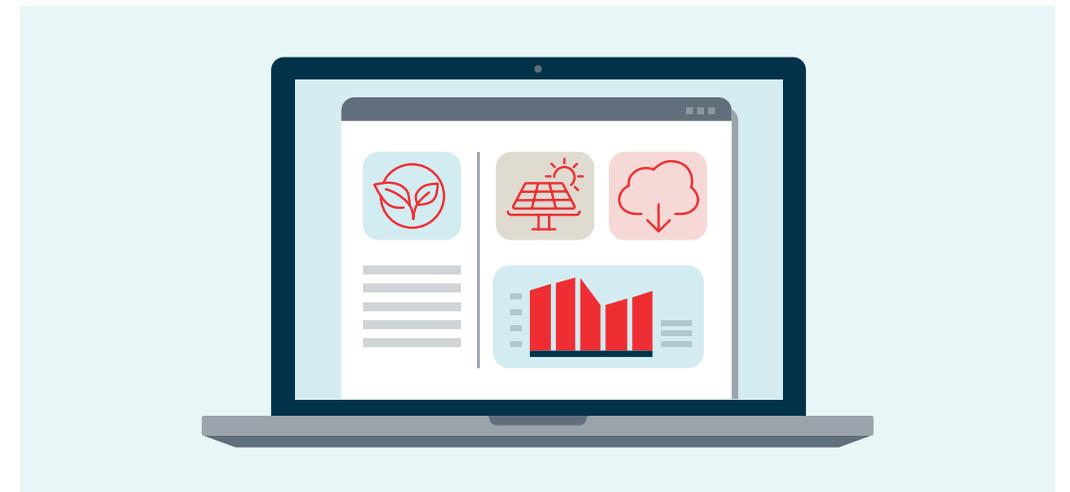
(SASB IB-410a.2)

The Bank has developed one of the first Canadian reference frameworks for issuing sustainable bonds<sup>1</sup>, published in 2018. As at December 31, 2022, the proceeds of sustainable bonds were used by the Bank to finance over \$3.2 billion in sustainable development projects. Under the reference framework, these proceeds can be used to finance or refinance, in whole or in part, eligible businesses and eligible projects that fall within the following categories: Renewable Energy, Energy Efficiency, Pollution Prevention and Control, Sustainable Water and Wastewater Management, Sustainable Buildings, Low-Carbon Transportation, Affordable Housing, Access to Basic and Essential Services and Loans to Small and Medium-sized Enterprises (SMEs) located in deprived economic zones.

Eligible projects are selected and evaluated by the Bank, and the Sustainable Bond Committee is responsible for reviewing and making a final decision on the selection of loans and investments that will qualify as eligible businesses or projects. Each year, the Bank publishes a report that presents the reference framework, the use of funds and a few examples of projects financed.



For more information about the reference framework for the Bank's sustainable bonds and see a few examples of the projects financed, consult the Sustainability Bond Report available in the [Capital and Debt](#) section on [nbc.ca](https://www.nbc.ca).



<sup>1</sup> In line with the International Capital Markets Association (ICMA) Green Bond Principles and Social Bond Principles, the Bank's Sustainability Bonds will be allocated to financing of projects and organizations that credibly contribute to environmental objectives (climate change mitigation and adaptation, natural resource conservation, biodiversity conservation and pollution prevention and control) or seek to achieve positive socioeconomic outcomes for target populations.



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**Green loans, sustainable loans, transition loans and sustainability-linked loans**

The Bank is committed to supporting its clients in achieving a fair, inclusive and equitable transition. As at October 31, 2022, the volume of authorized sustainability-linked loans was \$5.8 billion.

The Bank offers a full range of sustainable financing products through its loan and underwriting activities, with support from a dedicated team of professionals whose mission is to design solutions tailored to the needs of various clients and sectors. This makes it possible for clients to finance strategies and projects linked to sustainable development, ranging from renewable energy and carbon neutral buildings to clean transportation, while complying with the latest standards for the sector established by the International Capital Markets Association (ICMA), the Loan Syndications and Trading Association (LSTA) and globally recognized classification systems.

There are two classes of sustainable financing products. The more established category, end-use financing, involves financing sustainable development projects that meet predefined eligibility criteria, including green or blue loans, social loans and transition loans. The second category, which is rapidly expanding, involves sustainability-linked loans, also called behaviour- or results-based loans. They involve integrating major ESG objectives into the financing terms and conditions. Once these ESG objectives have been achieved, clients can benefit from advantageous financing terms and conditions.

**Real Estate sector**

The Bank is one of Canada's largest lenders for real estate projects that involve affordable housing, energy efficiency and accessible buildings. In 2022, real estate teams pursued our ESG strategy by implementing processes and tools to integrate ESG criteria into the Bank's real estate activities. We plan to accelerate this process over the coming years, gradually reducing the carbon footprint of our financed emissions. We've also developed training for account managers on risks, opportunities and trends related to the energy and social transition.

To support real estate sector clients in their transition, the Bank has adopted targets for issuing green loans and bonds. In 2022, it granted a Net-Zero Transition Loan to Quo Vadis Capital for a comprehensive revitalization of Complexe du Canal Lachine in Montreal. The loan proceeds are earmarked for investment in technology to retrofit Complexe du Canal Lachine in order to obtain a net-zero greenhouse gas emissions profile. Projects will include energy-efficient Heating, Ventilation and Air Conditioning (HVAC) and innovative renewable energy systems. This loan also includes a social aspect, as Quo Vadis Capital has committed to exceeding a pre-defined threshold of leasing exposure to select minority groups such as artists, green SMEs, the self-employed, and B-Corp certified businesses, in return for advantageous financing terms and conditions.

**Unified managed account for sustainable investment portfolios**

The *myWEALTH – Unified* sustainable investment portfolios were created to provide wealth management advisors at National Bank Financial with turnkey solutions that reflect the values of clients who care about sustainable development. We have therefore selected managers with recognized expertise in integrating the UN Sustainable Development Goals into their security selection and their investment process. These portfolios are designed to provide solid returns while achieving high levels of sustainability. They now serve 1,525 unique clients, for a total of \$78 million in assets invested since December 1, 2020.





## Cleantech companies

Over the past fiscal year, the Bank's Technology and Innovation Group has continued to offer advice, support and financial services tailored to the needs of rapidly growing tech companies across Canada. Furthermore, the Group actively encourages networking between various players in the entrepreneurial ecosystem to promote more sustainable business models.

In 2022, the Group supported a number of cleantech companies, including:

› **FLO**

A major electric vehicle charging network operator and a leading provider of smart charging software and equipment in North America.



› **GreenMantra Technologies**

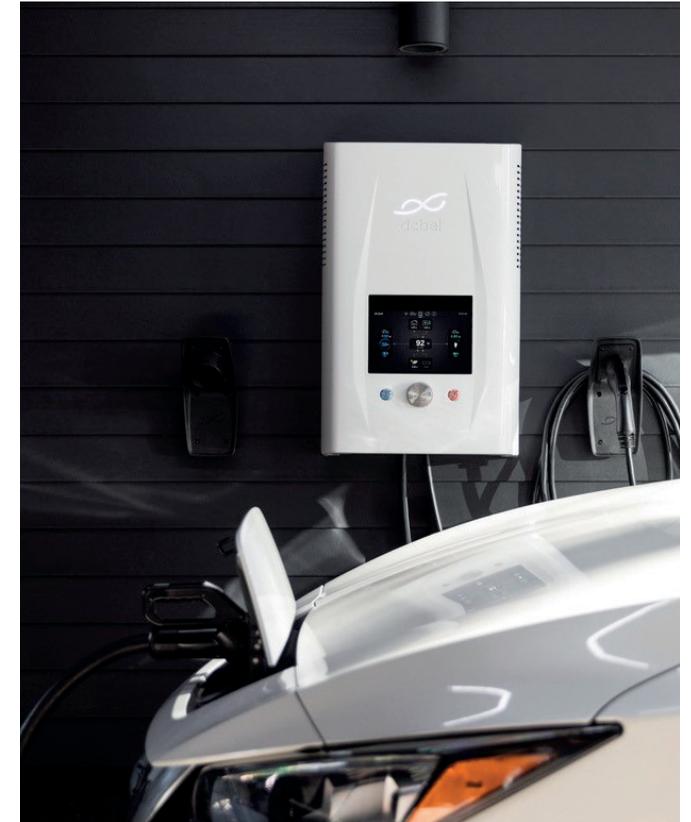
A global leader in advanced recycling. The company uses its technology to transform waste plastic into novel materials to enhance construction and infrastructure applications.

› **dcbel**

A company that aims to provide clean, efficient, sustainable energy that is accessible to all. Among the solutions offered, a Home Energy Station that gives everyone ownership over their energy supply by using solar power to charge their electric vehicle and home, unlocking their electric vehicle's battery for backup power, and optimizing the energy flow between their solar panels, electric vehicle, backup battery and the grid.

› **Sollum Technologies**

A company inspired by nature that offers greenhouse producers a smart LED lighting solution that dynamically recreates, perfects and modulates the full spectrum of natural sunlight. By providing value in terms of energy savings, productivity, and superior produce quality, it helps meet the growing demand for a more local, ethical and sustainable approach to agriculture.





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## Renewable energy

As the global energy and infrastructure landscape evolves to reduce the impact our energy supply and consumption have on the environment, National Bank Financial Markets (NBFM) is evolving to better serve the needs of its clients and ensure the depth and quality of coverage of the global energy transition.

In 2022, the Energy & Infrastructure Sustainability Impact Group (EiSiG) continued its work to help NBFM maintain its position as a proven leader in offering financing, merger and acquisition and risk management solutions for the clean technology, transport electrification, renewable energy and carbon capture sectors across North America. EiSiG aims to leverage our expertise to prioritize the energy transition.

As at October 31, 2022, the Bank had disbursed \$10 billion in capital for renewable energy projects in North America since 2019.

Also as at October 31, 2022, we had provided nearly \$7.2 billion<sup>1</sup> in financing for projects in the wind, solar, battery and hydro sectors, accounting for 78.6% of our total authorized financing portfolio.



## Sustainable finance

<b>Sustainable bonds</b>	\$3.2B	Sustainable bonds issued to finance sustainable development projects, as at December 31, 2022.
<b>Green loans, sustainable loans, transition loans and sustainability-linked loans</b>	\$5.8B	Volume of authorized sustainability-linked loans, as at October 31, 2022.
<b>Renewable energy</b>	\$10B	Capital made available for renewable energy projects in North America since 2019, as at October 31, 2022.
	\$7.2B <sup>1</sup>	Financing provided for projects in the wind, solar, battery and hydro electricity sectors, as at October 31, 2022.

<sup>1</sup> Including the amount of authorized derivative financial instruments. Derivative financial instruments are financial contracts whose value is derived from an underlying interest rate, exchange rate or equity, commodity or credit instrument or index. Examples of derivatives include swaps, options, forward rate agreements, and futures. The notional amount of the derivative is the contract amount used as a reference point to calculate the payments to be exchanged between the two parties, and the notional amount itself is generally not exchanged by the parties.



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## A rewards program that promotes eco-friendly behaviour

Under the Bank's credit card rewards program, holders of certain cards can now get even more rewards for adopting eco-friendly habits. Since September 2022, they can earn twice the points when they recharge an electric vehicle.

Cardholders can use their points on the *Eco-Friendly* section of the rewards site. Among other things, they can offset their GHG emissions by purchasing CO<sub>2</sub> offset units via Coop Carbone. By choosing this option, our individual and business clients contribute to Quebec's Electrification and Climate Change Fund, which provides the resources needed to implement Quebec's provincial climate change plan.

Cardholders can also visit this section of the rewards site to purchase sustainable products from local businesses. New businesses were added in 2022 to diversify the offer and expand it to over 30 products. To encourage clients to be environmentally conscious, fewer rewards points are needed to purchase an electronic gift card versus a plastic one. Electronic gift cards accounted for 39 million points redeemed in 2022.

National Bank credit card holders can also visit the *Donations* section and redeem their points to make donations to five different organizations in areas such as emergency intervention, health and women's financial independence. Since 2022, they have also been able to donate to the Food Banks of Quebec network. This organization soon collected the second-highest donation amount over the course of the year. In 2022, 4.7 million points were redeemed for donations to these organizations.



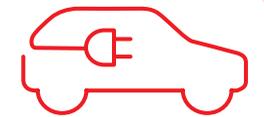
For more information on these initiatives, consult the [Eco-Friendly](#) and [Donations](#) sections on the rewards website for holders of National Bank credit cards at [rewards.nbc.ca](https://rewards.nbc.ca).

## Loans for electric and hybrid vehicles

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.

## Preparing our clients for the transition to electric vehicles

In January 2022, the Bank presented a webinar on installing and managing charging stations in co-owned properties. The presentation was intended for syndicates of co-owners, condo managers and co-owners. It aimed to raise awareness of the upcoming transition to electric vehicles and changing needs in terms of charging stations.





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# Employees

## OUR APPROACH

In line with the Bank's One Mission, we want to offer the most stimulating work environment in the country and give our employees a personalized experience. We want all of our employees to achieve their full potential by taking on innovative projects that have a positive impact on our clients, our colleagues and the community while optimizing their work-life balance. We work to build motivated, diverse teams and foster a culture that values partnership, empowerment and agility. We also promote ongoing development, as we believe it plays a vital role in helping employees achieve their career ambitions. We maintain an ongoing dialogue with our colleagues to enhance their experience and get them involved in business decisions and discussions. We make efforts to adapt our employee benefits offer to current priorities so we can offer greater flexibility and maximize the financial, physical and mental wellbeing of employees.

## Recruiting and succession planning

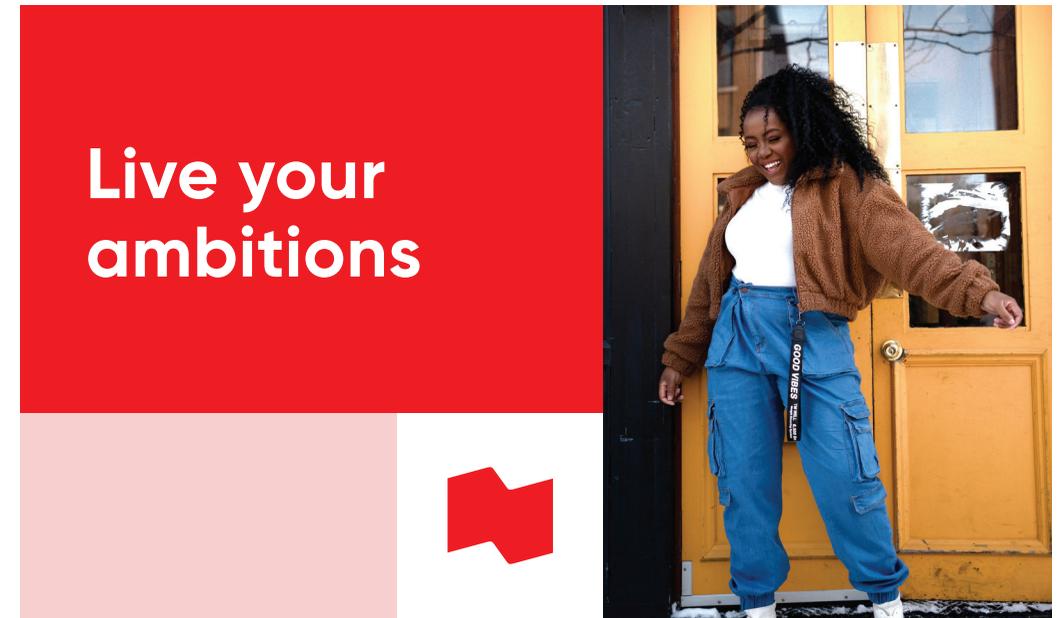
### Attracting the best talent

Our Live your ambitions™ employer brand is a creative expression of our approach. It supports our social commitment and is inspired directly by who we are:

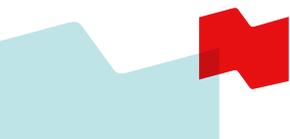
- › Promoting our entrepreneurial culture
- › Building on our inclusive workplace and our values of partnership, agility and empowerment
- › Demonstrating authenticity

Our people-centric approach aims to offer stimulating professional challenges while providing flexible working conditions that allow employees to achieve their personal goals. With this balance in mind, our talent acquisition team rolls out strategies to attract talented candidates from many different backgrounds who share our values. Every individual is different, and we draw on these unique strengths and skills to create diversified talent pools.

We want to deliver a welcoming, positive and accessible recruitment experience. Day after day, we enhance our talent acquisition practices, simplify our approaches and lay the groundwork to ensure a transparent, people-centric experience. By so doing, we strive to create favourable conditions to support our employees in their careers and ensure their engagement over the long term to allow them to flourish and build a better future.



Portraits of employees working toward their personal interests or their commitment to the community.





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### Planning our succession

Every year, managers from different sectors take part in discussions on the makeup of their teams and their current and future needs. Via a rigorous process, managers identify departure risks, critical positions and expertise, as well as potential successors for each of their employees. Once these discussions are completed, information is compiled and aggregated in order to establish appropriate development plans.

What's more, for its succession management, the Bank makes sure that it has a pool of potential candidates who meet its standards in terms of inclusion and diversity. When a position with a successor becomes free, this pool is used in order to make the succession

plan a reality. This allows us to be proactive in preparing and developing our leaders and ensuring the competencies needed to serve our clients are made available.

In 2022, women and members of visible minorities were appointed as successors at a higher rate than their representation within the Bank.

In order to have a skilled talent pool that reflects the communities we serve, we offer internship and rotation programs in various business sectors. Here are a few examples:

Initiative	Description
<b>National Bank Financial – Wealth Management internship program</b>	In order to create a wealth management succession pool, every year, three cohorts of 6 to 14 students are selected. These students are introduced to how our full-service brokerage firm operates and are exposed to different realities in other business lines. These second- and third-year university students have the opportunity to get involved in portfolio management, take part in rolling out certain projects, bring new ideas to our approaches, etc. Some high-quality candidates have the opportunity to continue working part-time during their studies or even obtain a full-time position after they graduate.
<b>Financial markets summer internship program</b>	This 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. This could potentially lead to joining our rotation program which offers university graduates an opportunity for additional learning followed by several months of work experience within our Corporate & Investment Banking and Sales & Trading business units in Montreal and Toronto. Participants improve their knowledge of the capital markets industry and may be offered a permanent position aligned with their strengths and interests.
<b>Rotation program – Data science and data engineering</b>	<p>The goal of the Bank's rotation program is to recruit and onboard data scientists and data engineering analysts so they can acquire professional experience and put their knowledge to use to resolve challenges within various Bank sectors. Rotation program participants can therefore get acquainted with a variety of realities through a two-year cycle and six-month rotations. At the end of the cycle, participants have the opportunity to join a Bank sector.</p> <p>This year, we opened a cohort specifically for neurodiverse candidates, with support from Ernst &amp; Young's Neurodiversity Centre of Excellence. We integrated what we learned during this pilot project into all the steps of our recruitment and onboarding process to ensure we are inclusive of all candidates.</p> <p>Data is an essential asset for the Bank that must receive an appropriate level of attention. Rotation programs allow data culture to be disseminated across the entire organization by:</p> <ul style="list-style-type: none"> <li>› Attracting talent from emerging professions such as data scientists and data engineering or artificial intelligence analysts and onboarding them across the entire Bank</li> <li>› Enhancing the abilities of teams in place and developing their expertise surrounding data</li> <li>› Facilitating projects with a positive impact for our clients and employees.</li> </ul> <p>Since programs were created in 2018:</p> <ul style="list-style-type: none"> <li>› 210 rotations have taken place in Bank sectors</li> <li>› 83 employees have taken part in the programs, including 60 data scientists and 23 data engineering analysts</li> <li>› Close to 80% of participants are placed internally through programs.</li> </ul>





## Contributing to development and career advancement

We've made a clear commitment to win the ongoing race for talent. We want to make the Bank a career destination of choice by offering measures to improve performance and opportunities to advance within the organization. To that end, the Bank is continuing to improve its employee experience and development offer based on the employee voice, in particular by carrying out surveys.

Our culture and the experience we offer employees are overseen by the Employee Experience sector, while our development offer is jointly overseen by the Employee Experience sector and the various business sectors. These sectors work together to design and roll out development solutions that are simple, relevant and adapted to today's reality.



In 2022,  
**83% of employees**  
agree that the Bank  
invests in **employee**  
**development**<sup>1</sup>.

### Learning organization

The Bank fosters a culture of development to ensure the sustainability of our talent management approach and enhance our collective knowledge. To achieve this goal, we favour a collaborative environment and a peer coaching approach, promote empowerment and encourage employees to learn from each other. Employees have opportunities to develop their knowledge and skills related to the Bank's business objectives on an ongoing basis.

### Changes to the development experience

The Bank puts employees at the heart of the development experience and strives to build long-term relationships with them. As such, it implements favourable conditions to ensure its employees achieve their full potential. A number of initiatives have been undertaken to support employees along their career path and guide them to relevant resources and development opportunities.

The Bank offers regulatory training and initial training specific to each position, as well as a flexible development experience that can be adapted to the interests and ambitions of each employee and provides development tools that are accessible to everyone.

In addition to formal learning activities, informal or social learning opportunities are also offered through practices that help employees acquire and develop new skills and learn by doing. Informal learning can take the form of lunch-and-learns, personal readings, online research, peer coaching, etc. An employee survey in spring 2022 showed that employees estimate that they dedicate 126 hours to informal development each year (7% of their time at work).

Employees have access to an internal learning platform that contains various useful references for their career development, including their employee file, talent profile and information regarding total compensation. We also offer formal and regulatory training on this platform.



In 2022, we invested **\$44 million** in developing our employees' skills and every employee took an average of **19 hours of formal training**.

<sup>1</sup> Results of the Q2 2022 employee satisfaction survey. Over 15,000 employees across the Bank responded to the survey.



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## Changes to the development offer

The Bank is gradually transforming its approach to remain agile while dealing with new work realities. We want to focus on competencies to help employees achieve their full development potential.

### Core competencies

To support our role as a learning organization, we've developed a strategy that focuses on developing core competencies. This will allow employees to develop skills other than those related to their function.

In 2022, we reviewed our core competencies to align them with our strategic priorities and market trends. We also rolled out a portal to allow employees to access relevant development opportunities linked to our 13 core competencies. Content specific to each of these competencies combined with ongoing multisource feedback is used to establish the individual development plan for each employee.

### Ongoing feedback and recognition

Our organizational culture promotes peer feedback as a key development factor. Employees use the simple, dynamic My Impact platform to request feedback from their colleagues. They can also use this platform to give recognition, highlight their colleagues' strengths and discover development opportunities.



Here are our 13 core competencies. We've prioritized five of these competencies, which are central to our cultural shift (\*):

- › Communication\*
- › Inclusion and diversity\*
- › Openness to learning\*
- › Empathy\*
- › Resilience\*
- › Analytical skills
- › Creativity
- › Cybersecurity
- › Digital skills
- › Emotional intelligence
- › Search for purpose
- › Problem-solving
- › Social responsibility



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**Examples of development opportunities offered at the Bank**

Employee and leadership development are at the heart of the Bank’s growth. We stand out as an organization where employees and managers continuously hone their skills and are personally committed to the development of their colleagues.

Here are some of the initiatives we’ve rolled out to develop employees and leaders:

<b>Initiative</b>	<b>Target employees</b>	<b>Description &amp; key data</b>
<b>IT University</b>	IT employees and anyone who wants to transition to an IT role	IT University offers development possibilities organized by speciality for information technology employees with skill self-assessment and thousands of online courses via a technology platform. In 2022, over \$800,000 was invested in developing employees in the Information Technology sector through this initiative, and more than 200 employees received SAFe® certification.
<b>Data Academy</b>	All Bank employees	Initiative that aims to develop analytical and data management skills via lunch-and-learns for people at all skill levels—from beginners to experts. In 2022, we held more than 30 lunch-and-learns on a number of topics, ranging from Python 2.0 to data literacy.
<b>Harvard Learning Centre</b>	All Bank employees	Employees have access to a frequently updated library of high-level training and content so they can develop their management skills and learn about other current topics.  Since January 2022, employees have completed over 540 training modules and spent more than 3,400 hours on the platform
<b>Fleximode kit</b>	Managers All Bank employees	Delivered via an asynchronous learning platform, the Fleximode kit offers a wide range of content to help managers continue to develop in a flexible, hybrid work environment.
<b>Leadership development program</b>	Leaders identified	Our managers and leaders are a key driver for our cultural shift. Leaders identified by the Bank complete the leadership development program over a 10-month period. Participants have invested nearly 70 hours in their development via self-reflection, group coaching, business challenges, personal development and individual coaching.  In 2022: <ul style="list-style-type: none"> <li>› More than 420 leaders took part in the program, including branch managers, executives, senior leaders and future leaders.</li> <li>› More than 40 executives, managers and employees who are certified coaches and business partners presented six workshops as part of a development program based on a Train the Trainer approach</li> </ul>
<b>Coaching skills training</b>	All managers and employees in influential roles at the Bank	This training is intended to enhance coaching skills and promote listening and influence strategies aligned with the Bank’s leadership skills and profile. <ul style="list-style-type: none"> <li>› In 2022, a total of 284 participants attended 29 workshops.</li> </ul>
<b>Women’s leadership</b>	Women leaders at the Bank	This program supports women in their development while spotlighting their talents, building their confidence and powering their career. <ul style="list-style-type: none"> <li>› In 2022, 100 women from various Bank sectors participated in the A Effect’s 100-Day Challenge.</li> </ul> <p>Self-promotion is an important skill when it comes to networking and accessing leadership roles. The Association of Québec Women in Finance helps women leaders achieve their full potential by offering numerous networking opportunities, training and conferences.</p> <ul style="list-style-type: none"> <li>› In 2022, nearly 30 women from various Bank sectors took part in various initiatives.</li> </ul>





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Initiative	Target employees	Description & key data
<b>Coaching, mentorship and sponsorship</b>	All Bank employees	To adapt the development offer to targeted needs and client segments, resources are made available to support certain employees in their professional development. These include personalized coaching, mentorship and sponsorship.  These relationships provide tools to complement the support provided by the employee's manager. › In 2022, 19 sponsorships, 46 external coaching relationships and 22 internal coaching relationships were launched.
<b>Banking Advisor training plan</b>	› All banking advisors	In 2022, we optimized training plans for banking advisors in branches to streamline training for the flexible Banking Advisor role, for new employees and those in development alike.  Managers assess the competencies of advisors, who receive a personalized development plan based on the competencies prioritized by the business line so they can transition to one of the levels of the Banking Advisor role.



***Certificat de qualité des initiatives de formation***

The Bank is among the companies awarded a *Certificat de qualité des initiatives de formation* by Emploi-Québec in recognition of the innovative quality of their development programs.



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# Promoting employee wellbeing

## Compensation

The 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 skilled and high-performing employees, who are essential to meet our business objectives. The Bank carries out market research to provide competitive total compensation in all sectors of the organization. It also ensures compliance with the regulations and standards in effect, especially as concerns salary equity and employment equity, through strong governance of compensation programs and practices. Our total compensation offer is guided by the following principles:

- › Compensation is competitive to attract, motivate and retain talent.
- › Benefits are innovative, flexible and focused on health, safety, and wellbeing at work, as well as the financial, physical and mental wellbeing of employees.
- › Our organization is evolving to favour an agile, highly collaborative culture.
- › Motivated employees support our commitment to creating value and enhancing the client and employee experience.
- › Technology practices and environments foster development and encourage a personal work-life balance, such as telework and hybrid work, flexible work schedules, voluntary part-time work, etc.
- › Our new work environments are collaborative, welcoming and innovative.
- › The Bank is committed to providing a salary that affords a suitable standard of living in the countries where its employees work.

## Performance management

Bank employees all work to achieve a common goal. Each year, the Bank establishes shared objectives for all of its employees. Furthermore, all executives, including the members of the Senior Leadership Team, share a single scorecard and are assessed on common objectives.

Our employees enjoy a motivating work environment that promotes synergy and collaboration among business lines by focusing on our values of agility, partnership and empowerment. Employees' behaviour is deemed to be as important as the work they accomplish; in fact, behavioural and business objectives each count for 50% of employees' annual assessments. To help employees understand the target behaviours, we provide concrete examples that reflect the business realities of our corporate and sales sectors.

One-on-one meetings between employees and their managers are held throughout the year. These meetings give employees an opportunity to demonstrate their value by discussing the progress of their objectives, the behaviours they have adopted and their achievement of the development plan. They provide an opportunity for employees to make adjustments as needed.

Employees rely on feedback received throughout the year to take stock of their strengths and explore opportunities for development. We encourage employees to take charge of their performance and initiate discussions with their manager to underscore their individual contributions to specific projects and collaborative initiatives.

In 2022, nearly 9,000 feedback messages were given.





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## Employee benefits and wellness

In line with its One Mission, the Bank offers a range of benefits and working conditions to promote the physical and financial wellbeing of its employees and help them balance work and family life. 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. Management practices that encourage better work-life balance are a determining factor for top employers.

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 generous and flexible pension plan
- › An attractive employee share ownership plan that the Bank contributes to
- › A competitive vacation and leave policy, which includes leave for the illness of family members and for other personal events<sup>1</sup>
- › An additional six-week maternity benefit that complements the federal and provincial benefits, providing 100% of base salary.<sup>2</sup> Since January 1, 2023, this benefit has been extended to 12 weeks and applies to all parents, including adoptive parents.
- › Banking and credit advantages, including certain banking services and preferred rates on some financial products
- › A wellness account that expands on the range of coverage included in the group insurance plan and promotes a holistic approach to health by encouraging employees to take care of themselves. With the wellness account, employees can claim various eligible expenses related to wellness activities and services tailored to their individual situation.

Employees can also use the amount in their wellness account to reimburse sustainable transportation expenses, such as:

- Public transit tickets
- Membership fees for a bike sharing service
- Fees for enrolling in and using a car sharing or ridesharing service
- Fees for installing an electric charging station



<sup>1</sup> Rules regarding eligibility and duration apply.  
<sup>2</sup> Certain exclusions apply.



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

- › 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. In addition to this service, the EFAP provides specialized services to assist managers with emotionally difficult and delicate situations related to their management role.
- › A telemedicine service that allows all employees to quickly access health care professionals online, now 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
- › A mental health peer helper program that provides employees with additional support and guidance toward available resources, as well as assistance from the first signs of distress. To qualify, peer helpers were evaluated and participated in training given by a psychologist.
- › Access to a daycare, located close to the head office building, for employees' children
- › Career development and ongoing training
- › Additional discounts on products and services for employees resulting from Bank agreements with various suppliers and partners.



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## Health and safety

The Bank is proud of its safety record. Although the banking sector sees few work-related accidents, we take them very seriously. Above everything, our health and safety initiatives aim to ensure all Bank employees feel comfortable and work in a safe environment at all times.

Our health and safety policy defines the roles and responsibilities of all employees and describes the Bank's liability framework in terms of health and safety at work. It aims to ensure compliance with Canadian legislation. The Wellness and Employee Benefits team, in collaboration with various Bank bodies, works to support our health and safety programs and ensure they run smoothly. The Bank therefore carries out regular monitoring, while management receives reports with recommendations based on the achievement of targets set at the beginning of the year to reduce risks to employee safety. The Bank is committed to implementing the necessary preventive measures to reduce workplace accidents.

In addition to the programs and policies to ensure employee health, safety and wellbeing described above, the Bank has rolled out a number of initiatives, such as:

- › COVID-19 vaccination clinics for employees and their families
- › A series of mandatory training sessions to raise awareness among employees of their role and responsibilities in terms of health and safety at work. The topics covered in these sessions included mental health and first aid. A training session for members of occupational health and safety committees was also offered.
- › A wellness column that supports employees by presenting articles on topics such as mental health, physical activity, sleep, and health and safety at work.
- › Ergonomic tools such as videos and guides that explain best practices to ensure employees benefit from a setting that promotes musculoskeletal health, whether they are working from home or at the office. Ergonomic equipment and professional consultations are also made available to employees.

### Workplace accidents

as at December 31

	2022	2021	2020
<b>Minor injuries in Canada</b>	30	18	25
<b>Disabling injuries in Canada</b>	14	15	16
<b>Number of fatal workplace accidents in Canada</b>	0	0	0

Minor injuries: Workplace injuries that do not involve taking leave after the day of the accident.

Disabling injuries: Workplace injuries that involve taking leave in the days following the accident.





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# Maintaining an ongoing dialogue with employees

## Maintaining an ongoing dialogue with employees and acting based on their feedback

The Bank is committed to maintaining a dialogue with its employees to improve their experience. As such, it continues to examine ways to increase employees' participation in making strategic decisions.

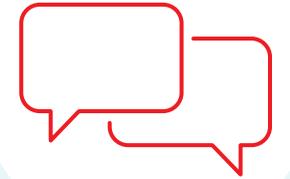
Listening to the needs of all employees and addressing their concerns by acting on what really matters is a key practice for the Bank to support our ambition to be the most stimulating work environment in the country. Listening to and providing feedback contributes to employees' professional development and has a direct impact on their feeling of belonging, which is essential to our cultural shift.

Decisions in the Employee Experience sector are supported by our Employee Voice strategy. This involves implementing a series of initiatives so we can easily and directly access employee feedback (surveys, focus groups, internal employee networks, platforms, etc.) and ultimately take it into account in our decisions.

This year, the Bank adopted a framework to measure the employee experience: the Experience Index, which is weighted by the importance assigned by employees to the 11 pillars assessed. The results therefore better represent overall employee satisfaction with each of these pillars.

A number of available channels ensure ongoing dialogue:

- › The Employee Voice 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, integrating employees into our decision-making processes.
- › Our main corporate surveys have been revised and merged into a single questionnaire, which is sent out more frequently so we can capture employees' feelings on an ongoing basis. This approach allows us to more accurately measure aspects that change quickly and take concrete action at the appropriate time in response to employees' concerns.
- › Survey results are communicated internally during various conference calls with senior management and reports are made available to all employees.
- › Times of transition provide unique opportunities that require us to take action quickly. We therefore survey employees at key moments such as hiring, onboarding and departure.
- › Over 15,000 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.
- › All employees can acknowledge their colleagues and give them feedback via the My Impact application. In 2022, more than 50,000 recognition badges were received and feedback was given close to 9,000 times.
- › Through the use of a corporate social network, the Bank promotes a culture of transparency and engages employees directly in business decisions and discussions.





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### A top employer

(My Voice, Our Experience survey)

- › **91% of employees** recommend the Bank as a great place to work.
- › **93% of employees** are proud to work at the Bank.
- › **92% of employees** are extremely satisfied with the Bank as a place to work.

#### When it comes to ESG principles:

- › The Bank has also rolled out an index to measure employees' feelings regarding our ESG principles.
- › **89% of employees** are proud of the Bank's reputation in the community.
- › **85% of employees** believe the Bank is taking concrete measures to be socially responsible.
- › **80% of employees** say they make a concrete contribution to delivering on our ESG principles.

### Settling differences impartially and with respect

The Bank has set up an Employee Ombudsman's Office (EOO) to help settle any disputes employees may have at work and to deal with reported situations while protecting their anonymity when necessary. The EOO team reports directly to the President and Chief Executive Officer. As part of their mandate, the members of the EOO:

- › Apply a confidential and impartial approach
- › Abide by a strict code of ethics
- › Encourage dialogue between the parties involved
- › Serve as advisors

In accordance with the Bank's [Code of Conduct](#), 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 the application of the Code, depending which resource they deem most suited to take action based on the circumstances. Employees who want to remain anonymous can do so by contacting the EOO using the form available on the Bank's internal or external site, by telephone or by email. Cases are always kept confidential and anonymous and there are no repercussions for employees who report one in good faith, even if it proves unfounded.

To process a report, the EOO applies an approach adapted to the circumstances of the case, taking into account the relevant laws and regulations and the standards and procedures in place at the Bank. The EOO team analyzes the information objectively and without bias and takes action to identify and settle situations of unfairness or inequity.

The EOO ensures the report is handled by the correct recipient and that it will be processed quickly without fear of reprisals. Lastly, throughout the process, the team will also ensure the confidentiality of all communications, documents and other information collected is maintained while they carry out their work.





# Community

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## OUR APPROACH

As a leading economic player in Quebec and Canada since 1859, the Bank seeks to contribute to the development of the communities in which it operates. It has reached this objective through a well-defined donation and sponsorship program and the commitment of its employees and retirees who volunteer for various organizations, as well as successful fundraising efforts that include contributions from clients.

The Bank is proud to be involved in the community. As a generalist donor, it has adopted a philanthropic strategy that focuses on donating to a large number of causes. It supports many organizations in the areas of education, entrepreneurship, health, community outreach, arts and culture, inclusion and diversity and the environment. Organizations are chosen according to strict guidelines that are used as a reference when assessing requests. Therefore, the Bank strives to be as equitable as possible and maximize its impact on society.

## Supporting organizations that change lives

In 2022, the Bank gave several tens of millions of dollars back to the community. It made over \$15 million in donations to organizations across the country to support communities. Here are some examples of the Bank's donations: :



› **\$250,000**

### Sinai Health Foundation

(Toronto, Ontario; 2022-2023)

Support the Schwartz/Reisman Emergency Medicine Institute's Research Chair in Geriatric Emergency Medicine.

› **\$20,000**

### Camp Portneuf

(Saint-Raymond, Quebec; 2022)

Support the renovation of the camp and increase its accessibility.

› **\$15,000**

### Montreal Chamber Music Festival

(Montreal, Quebec; 2022)

Promote the talent of chamber music players from Canada and abroad.

› **\$300,000**

### Youth Fusion

(Province of Quebec; 2022-2024)

Spark the passions of youth through experiential learning education.

› **\$3.8M**

### United Way Centraide campaign

(Canada; 2022)

This 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.



For more examples of our donations and sponsorships, consult the 2022 Corporate Social Responsibility Statement, available in the [Corporate Responsibility](#) section of [nbc.ca](#).



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## Employees and retirees dedicated to their community

Thousands of National Bank employees and retirees are committed to having a positive impact on the community. Employees and retirees got involved in the community in many ways over the past year, helping out newcomers, participating in a walkathon to raise funds and organizing conferences to talk about personal finance in high schools.

The dedication and volunteer work of our employees contribute to the Bank's positive impact in the community.

Here are a few examples of initiatives undertaken by employees.

### Opération Père Noël

From November to December 2021, around 15 Bank employees worked as volunteer elves to organize Opération Père Noël activities at the Bank. This initiative allows young people from disadvantaged backgrounds to receive a personalized gift based on their letter to Santa Claus. Volunteers recruited fellow employees to help purchase gifts for more than 1,200 young people.

### Projets Autochtones du Québec

In December 2021, employees in the Risk Management sector launched a fundraising initiative to have a positive impact on the Projets Autochtones du Québec organization. A total of \$4,320 was collected, which was used to put together gift bags including basic necessities for 90 unhoused Indigenous people.

### Welcome Collective

In December 2021, branches in downtown Montreal organized a clothing drive on their premises. The coats, boots and winter gear collected were donated to the Welcome Collective, an organization that supports refugee claimants.

### La Tablée des Chefs

In March 2022, nearly 40 Bank employees lent a helping hand to Aramark employees by cooking food for *La Tablée des Chefs* and providing meals to people in need. In total, 6,000 portions were prepared in the kitchen of the cafeteria at the Bank's head office in Montreal.

### Marchethon de la dignité

Since 2018, employees in Rimouski, Quebec have participated in the *Marchethon de la dignité*, a walkathon that aims to collect funds to maintain the quality of services offered at the Maison Marie-Élisabeth palliative care home. More than \$100,000 was raised during the 2022 edition, thanks to the efforts of 11 Bank employees!



Employees at NBC Global Finance in Ireland have also been hard at work raising funds for their community.

In February 2022, the February Fitness Challenge raised €1,000 for Children's Health Foundation Crumlin in Dublin. In May, several employees took part in the Darkness into Light sunrise walk, raising over €1,000 for Pieta House, an Irish mental health organization that works to prevent suicide and self-harm. Lastly, in September, their participation in the Terry Fox Run in Dublin raised €1,515 for the Irish Cancer Society.

### The Ride to Conquer Cancer

In June 2022, a team of cyclists made up of Bank employees and friends raised an impressive \$44,470, thanks to the generosity of numerous donors. The money will help fund cancer research at the Princess Margaret Cancer Centre in Toronto.

### NBC Grand Slam

During the NBC Grand Slam softball tournament in September 2022, employees offered 40 meals to the Old Brewery Mission in Montreal.



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## Working with universities

### Partnerships with the École de technologie supérieure (ÉTS) and Polytechnique Montréal

To promote the development of careers in the IT sector, the Bank continued its partnership with the École de technologie supérieure in 2022. This partnership includes:

- › Two bursaries of \$2,000 each with internships.
- › \$10,500 in financial support for a number of student committees that focus on information technology and inclusion and diversity.

The Bank also continued its partnership with Polytechnique Montréal. This partnership includes:

- › Three \$5,000 bursaries, including two bursaries to reward excellence and one bursary with internship to recognize women leaders.
- › \$11,000 in financial support for a number of student committees that focus on information technology and on promoting women and members of LGBTQ+ communities.

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 experiences and expertise. These include career days, conferences, workshops, networking events, mentorship activities and more.

### Partnership with the Institute for Data Valorization (IVADO)

The partnership between the Bank and the Institute for Data Valorization (IVADO) aims to accelerate innovation in the data science and digital intelligence fields by supporting the development of knowledge in university settings. This knowledge is key to building a workforce that is qualified to tackle future social and economic issues and will help us ensure the prosperity of our society. The partnership, now in its sixth year, represents an investment of \$740,000 to date.

In 2022, the Bank made a number of contributions to the development of knowledge in digital intelligence:

- › By supporting the governance of two specialized training sessions under the CREATE program—Fin-ML and SE4AI—to develop the workforce in cutting-edge fields where the content currently provided by university programs is limited.
- › By coaching interns at a master’s, doctoral or post-doctoral level on research and development initiatives.
- › By leading collaborative projects on key topics such as protection of personal information, inclusion in the workplace and trustworthy artificial intelligence.
- › By pursuing its leadership role in the community of practice dedicated to industrializing artificial intelligence, which brings together key contributors from the academic and business communities.



### NBI-HEC Montréal Fund

Created in 2019 by National Bank Investments Inc. (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 this portfolio (including ESG criteria), risk budgeting, selecting investment vehicles and translating the economic situation into strategic (three to five years) and tactical (monthly) asset allocation strategies. The NBI team provides ongoing coaching to over 20 student analysts as part of this initiative.

After developing a responsible investment policy last year, the team of students was able to apply this reference framework in 2022. For example, they had to account for ESG criteria as part of their research on active management in emerging markets. Furthermore, they designed a database to quantify the portfolio’s total ESG commitment. These initiatives make it one of the first student funds in Canada to adopt and implement a responsible investment policy involving multiple asset classes.

With over \$5 million in assets under management, the NBI-HEC Montréal Fund is also one of the largest student funds in the country.



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# Inclusion and Diversity

## OUR APPROACH

At the 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 the community. The diverse points of view, life experiences and talents of our employees help us solve complex problems more quickly, design better ideas, innovate and offer solutions tailored to the issues faced by our various stakeholders.

## Promoting everyone's success through a three-year plan

We are firmly committed to promoting inclusion and diversity, and we've completed some key steps over the past few years. In 2020, the Bank published its first booklet entirely dedicated to inclusion and diversity, which presented the strategy, targets and fields of action tied to its 2020–2023 plan. This plan is supported by dialogue, engagement and daily action. Its key elements are:

- › Stronger governance that promotes holding leaders accountable for executing and achieving objectives via the Inclusion and Diversity Council and the sector ambassadors
- › The integration of inclusion and diversity into our HR and business practices, in line with our inclusive culture
- › A focus on engagement and on making employees central to our strategy
- › A commitment to forming partnerships with various organizations

In line with its commitment to disclosure, the Bank updated the booklet in 2022 to include an assessment of its advances with respect to its three-year plan. These advances reaffirm our dedication to promoting real inclusion and improving our practices.



For more information, consult the 2022 Inclusion and Diversity Booklet, available in the [Inclusion and Diversity](#) page of [nbc.ca](#).



## Preventing workplace discrimination, harassment and violence



The Bank has drawn up policies that present its commitments and the actions it has taken to offer a healthy and inclusive work environment that is free from all forms of discrimination, harassment and violence.

These policies cover such topics as prohibited grounds of discrimination, processes for reporting and handling complaints, the preservation of confidentiality, protection against reprisals and medical and psychological support available to persons involved. The Bank has created a framework to ensure ongoing sound governance of practices intended to prevent workplace discrimination, harassment and violence.



For more information, consult the two policies available in the [Codes and Commitments](#) section of [nbc.ca](#):

- › Policy on the Prevention of Workplace Discrimination
- › Policy on the Prevention of Workplace Harassment and Violence



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## Promoting inclusion in the community

To enable the community to benefit from the full contribution of all its members, the Bank supports many organizations that foster inclusion. In 2022, we contributed to a number of initiatives to promote the development and success of women, visible minorities, persons with disabilities, Indigenous persons and members of LGBTQ+ communities.



### Segments

### Organizations

#### Women

- › **Lise Watier Foundation:** Offer a new professional start to women seeking financial independence through the Let's Start Up program.
- › **YWCA:** Build a better future for women, girls and their families.
- › **ESPACE GO:** Promote women's voices in the arts.
- › **Fitspirit:** Encourage teenage girls to be active for life.
- › **La rue des Femmes** and **Chez Doris:** Support the fight against female homelessness.

#### Visible minorities

- › **Fabienne Colas Foundation:** Support the Being Black in Canada program, which empowers people from Black communities in Canada to step behind or in front of the camera.
- › **BlackNorth initiative:** Promote equality in society and end systemic racism against the Black community.
- › **Black Opportunity Fund:** Support business owners and non-profit organizations from Black communities across Canada and help them achieve their full potential.
- › **100 Strong Foundation:** Offer mentoring for young Black men and foster excellence.

#### Persons with disabilities

- › **Paralympic Foundation of Canada:** Offer persons with disabilities more opportunities to participate in sports.
- › **Giant Steps:** Support the creation of a cutting-edge facility in Montreal specifically designed for autistic people.
- › **Fondation Martin-Matte:** Offer a better quality of life to children and adults living with traumatic brain injuries and physical disabilities.
- › **Centre Philou:** Offer specialized services to children with pervasive development disorders and multiple disabilities and their families.
- › **Fondation Les Petits Rois:** Support independence among young adults with intellectual disabilities and autistic young adults.

#### Indigenous persons

- › **Right To Play:** Help Indigenous youth reach their full potential through the power of play.
- › **Children's Aid Foundation of Canada:** Support mental health services at a number of Indigenous youth centres across Canada.
- › **Winnipeg Art Gallery:** Help promote Inuit art.
- › **Canadian Centre for Architecture:** Stimulate links with Indigenous youth for the benefit of the built environment across Canada.
- › **Canadian Council for Aboriginal Business (CCAB):** Commit to forging positive, progressive relationships with Indigenous employees, clients and partners to promote the success of Indigenous communities.

#### LGBTQ+ communities

- › **Fondation Émergence:** Support the fight against homophobia and transphobia through awareness and education and celebrate the achievements of individuals and groups in this respect.
- › **GRIS-Montréal, GRIS-Québec:** Foster a better understanding of sexual and gender diversity and promote the integration of members of LGBTQ+ communities into society.
- › **Conseil québécois LGBT:** Improve and promote access to services for people of all sexual orientations and gender identities.



# Financial Literacy

(SASB CB-240a.4)

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## OUR APPROACH

The 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 projects and stages in life. We also provide access to numerous experts who can answer clients' questions and provide advice.

## Partnership with the Canadian Foundation for Economic Education

The Bank's partnership with the Canadian Foundation for Economic Education (CFEE) has made it possible to develop a number of 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, reduce their financial stress and achieve their objectives. Improved financial health can have a positive impact on wellbeing and help people build a better financial future.

### Better meeting the needs of students

During the first phase of these programs, 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 people surveyed believed their greatest issue was dealing with financial stress in general. The results of this survey were used to create workshops and webinars based on the expectations expressed by students.

## Partnership programs

Program	Objective	2022 highlights
<b>Help! Managing Your Money on Campus</b>	Free workshops and webinars available across Canada that aim to improve the financial literacy of college and university students.	More than 200 workshops and webinars were held and nearly 6,000 students participated.
<b>Managing Your Money in Canada</b>	Free financial literacy 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.	50 virtual and face-to-face workshops were held and over 1,500 newcomers to Canada participated.
<b>Financial Literacy 101</b> (new program launched in 2022)	Comprehensive financial literacy program, offered via a free and interactive online learning platform. Students can access the program independently or in class.	More than 10,000 users in the first six months.



For more information on the tools and resources resulting from the Bank's partnership with the CFEE, consult the [Take action to support financial education today](#) section on [nbc.ca](#).



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## Financial Literacy Month

To mark Financial Literacy Month in November, in addition to promoting annual financial literacy initiatives on various channels, we join forces with the Financial Consumer Agency of Canada (FCAC) and other financial institutions to raise public awareness of personal finance so people can make informed decisions.

During Financial Literacy Month, the Bank published a dozen articles on its digital platforms to help clients and the community deal with the economic situation. All of these articles, including one on breaking the taboo around money talk, are available in the [Advice](#) section on [nbc.ca](#).

## Partnership with Quatre95

In 2022, the Bank continued its partnership with Quatre95, a finance blog presented by Urbania. Through a series of videos and articles aimed at Millennials in Quebec, the site demystifies personal finance, helps young adults build a better relationship with money and gives them the tools they need to manage their projects.

Here are some stats on Quatre95 since the partnership started in 2019:

- › 55 regular articles, 6 interactive articles and 34 videos posted
- › 2.8 million unique visitors
- › 4.8 million visits
- › More than 23,400 social media followers

The issues published in 2022 covered important topics that are affecting Millennials today, such as investing, financial stress and mental health, responsible consumer habits and cost of living, and how to carry out major life projects.

## Canadian Bankers Association programs

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.



**"One of the reasons I love my job is having the opportunity to make a difference in the lives of young students. It's great to see them start talking about economics and finance with their parents."**

– David Michaud, Branch Manager in Moncton and speaker in the Your Money Students program

## Quick Answers YouTube series

This series now includes a total of 18 videos on the Bank's YouTube channel, including 6 new ones posted in 2022. These videos, which are tagged as "Quick Answers," explain topics related to personal finance such as tax brackets, investing and buying your first home. They are primarily intended for people in Generation Z and newcomers to Canada.

**The new season has been viewed nearly 600,000 times**

**Overall, these videos have been viewed more than 2 million times since they were launched!**



For more information, check out [National Bank's YouTube channel](#).



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### Answer Bank

The *Advice* section at [nbc.ca](https://www.nbc.ca) includes some 350 articles, videos and podcasts that shed light on a wide range of topics related to managing personal and business finances.

The section also includes a category dedicated to immigration, which presents a wealth of practical information for newcomers to Canada. In 2022, this section had over 2.4 million visits.

For more information, consult the [Advice](#) section on [nbc.ca](https://www.nbc.ca).

## Women's finances

The Bank has developed a series of content aimed at encouraging women to take an active role in managing their finances. In 2022, some of this content was highlighted to mark International Women's Day. Our media campaign, which was viewed 39 million times in Canada, aimed to promote the tools available to women and increase their financial confidence.

The Invest in you virtual conference series aims to make investing more accessible and raise awareness of how important it is for women to actively participate in managing their finances. Over 13,000 people have signed up for these conferences since the series was launched in November 2020.



For more information, consult the [Women's Finances](#) section on [nbc.ca](https://www.nbc.ca).

## Partnership with JA Québec's educational programs

The Bank is among the main partners of JA Québec's educational programs, which offer free training workshops on financial literacy, work readiness and entrepreneurship for young adults and youth aged 10 to 18. Over the past few years, these workshops have been adapted to a number of formats, making them accessible to a larger number of young people:

- › Virtual or in-person workshops in schools that give businesspeople an opportunity to share their professional expertise with young people.
- › The Company Program, offered in schools or as an extracurricular activity, which gives young people a chance to develop and manage their own business under the supervision of their teacher or mentors. This concrete experience develops their leadership skills, helps them learn to collaborate and stimulates creativity.
- › The Junior Entrepreneur program, which allows students to experience the full business lifecycle under the supervision of their teacher.
- › Online workshops accessible at any time via the JA Campus digital learning platform



JA Québec reaches over **8,000 young people** each year and offers nearly **400 workshops** in Quebec. In 2022, Bank volunteers trained **650 students**.





# ABA Bank

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## OUR APPROACH

The Bank complements its Canadian growth with a targeted and rigorous international strategy. Through its subsidiary Advanced Bank of Asia (ABA Bank), it supports individuals as well as micro, small and medium-sized businesses in Cambodia. ABA Bank has experienced one of the highest growth rates on the market. Its assets have grown by 41% on an annualized basis over the past 5 years.<sup>1</sup> ABA Bank’s clients operate in various industries that are central to the Cambodian economy, including retail, services and agriculture.

## 2022 highlights

- › ABA Bank is now the largest bank in Cambodia.
- › 2 new branches were opened, for a total of 81 across the country.
- › ABA Bank now has nearly 2 million clients, mainly individuals and micro, small and medium-sized businesses in Cambodia.
- › Nearly 20% of ABA Bank loans are granted to women or to businesses directed or controlled by women, which supports the advancement of women entrepreneurs in Cambodia.
- › For the eighth and ninth 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 2021 and 2022.



<sup>1</sup> Period from October 31, 2017 to October 31, 2022, in USD.



### ABA Bank's contribution to the Cambodian economy

- › ABA Bank employs over 7,600 people in the capital city of Phnom Penh as well as in rural areas across the country.
- › ABA Bank is the third largest income tax payer in Cambodia; in 2022, it paid \$57 million (USD) in income taxes.
- › Its loan portfolio represents a total amount of nearly \$6.3 billion (USD).
- › ABA Bank supports the development of strategic infrastructure that benefits the country's economy. In 2022, it granted \$30 million (USD) in financing for the construction of a new airport in Phnom Penh.

### Underbanked, unbanked and underserved clients

(SASB CB-240a.4)

Up until a few years ago, many Cambodians did not have access to banking services. Through ABA Bank, the Bank has contributed to increasing the percentage of Cambodians who have access to a bank account. With its 81 branches and 30 self-service banking machines, it now serves nearly 2 million clients.

Loans granted by ABA Bank are accessible to small family-owned businesses, which make up a large portion of the Cambodian economy. ABA Bank contributes to the development of borrowing businesses, increases the financial wellbeing of the families that own them and helps boost the Cambodian economy. In this way, ABA Bank plays an essential role as a financial institution by driving economic and social development.

The Cambodian economy includes a significant number of self-employed entrepreneurs (e.g., street vendors, tuk-tuk drivers). These players in the informal economy generally have little access to traditional banking solutions. Thanks to accessible technology based on smartphones and QR codes, ABA Bank's payment solutions make fast, easy and secure transactions available for everyone, reducing dependence on cash. Electronic payments, which until recently were limited to the largest hotels, restaurants and stores, are therefore now accessible to businesses of all sizes.



<b>Number of borrowers at ABA Bank</b>	100,706
<b>Annual increase in average ABA Bank loan volumes<sup>1</sup></b>	39%
<b>Annual increase in ABA Bank deposit volumes</b>	28%
<b>Number of transactions and annual growth – digital payment solutions</b>	71 million (307%)
<b>Volume of transactions and annual growth – digital payment solutions</b>	\$4.5 billion (USD) (266%)

<sup>1</sup> Average volumes represent the average of the daily balances for the fiscal year.



For more information about loans and deposits in Cambodia, consult the Q4 2022 [Investor Presentation](#) in the *Investor Relations* section of [nbc.ca](#).





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## Community involvement

As a corporate citizen that is committed to giving back to the community, the Bank encourages its subsidiaries to get involved with the communities they serve. In Cambodia, ABA Bank has adopted a corporate responsibility policy that takes into account local realities and the country’s development priorities. In 2022, ABA Bank donated around \$1 million (CAD) to a number of organizations working mainly in three priority areas: health, education and financial literacy.

### Health

ABA Bank supports organizations in the humanitarian aid and health sectors. These include the local chapter of Red Cross, hospitals and medical associations. Thanks in part to a financial contribution from ABA Bank, these organizations were able to continue their work in 2022:

- › COVID-19 vaccination and care
- › Support for communities affected by natural disasters
- › Health and preventive care in rural areas
- › Health and preventive care for marginalized persons
- › Modernization of a regional hospital (serving an area with a population of 500,000) to increase its technical capabilities

### Education

To promote education in general, and especially for academically gifted Cambodians who lack the financial means to continue their studies, ABA Bank supports organizations that implement the following programs:

- › Bursary program
- › Student financial aid program
- › Education program



### Financial literacy and inclusion

ABA Bank makes financial contributions to a number of initiatives that promote financial literacy and encourages its employees to participate actively. In 2022, ABA Bank participated in two activities organized by the National Bank of Cambodia:

- › Let’s Talk about Money: A donation from ABA Bank made it possible to distribute 5,000 educational comic books and hold workshops in primary schools.
- › Little saving is better than none: This initiative aims to promote the importance of saving and financial inclusion to the general public.

In partnership with Angkor Resources, a Canadian company with a presence in Cambodia, ABA Bank has set up a financial literacy program tailored to the needs of Indigenous communities in the rural Ratanakiri province:

- › 8 villages covered
- › Workshops offered in 4 local Indigenous languages to promote participation and understanding
- › 204 participants in the first year of the program, more than 50% of whom were women



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## We Govern According to the Highest Standards

### Our ESG Principles

- › 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





# Corporate Governance

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## OUR APPROACH

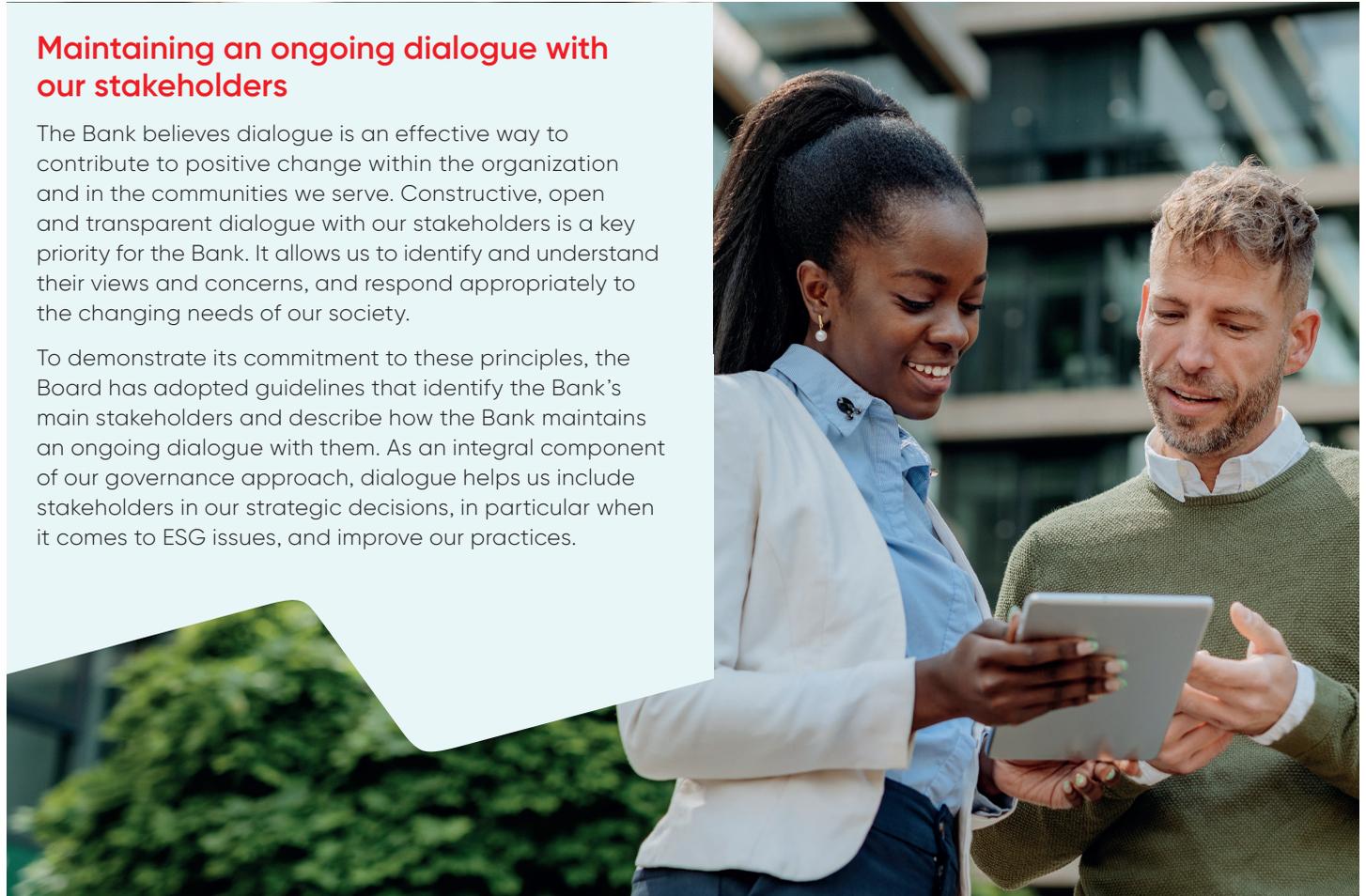
The Bank’s governance is achieved through the collaborative work of the Board of Directors (the Board), senior management and stakeholders. We believe that, by taking concerted action together with our stakeholders, we can continue to sustainably meet the changing needs of our society. At the Bank, ESG criteria and risks are considered key drivers of all our activities. Over the past few years, we have therefore clarified and strengthened our ESG practices.

We believe that it is essential—and in the best interests of the Bank and our stakeholders—to create a corporate governance culture that promotes compliance with applicable best practices and rules while having a positive impact on people’s lives. Integrity, trust and honesty are fundamental to our relationships, and we apply the highest ethical standards in the way we conduct our business.

## Maintaining an ongoing dialogue with our stakeholders

The Bank believes dialogue is an effective way to contribute to positive change within the organization and in the communities we serve. Constructive, open and transparent dialogue with our stakeholders is a key priority for the Bank. It allows us to identify and understand their views and concerns, and respond appropriately to the changing needs of our society.

To demonstrate its commitment to these principles, the Board has adopted guidelines that identify the Bank’s main stakeholders and describe how the Bank maintains an ongoing dialogue with them. As an integral component of our governance approach, dialogue helps us include stakeholders in our strategic decisions, in particular when it comes to ESG issues, and improve our practices.





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Here are some examples of how we maintain a dialogue with our stakeholders, as well as an outline of the main ESG topics addressed in 2022.

Groups of stakeholders	Main activities	Main ESG topics in 2022
<b>Clients</b>	<ul style="list-style-type: none"> <li>› Conversations via Customer Service and the branch network (in person, over the phone, by email, via social media and digital platforms, etc.)</li> <li>› Surveys and focus groups</li> <li>› Educational content on the nbc.ca website and on social media</li> <li>› Complaint handling process</li> <li>› Client Complaint Appeal Office</li> <li>› Discussions and meetings between management/the Board and consumer associations</li> <li>› Meetings during client events</li> </ul>	<ul style="list-style-type: none"> <li>› Remote banking services and digital platforms</li> <li>› Improving the experience in branches</li> <li>› Financial inclusion and access to financial products and services</li> <li>› Financial literacy</li> <li>› Market trends and economic analyses</li> <li>› Financial stress and mental health</li> <li>› Protecting personal information</li> <li>› Sustainable finance</li> <li>› Client satisfaction</li> <li>› Energy transition</li> <li>› Supporting and protecting seniors</li> <li>› Relative importance matrix</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>› Quarterly conferences with the president and other members of management</li> <li>› Internal communication platforms</li> <li>› Surveys and focus groups on the employee experience</li> <li>› Employee Ombudsman's Office and Office of the Ethics Ombudsman</li> <li>› Inclusion and Diversity Council</li> <li>› Employee resource groups</li> <li>› Team meetings</li> <li>› Visits from executives and members of the Board</li> <li>› Employee Voice platform to discuss ideas that would enhance the employee experience</li> <li>› Employee Assistance Program</li> </ul>	<ul style="list-style-type: none"> <li>› Physical wellbeing and mental health</li> <li>› Inclusion and diversity</li> <li>› Data management</li> <li>› Safe work environment (COVID-19)</li> <li>› Employee engagement</li> <li>› Career advancement and professional development</li> <li>› Work/family/personal life balance</li> <li>› Pension plan</li> <li>› Employee benefits</li> <li>› Community involvement</li> <li>› Protecting personal information</li> <li>› Sustainable mobility</li> <li>› Relative importance matrix</li> </ul>





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**Groups of stakeholders**

**Main activities**

**Main ESG topics in 2022**

**Community**

**(and peers, interest and industry groups, regulatory and government authorities, etc.)**

- › Participation in consultations, roundtables, surveys, conferences and forums
- › Participation in charitable events
- › Participation in initiatives led by groups representing various communities and interests
- › Participation in academic research
- › Partnerships with incubators and accelerators
- › Donations and sponsorships program
- › Participation in work groups with our peers
- › Involvement with business and industry associations
- › Media relations
- › Dialogue and meetings between management, the Board and regulatory agencies or other government bodies
- › Disclosure of public reports

- › Donations and partnerships in the areas of education, entrepreneurship, health, sports, community outreach, arts and culture, and inclusion and diversity
- › Consultations regarding regulatory initiatives linked to climate and our environmental commitments, such as the Net-Zero Banking Alliance
- › Climate change and planning for the energy transition
- › Protecting biodiversity
- › Resilience and economic conditions (COVID-19)
- › Canadian household debt and socioeconomic inclusion
- › Affordable housing
- › Indigenous relations
- › Climate standards and reference frameworks

**Shareholders and investors**

**(and analysts, brokers, etc.)**

- › Transaction-free presentations, meetings, calls and discussions with management
- › Transaction-free presentations, meetings, calls and discussions with the Chair of the Board and other Board members
- › Quarterly conference calls and webcasts to present financial results
- › Conferences sponsored by brokers
- › Press releases
- › Investor Relations department
- › Discussions and meetings with management and the Board
- › Annual Meeting (proposals submitted to a vote by management or shareholders, including advisory vote on compensation, and question period)

- › Financial results and sustainable finance
- › Strategic priorities and management of non-financial risks
- › Climate strategy
- › Executive compensation program
- › Inclusion and diversity
- › Communication of information, targets and results for ESG criteria
- › Participation of the President and Chief Executive Officer in economic conferences
- › International commitments and partnerships



For more information, consult the [2023 Management Proxy Circular](#), available in the [Investor relations](#) section of [nbc.ca](#).





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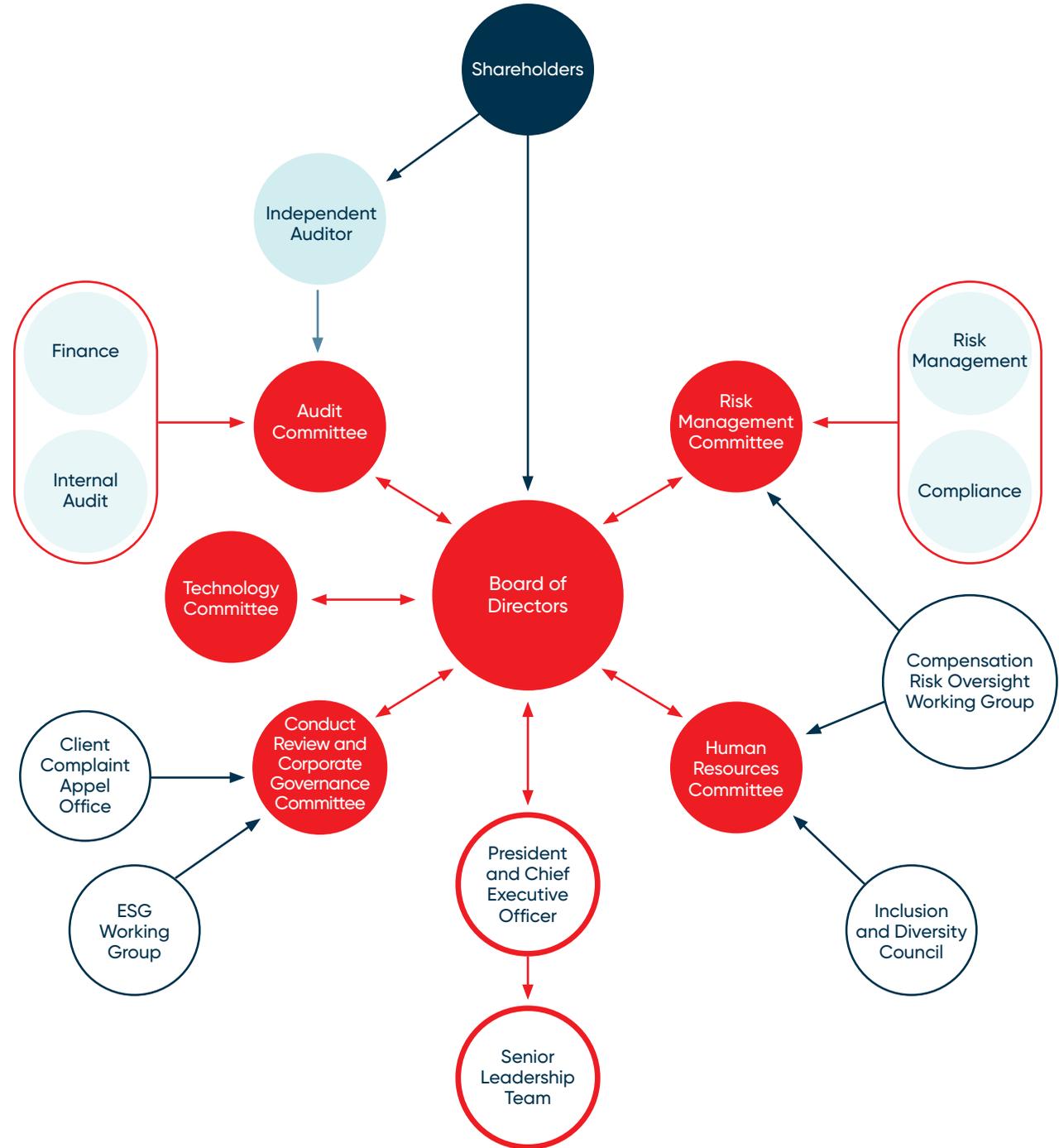
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## The Board and its committees

The Bank's corporate governance consists of a set of structures and policies. It is supported by the Board and its five committees. The chart below illustrates the interaction between committees, oversight functions and the Board.





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**Selection of Board members**

The Board is composed of directors who possess extensive complementary knowledge and skills, as well as the expertise to make active, informed and positive contributions. The mix of knowledge and expertise the Board requires from its members ensures it is able to efficiently and effectively fulfill all aspects of its role. Our directors demonstrate knowledge and skills in the areas of social and environmental responsibility, governance and enterprise culture. This is a great asset to the Board, enabling it to make informed decisions and deliver on its mandate.

All our directors demonstrate:

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

Succession planning is fundamental to strong governance. The Board seeks 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, in addition to 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 implements a framework and procedures to ensure its independence.

**Our key practices (data as at October 31, 2022)**

Board	
Number of directors	15
Average age of directors	61
Independent directors	14/15
Number of Board meetings in fiscal 2022	17
Number of Board committee meetings in fiscal 2022	39
Representation of women on the Board	40%
Representation of women in management <sup>1</sup>	32%
All committee members are independent	✓
Directors elected annually and individually	✓
Limited number of years as director	✓
All directors are financially literate	✓
Meeting attendance requirements met	14/15
Chair and President and Chief Executive Officer are separate roles	✓

<sup>1</sup> Percentage in executive or officer positions (combined).

Board policies	
Majority voting policy for election of directors	✓
Code of Conduct 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	✓
Diversity policy	✓
Subsidiary governance framework	✓



For more information on the rules adopted by the Board to ensure director independence, consult the [Director Independence Policy](#), available in the *Governance* section of [nbc.ca](#).



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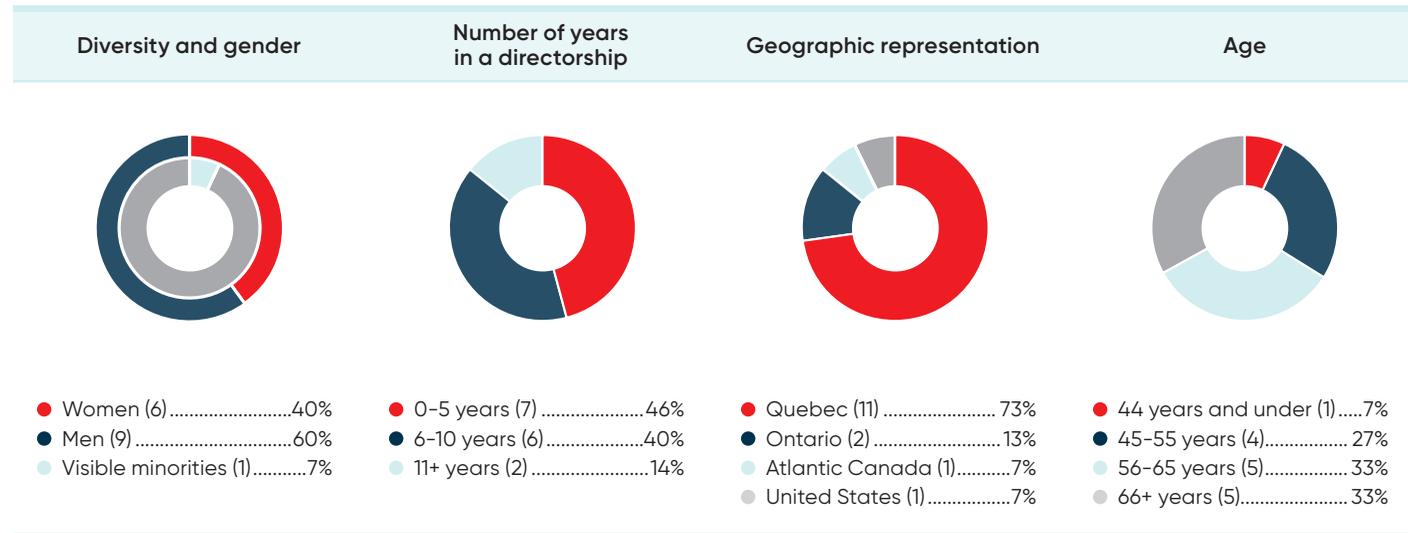
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### Diversity on the Board

Inclusion and diversity are part of the Bank’s core values. We’re committed to promoting diversity at all levels of our organization, including when it comes to the makeup of the Board. The Bank believes it’s important for the Board to reflect the diversity of its stakeholders. In 2022, the Bank renewed its support for the Catalyst Accord, an agreement that unites companies around the goal of increasing the number of women serving on boards of directors in Canada. 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, 2022, 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, membership in designated ethno-cultural and other groups, sexual orientation and geographic origin—that represent the communities in which the Bank is present and conducts its business.**

#### Data points on Board members (as at October 31, 2022)



### Board oversight of ESG criteria

The Board pays close attention to social and environmental criteria in order to meet the changing needs of our society. Our ESG governance framework relies on people at all levels of the organization contributing to our objectives and commitments. This includes directors, who provide oversight of ESG criteria through the various Board committees. In the past few years, the Bank has therefore adopted measures to boost its commitment in this area, notably by updating the mandates of the Board and its committees to include ESG criteria and by rolling out an environmental, social and governance strategy based on the ESG principles adopted by the Board.

The Board ensures ESG criteria are integrated into long-term strategic objectives while overseeing the progress and integration of ESG initiatives and principles. The Board’s committees—the Conduct Review and Corporate Governance Committee, the Risk Management Committee, the Audit Committee, the Human Resources Committee and the Technology Committee—have all been assigned ESG responsibilities according to their respective roles and responsibilities and the expertise of their members. The goal is to ensure the Bank’s activities are conducted in keeping with stringent corporate responsibility standards.

The Board and its committees are supported by management in exercising their functions, notably through the ESG working group and other bodies created to ensure appropriate governance of specific ESG-related topics, such as protection of personal information or inclusion and diversity.



For more information on our governance practices and the main ESG responsibilities and achievements of the Board and its committees in 2022, as well as a full list of training given by the Bank, consult the [2023 Management Proxy Circular](#), available in the [Investor relations](#) section of [nbc.ca](#).



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## ESG working group

Led by the Chief Financial Officer and Executive Vice-President – Finance, the ESG working group is a multidisciplinary team that includes a number of officers from various Bank sectors. Its main duty is to develop and support the Bank's ESG strategy and initiatives. This working group is responsible for implementing the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), the United Nations Principles for Responsible Banking and the Bank's commitments in terms of climate change. Members meet monthly and, at least twice a year, the ESG working group reports to the Conduct Review and Corporate Governance Committee on advances made, as well as on ongoing and upcoming ESG projects. It also gives occasional presentations to the other committees on specific topics of interest, such as the TCFD report.

## Specialized ESG team

This team helps the ESG working group develop the Bank's environmental, social and governance strategy and ensures it is implemented in collaboration with all business sectors. The ESG team interacts with the Board and its committees, as well as with officers and executives, when reporting on progress. It also reports monthly to the ESG working group.

The ESG team maintains a constructive ongoing dialogue with all of the Bank's business lines and with external stakeholders to improve the Bank's ESG practices and related processes.





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## 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 guided by risk assessment and management processes aligned with the Bank's risk appetite as well as with prudent levels of capital and liquidity.

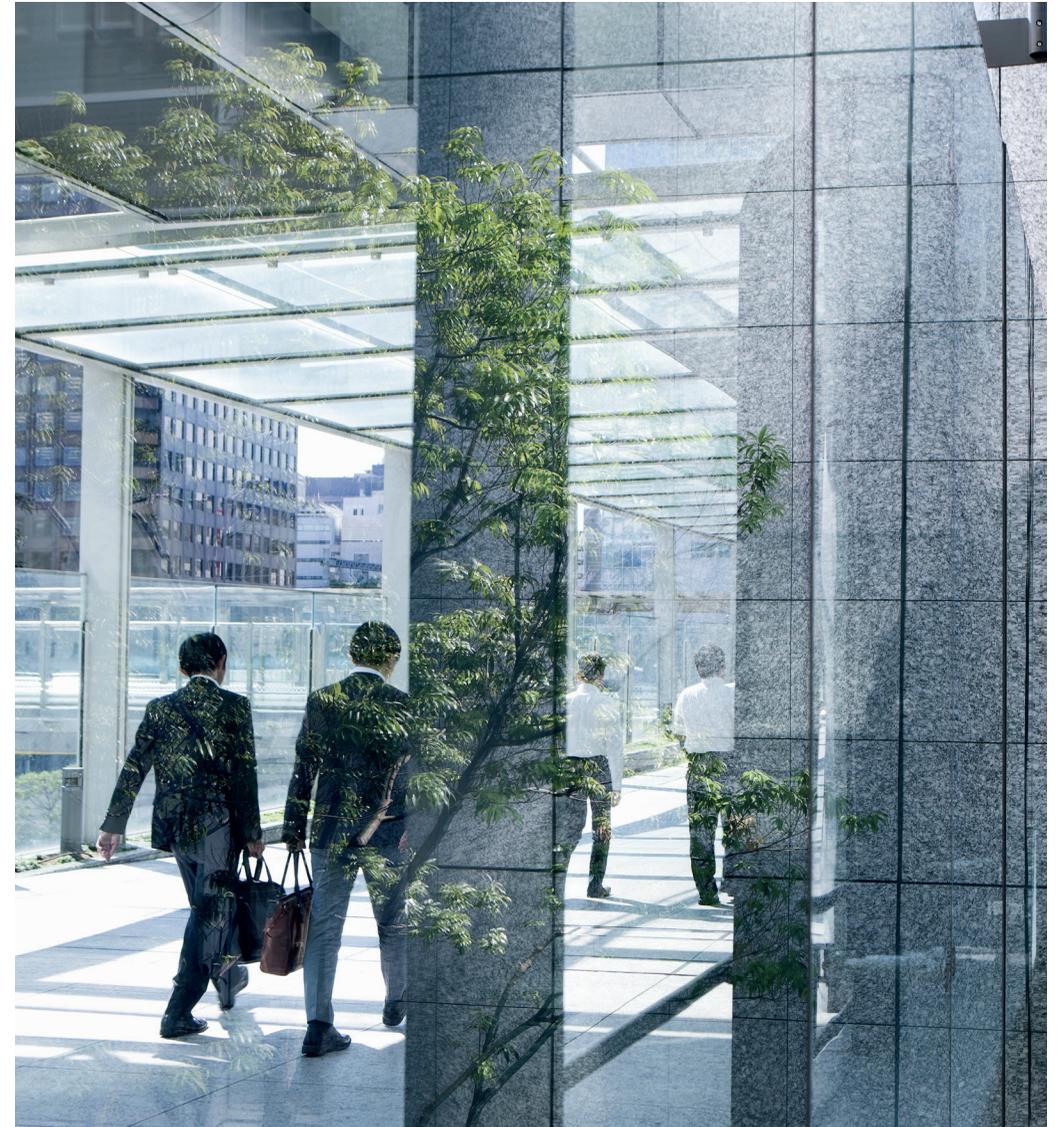


For more information, consult the *Risk Management* section of the [2022 Annual Report](#) on [nbc.ca](#).

### Environmental and social risk management

Environmental and social risk is the possibility that environmental and social matters would result in a financial loss for the Bank or affect its business activities. The Bank is directly exposed to these risks through its own activities and indirectly through the activities of its clients. This risk encompasses many topics, in particular greenhouse gas emissions and waste; the use of energy, water, and other resources; climate change; biodiversity; site contamination; human rights; diversity, equity and inclusion; labour standards and human capital management practices; community health; occupational health and safety; the rights of Indigenous peoples and consultation thereof; as well as cultural heritage. The impact of environmental and social risk could also increase exposure to strategic, reputation, and regulatory compliance risks if the Bank's response is deemed inadequate or it fails to comply with its commitments.

Assessing and mitigating environmental and social risk are integral to the Bank's risk management framework. Environmental and social issues are now central to the Bank's decision-making process and are becoming increasingly strategic matters for the Bank. Taking these risks into consideration could even be viewed as a considerable asset in certain financing or investment transactions, and doing so also contributes to promoting exemplary practices to the Bank's stakeholders.





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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. These ESG principles are integrated into the Bank’s priorities. ESG indicators have been added to various dashboards and are gradually being integrated into our risk appetite framework. Reports on these indicators and the Bank’s commitments are periodically presented to various internal committees and to the Board committees. Furthermore, the Bank’s Code of Conduct clarifies what is expected of all employees in their professional, business and community relations. It provides a framework to ensure compliance with the Bank’s values and guides our actions every day as we conduct our business and build relationships with employees, clients and other parties, helping us create an environment that promotes our One Mission.

ESG criteria continue to be integrated into the Bank’s processes as part of the implementation of its strategy and of the guiding principles adopted by the Board. This integration is being conducted with due diligence, specifically in the credit-granting process, starting with the corporate credit portfolio. For this clientele, the ESG risk analysis framework calls for the collection of information on carbon emissions and includes a climate risk classification (transition and physical risks) based on the industry as well as the scores assigned by ESG rating agencies. Several other criteria are also taken into consideration, in particular the management of waste, labour standards, corporate governance, product liability as well as human rights policies. The Bank plans to gradually expand the collection of such information to clients in other portfolios by adapting the existing process and prioritizing high-emission sectors.

Over the past year, the Bank has continued to quantify its financed greenhouse gas emissions. It plans to set reduction targets for other sectors in accordance with its commitment to the Net-Zero Banking Alliance. It has also continued to analyze crisis simulation scenarios in order to quantify expected losses in the loan portfolio and participated in a disaster risk simulation exercise carried out by the operational risk team. More details will be presented in the 2022 TCFD report.



**Biodiversity**

The Bank is aware of the financial industry’s role in preserving ecosystems, mitigating financial risks resulting from physical, transition and legal obligation risks and serving as a liaison in encouraging investment in activities that protect and restore the environment.

Our environmental risk management policy oversees financing activities in the real estate sector and other sensitive sectors (mining, metallurgy, pulp and paper, agri-food, textiles, landfill, service stations, etc.). The Bank exercises due diligence when granting loans to companies in these sectors, considering environmental criteria and compliance with environmental protection laws governing protected areas, the management of hazardous waste, soil decontamination, etc. The Bank is part of the Biodiversity Community set up by the United Nations Environment Programme – Finance Initiative (UNEP FI) to educate financial institutions on issues related to biodiversity and their financial impact.



For more information on climate risk management at the Bank, consult the TCFD Report, available in the [Corporate responsibility](#) section of [nbc.ca](#).





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## Assessment and compensation of executives

SYNERGY – Executives is the new compensation program for the President and Chief Executive Officer, executive officers and officers. It was rolled out in 2021.

The SYNERGY – Executives program is summarized as follows:

- › A single collective compensation envelope funding the base salary as well as the short-, mid-, and long-term variable compensation of all executive officers and officers.
- › An envelope creation rate that is determined according to a scale that causes the creation rate to gradually decrease as the Bank’s available net income (ANI) increases.
- › A One Mission performance multiplier that increases or decreases the envelope based on the achievement of key indicators, including ESG priorities.



For more information, consult the [2023 Management Proxy Circular](#), available in the [Investor relations](#) section of [nbc.ca](#).

## Independent assessment by the Internal Audit department

The Internal Audit department is an independent body within the Bank. Through the Audit Committee, it provides the Board with objective assurance concerning the effectiveness of key governance, risk management and internal control processes and systems. It also helps enhance the Bank’s long-term financial stability. This department supports management by making recommendations and giving advice to boost the efficiency and effectiveness of these processes and systems.

Internal Audit integrates ESG criteria into its audit mandates. Through its activities, it provides assurance that the governance and risk management mechanisms in effect promote a culture of ethics and integrity across the organization and ensure compliance with the Bank’s ESG commitments.

## Raising awareness to promote ESG at the Bank

The Bank is committed to sustainable development and believes businesses play a critical role in achieving ESG goals. That’s why we’ve rolled out initiatives to raise awareness of our ESG commitments and principles among employees. We’ve released podcasts, presentations and videos to promote ESG within the Bank.

In addition to this content, all employees can access official training, which has been completed by nearly 18,000 employees since it was launched in 2021. This training helps 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.





# Corporate Ethics

## Our Code of Conduct

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

The nature of our work means that clients, colleagues, shareholders and members of the community expect us to be trustworthy and maintain the highest ethical standards.

The Bank's Code of Conduct (the "Code") sets out the basic principles of professional ethics that we must apply, individually and collectively, to deliver on our One Mission.

The Code guides our actions every day. It helps us do what's right and recognize problematic situations, while providing tools so we can assess delicate situations and make responsible, ethical decisions.



### Our ethical principles to achieve our One Mission

1. Be honest and act with integrity
2. Create an inclusive, safe and socially responsible environment
3. Safeguard confidential information and technological networks
4. Avoid conflicts of interest
5. Comply with the law at all times
6. Protect the Bank and its reputation



For more information, consult the *Settling differences impartially and with respect* section on page 59 of this report, as well as the [Code of Conduct](#) on [nbc.ca](#).

In 2022, the Code of Conduct was completely revised to promote better understanding of the expected behaviours while reflecting our culture and ambitions.

- › It sets out a positive, caring approach that reflects our healthy and stimulating work environment.
- › Its reader-friendly format spotlights the key messages.
- › The Code provides concrete examples of ways to apply its principles in real life.

Everyone at the Bank—employees, executives and directors—is required to comply with the Code. Upon their arrival at the Bank, each individual must commit to abide by the Code. They are also required to complete training. We provide communications to raise awareness about targeted subjects and require employees to sign an annual attestation to renew their commitment to the Code. Suppliers and consultants must be aware of and comply with the principles of the Code or the Supplier Code of Conduct, in accordance with the terms of their agreement. The Board of Directors' Conduct Review and Corporate Governance Committee oversees compliance with the Code.

### Creating an ethical work environment by reporting breaches

To promote a culture of ethics and maintain a respectful, welcoming and stimulating work environment, all employees are responsible for immediately reporting any ethical breach or any breach of the Code and other Bank policies, procedures and standards or legislation. Numerous resources are available, many of which allow for anonymous reporting. Depending on the situation, employees may express their concerns to their manager or their manager's manager, the Employee Experience Advisory Centre, the Employee Ombudsman's Office or the Office of the Ethics Ombudsman. Our employees are free to express themselves without fear of reprisals.

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## Human rights

Respecting and protecting human rights and freedoms are among National Bank's fundamental values. We are committed to creating and maintaining a safe, healthy work environment that is free from all forms of workplace discrimination, harassment, violence and intimidation throughout the organization.

The Bank's Human Rights Statement sets out our guidelines, commitments and expectations with respect to human rights. It outlines how the Bank applies its principles in its activities and relationships with various stakeholders.



For more information, consult the [Human Rights Statement](#) on [nbc.ca](#).



## Anticorruption

National Bank of Canada and its centres abroad<sup>1</sup> 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.



For more information, consult the [summary of the Anticorruption Program](#) on [nbc.ca](#).

## Anti-money laundering and anti-terrorist financing

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

National Bank of Canada and its centres abroad<sup>1</sup> have rigorous regulatory compliance management processes, in particular in regards 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/Anti-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, consult the [summary of the Anti-Money Laundering/Anti-Terrorist Financing Program](#) and the [Correspondent Banking Due Diligence Questionnaire](#) on [nbc.ca](#).

<sup>1</sup> "Centres abroad" means branches and subsidiaries of National Bank of Canada that carry out activities outside Canada.



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### Lobbying and public policy

The Bank strives to maintain an open dialogue with all stakeholders to benefit its clients, employees and shareholders. To support the communities we serve while ensuring the strength and resilience of our financial system, we are sometimes asked to share our perspective on public policy.

Ethics are central to all of our decisions. The Bank is committed to being transparent in all its actions and activities with respect to public policy. Our codes and policies, including the Code of Conduct, set out strict ethical standards that all employees must follow. We also take pains to comply with all applicable legislation governing the disclosure of discussions concerning public policy in all jurisdictions where we do business. Moreover, in accordance with regulatory requirements, we submit a report on our activities to the registers of lobbyists set up by the commissioners of lobbying for Quebec and Canada.

The Bank's anti-corruption policy prohibits involvement in any act of corruption, from paying a bribe to being involved in a conflict of interest. The Bank does not support federal or provincial political parties or municipal election candidates, or get involved in any other political activities outside Canada.

The Bank may also share its perspectives on the economy and financial services through the industry associations it is a member of.

## Tax

### Tax Governance

National Bank's approach to taxation is consistent with its overall risk appetite framework, which sets a low tolerance to operational and reputational risk and requires rigorous management of regulatory compliance risk. The Bank's approach is also consistent with and reflects the principles set out in the Bank's Code of Conduct and Ethics. Tax matters are discussed regularly with the Bank's management and annually with the Bank's Audit Committee.

#### The Bank's approach to taxation includes a commitment to:

- › adhere to tax laws and pay all taxes due in the various jurisdictions where it operates
- › only engage in tax planning that supports genuine commercial activity, and to not engage in tax planning aimed at achieving a tax result that is contrary to the intentions of legislators in the jurisdictions where it operates
- › comply with the arm's length principle and applicable OECD transfer pricing guidelines applicable to intergroup transactions
- › maintain a transparent and constructive relationship with tax authorities, based on cooperative, supportive and professional interaction

#### The Bank's approach also includes the following elements:

- › Employing qualified tax professionals, and retaining qualified independent tax professionals, where appropriate, to provide advice on interpretation of tax law and compliance and reporting
- › Monitoring domestic, foreign, and international developments (including those of the OECD) as they relate to taxation
- › Periodic review of the tax function's processes and procedures by the Bank's Financial Governance and Internal Audit functions to ensure such processes and procedures are effective in achieving tax data integrity and comprehensive tax reporting

In addition, the Bank publishes an annual UK Tax Strategy in relation to its UK branches' activities, and has adopted the UK Code of Practice on Taxation for Banks.<sup>1</sup>

<sup>1</sup> To the extent required for small banks, as provided in section 285(11) *Finance Act 2014*, and statement published by HMRC.



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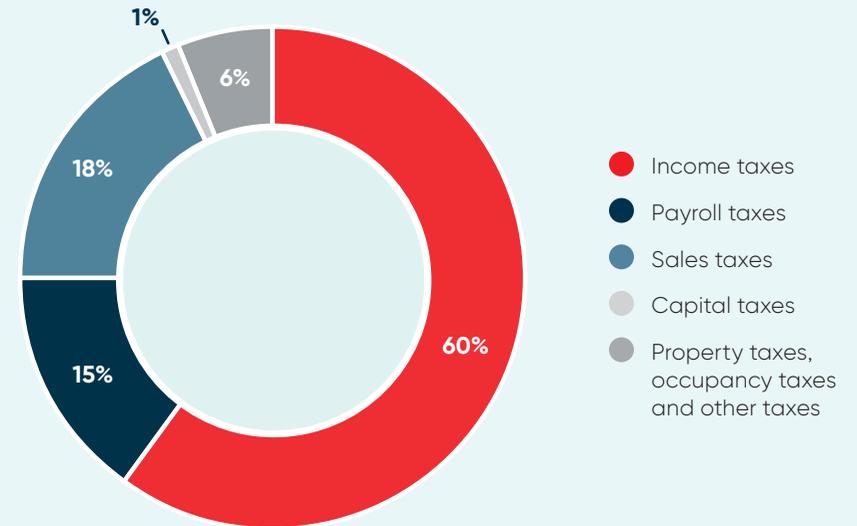
## Income tax and Other Taxes Paid or Payable

As a corporate citizen, National Bank paid \$1.37 billion in income taxes and other taxes in Canada for the fiscal year ended October 31, 2022. 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 were paid. Since the Bank also ensures that it adheres to the tax laws in every country where it does business, it also paid \$162 million in income taxes outside Canada during the fiscal year ended October 31, 2022. For more information, please consult the [2022 Annual Report](#).

### Income taxes and other taxes paid or payable (in thousands of CAD)

	2022	2021
Income taxes and other taxes in Canada <sup>1</sup>	\$1,371,248	\$1,299,186
Income tax outside of Canada	\$162,068	\$123,828
Total effective tax rate <sup>2</sup>	31.8%	31.5% <sup>3</sup>

Distribution of taxes paid or payable in Canada



1 Includes income taxes, capital taxes and other taxes. For more information, see page 9 of the 2022 Corporate Social Responsibility Statement.

2 Percentage is equal to total taxes paid divided by pre-tax income. The statutory tax rate was 26.5% in 2022 (for more information on income taxes, see Note 24 in the [2022 Annual Report](#)).

3 The pre-tax income used to calculate the total effective tax rate has been adjusted to reflect an accounting policy change applicable to cloud computing arrangements. For more information, consult Note 1 in the [2022 Annual Report](#).



# Responsible Corporate Citizen

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## Responsible sourcing

In line with its commitment to reduce its environmental and social impact and seize opportunities related to sustainable development, the Bank is continuing to implement a responsible sourcing strategy.

In 2022, we established an action plan that resulted in the following achievements:

- › Creation of a network of responsible sourcing ambassadors at the Bank.
- › Publication of a new [Supplier Code of Conduct](#) that integrates ESG considerations to specify the Bank's expectations of its suppliers. This new code will gradually be integrated into agreements with suppliers.
- › Update of the [Suppliers](#) section on [nbc.ca](#): Two supplier selection criteria linked to ESG principles and the Bank's values have been added.
- › Consultation with business lines to measure their knowledge of responsible sourcing and evaluate their processes to prepare for the integration of additional ESG criteria into the supplier selection process.
- › Identification of all Bank stakeholders associated with responsible sourcing and assessment of their level of interest and impact to refine our responsible sourcing strategy.
- › Rollout of responsible sourcing training for advisors who negotiate with suppliers.
- › Implementation of follow-up indicators associated with the action plan.

Guided by LEED and WELL certification criteria, we continued the construction of our new head office. As at October 31, 2022, 80% of furnishings and interior design components were acquired from local suppliers in Quebec or elsewhere in Canada.

In light of the Bank's ESG principles, our responsible sourcing strategy aims to:

- › Maintain an ongoing dialogue with our suppliers
- › Work with them to transition towards a more sustainable approach

## Third-party risk management

In accordance with sound, effective third-party risk management practices, the Bank requires:

- › Its suppliers to adhere to values similar to those outlined in the [Code of Conduct](#), which have been set out in a new [Supplier Code of Conduct](#)
- › A due diligence review of suppliers' finances and information security standards
- › The use of risk and performance indicators
- › Oversight during contractual relationships with suppliers

The Bank defines its risk appetite by assessing tolerance thresholds and alignment with the business strategy and by integrating risk management into its corporate culture. Before beginning a relationship with a third party, the business line must carry out a due diligence review of the third party to assess risk. The Sourcing sector, as well as any other sector whose expertise could contribute to this assessment, must be involved from the start. The due diligence review addresses:

- › The third party's competencies and financial soundness
- › Information security
- › Cybersecurity
- › The agreement's compliance with the Bank's regulatory requirements concerning anticorruption and anti-money laundering/anti-terrorist financing
- › Protection of personal information
- › Consumer protection



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## Responsible marketing

The Bank is concerned about its impact on the environment and society and has therefore integrated many sustainable development practices into its marketing activities. When choosing suppliers, we aim to support local businesses and the next generation of entrepreneurs. We also take various stakeholders into consideration when planning events. Promotional material is stored and reused. Furthermore, the Bank prioritizes partnerships with organizations that care about their impact on people and the planet, such as Tennis Canada, which has drafted a sustainable development plan for the National Bank Open.

In line with its commitment to reduce the carbon footprint of its operations (including the paper consumed in its supply chain) by 25% by the end of 2025, the Bank prefers to use digital platforms rather than printed documents. For regulatory documentation that must be printed, we rely on a local printing supplier that uses 100% FSC-certified<sup>1</sup> paper.

We are committed to reflecting the diversity of the communities we serve in our advertising material and in the talent we choose to work with. Marketing content is approved further to collaboration between marketing teams and internal experts in inclusion and diversity.

Each promotional item in the Bank's official collection must meet at least one of the following criteria: produced locally in Canada; composed of recycled, biodegradable, reusable, organic or FSC-certified<sup>1</sup> material; energy-efficient; recyclable; or produced by an outreach organization or a cooperative that promotes diversity.



<sup>1</sup> Paper sourced from certified forests.



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# Information Security

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



## OUR APPROACH

We're undergoing a digital shift, where sound management of data and personal information is essential to combat increasingly frequent and sophisticated attacks. The Bank is making the necessary investments to protect its clients' personal information and assets and ensure the continuity of its activities.

## Cybersecurity

### Strategic planning

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

Our processes, IT solutions, and culture of security help protect our clients and employees. Our strategy is therefore aligned with three main pillars:



**1. People:** We believe that our employees are an integral part of our defences and central to our strategy for counteracting cybersecurity risks. For this reason, we provide the employee training needed to instill a culture of security across the organization. Our objective is to increase awareness for both our employees and our clients in order to equip them so that they are ready to react to malicious actions.



**2. Processes:** We promote collaborative risk reduction processes that are simple and agile, and we review them regularly.



**3. Technology:** We continuously enhance our security by focusing on four cornerstones: identity and access management, monitoring, data protection, and asset protection.

Our objective for the coming years is to continue developing the resiliency of information security within the Bank. We will do this by aligning our strategy with our business ambitions, having a positive impact on clients by promoting the adoption of secure practices, and optimizing the integration of cybersecurity into our activities.

### Governance model

The confidentiality and integrity of all data and personal information and the availability of our systems are crucial to maintaining the trust of our clients and partners alike. That is why we are committed to pursuing our efforts to mitigate IT and human risks while ensuring a strong information security culture.

Over the past year, several collaborative activities have helped us to further develop our cybercrime fusion centre. This constantly evolving centre brings together experts in cybersecurity, fraud, corporate security, operations, and infrastructure to prevent all types of internal and external cyber threats. Our ultimate goal is to make it easier to communicate information and share data while streamlining technical oversight to respond more quickly and effectively to threats to the Bank.

Furthermore, we are pursuing our cybersecurity program initiatives designed to quickly adapt our identification, protection, monitoring, detection, and incident response capabilities to deal with changing threats and risks.

We've also implemented a governance model that includes reporting on the effectiveness of activities, and it supports decision-making based on sound management of internal, external, and third-party risk while being aligned with business priorities.



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Each quarter, the Board's Technology Committee is kept informed of the cybersecurity risk level and activities carried out to improve our cybersecurity position, as well as trends and new developments in the field.

This governance model is supported by a clear definition of roles and responsibilities that forges strong partnerships and promotes close collaboration among 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, personal information protection, and fraud.

The overview allows for optimal coverage of the security requirements identified through cybersecurity risk assessment and prioritization of action plans. It is facilitated by the implementation of a constantly evolving cybersecurity 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 risks, predict and defend against current and future attacks, and ensure a return to normal.

Furthermore, we carry out rigorous assessments of the security practices of the various partners and suppliers whose services and technology we use. We work closely with incident support teams to carry out exercises that properly prepare us for various eventualities.

We have taken out insurance to reduce the impact of possible cyberattacks. In the event of a cyberattack, this insurance protects us financially and helps us with IT and public relations aspects. Annual internal and external audits assess the key governance, risk management, and internal control processes and systems in place to manage the cybersecurity risks faced by the Bank.

### 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 its 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 such as 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), including conferences with internal and external partners and collaborators.
- › 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. Business Information Security Officers (BISOs) in each sector represent the Chief Information Security Officer. They help incorporate security into our cross-sector business strategies and priorities and manage cybersecurity risks on an ongoing basis.
- › We provide tools and environments to guarantee quality delivery and a significant reduction of existing risks by ensuring that data security measures are integrated into projects right from the start and throughout their IT lifecycle.



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### Monitoring and responding to incidents

In accordance with industry best practices, the Bank continues to invest in order to continuously monitor events to detect and identify any malicious actions that could pose a threat to the security and processing of 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 monitoring, detection, and incident response measures. This intrusion testing is carried out by both a dedicated internal team and recognized external firms.

We have a team of specialists that deploys tactical, operational, and strategic intelligence to prevent and analyze cyber threats. The team collaborates with multiple stakeholders in the Bank and the banking industry, relying on Canadian and international sources to stay up to date on current threats and be ready to respond to incidents.

Our internal site sets out processes for employees to report security incidents or suspicious events so that our cybersecurity teams can quickly take charge of the situation. When an incident is detected by our team or reported by an employee, our experts immediately analyze it, contact the person who reported it, or anyone else involved, and put the necessary measures in place to protect the Bank, its clients, and its employees.

Threat readiness is an integral part of the Bank's cybersecurity risk reduction strategy. In accordance with industry practices, the Bank actively manages and improves its response plan for incidents involving information security. Our plan complies with industry regulatory requirements and is updated annually. We carry out testing every year 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 information security.
- › 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.
- › Forming and maintaining strategic partnerships with the various members of the cybersecurity ecosystem, including governments, educational and research institutions, Cybereco, and other financial institutions, in particular the members of the Canadian Bankers Association and major firms in the financial industry.
- › Introducing a training program for all new employees that addresses social engineering, phishing, passwords, and data protection, as well a training program for our managers.
- › Providing a cybersecurity program that acts as a roadmap for structuring and guiding the Bank's evolving policies, procedures, standards, and governance objectives to determine its risk tolerance and establish controls to mitigate risks. This framework lays the foundation for the continuous development of the Bank's cyber resiliency.





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### 2022 highlights

- › We were a partner for the first International Cybersecurity Forum (FIC) held in North America and our Chief Information Security Officer participated in a conference on cybersecurity in the financial industry.
- › We worked closely with members of Cybereco to create the Cyber talents program to raise student awareness about careers in cybersecurity. The program included several presentations at five Quebec universities about career paths in cybersecurity.
- › We updated our awareness program for all employees at the Bank, which is intended to instill a security culture in the organization:
  - We offer four mandatory cybersecurity training sessions, completed by over 86% of employees, and a gamified training program for client-facing employees.
  - Information security is part of our annual regulatory compliance training program and is completed by 99% of Bank employees.
  - We updated the program for new Bank employees.
  - We regularly conduct different types of phishing tests for our employees with varying levels of difficulty. In 2022, we carried out 13 Bank-wide campaigns, including several targeted campaigns for our business lines.
- › We are a founding member and member of the management committee and a financial partner of the Research Chair in Cybercrime Prevention at Université de Montréal and the NSERC/National Bank/Desjardins Industrial Research Chair in Cybersecurity at the Polytechnique Montréal.
- › We revamped our ABCs of security web page that informs clients about what the Bank is doing to protect them and provides articles and advice to help ensure the security of their banking information and transactions. In this way, we help raise clients' awareness about protecting themselves against cyberattacks and fraud.
- › We made financial contributions to several specialized organizations, including Cybereco.
- › We were a key partner of the 2nd edition of the Cybereco Cyberconference, which included involvement and support from our teams of experts.



- › We worked closely with the founding members of Cybereco to update the Cybersecurity Awareness Kit for Quebec businesses. Businesses are offered a variety of tools, including turnkey kits on four key cybersecurity topics: phishing, passwords, impersonation fraud, and working remotely.
- › We helped revamp the Cybereco website.
- › We provided grants to CyberCap, the first digital incubator in Quebec. These investments supported the rollout of digital citizenship training to more than 20 public high schools in Montreal and Quebec City.



## Data management

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 with regard to data, and we strive to balance value creation with sound risk management.

To deliver on this mission, the Chief Data Officer is responsible for developing a sustainable vision for managing data and using it effectively, which is regularly presented to the Senior Leadership Team and the Board of Directors.

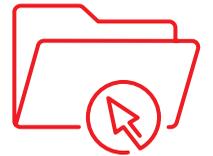
More specifically, our federated model for data management is based on the following principles:

- › Foundations that ensure continuous improvement of data exposure, for the benefit of all parties.
- › Enhanced expertise and knowledge to ensure greater analytical maturity across the organization.
- › Support for stakeholders in helping them understand and adhere to data governance best practices.
- › Data practices that standardize our approach and allow us to share expertise in terms of:
  - Data management
  - Data engineering
  - Data science
- › Creating multidisciplinary teams to promote a data-oriented cultural shift.

### The Bank has developed:

- The Data Academy, which develops educational content to promote data literacy and build a learning community across the organization.
- The Rotation Program for data scientists and data engineering analysts, which develops the full potential of talented data resources and promotes their integration into the various business lines.

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.





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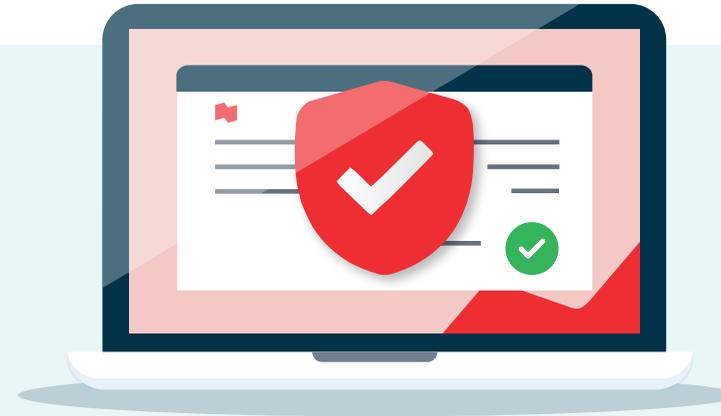
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## Protecting personal information

The Bank takes the necessary measures to protect its clients' personal information and applies strict principles concerning how it collects, uses and shares information.

**91%** of employees took the annual training on the protection of personal information

Based on best practices, 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, executives and clients all play a role in mitigating risks associated with protecting personal information.



In 2022, the Bank continued to roll out initiatives to train, inform and raise awareness among various stakeholders:

- ✔ We updated the Bank's Privacy Policy, communicated the update to clients and provided employees with training on this topic.
- ✔ We rolled out a new annual training, completed by 91% of employees, on the Bank's commitment to maintaining the relationship of trust it has forged with its clients by making sound and responsible use of their personal information.
- ✔ We continued our Annual Regulatory Compliance Training, which includes a section on protecting personal information.
- ✔ We continued mandatory training for all new hires on protecting personal information.
- ✔ Each year, all employees sign the [Code of Conduct](#), which sets out our obligations regarding confidential information.

🔗 For more information on the Bank's practices, consult the Privacy Booklet, available in the [Codes and Commitments](#) section of [nbc.ca](https://www.nbc.ca).



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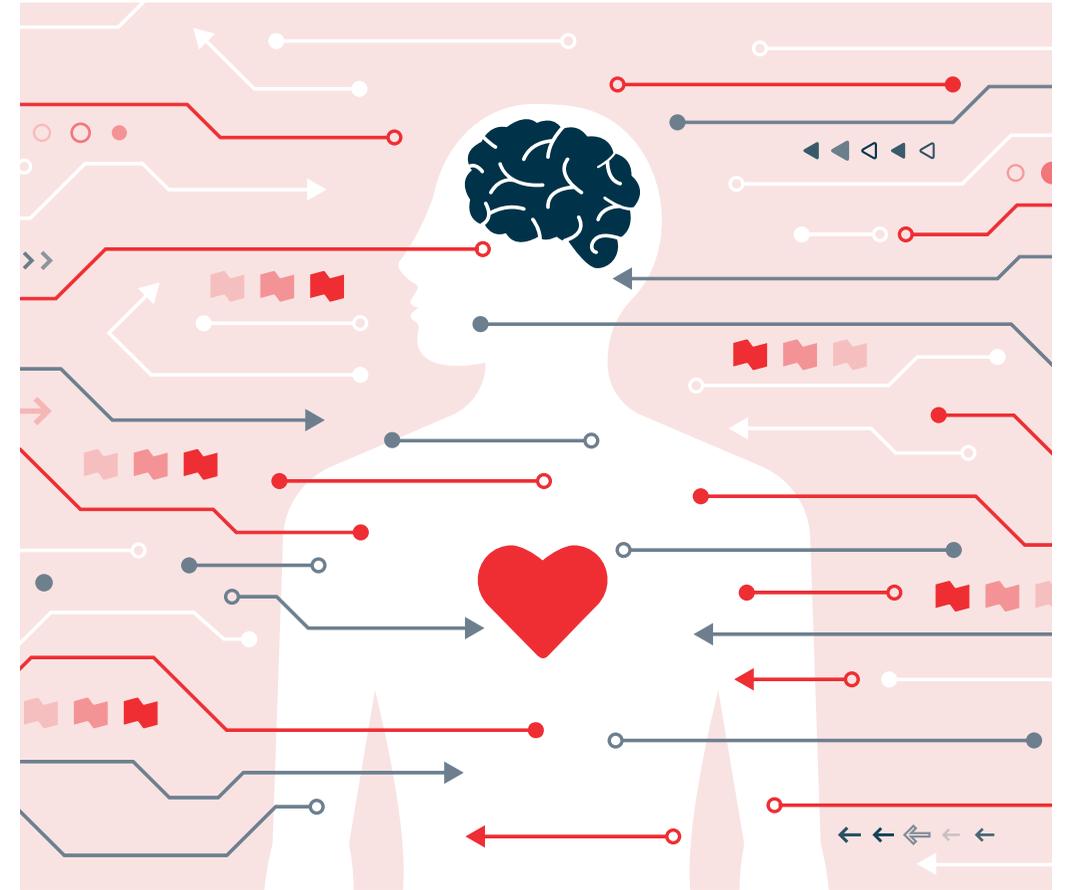
## Artificial intelligence

For the Bank, using artificial intelligence (AI) and advanced analytics technology 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](#). The concept of innovating with integrity has been added to our Code to anchor our use of AI 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 part of our model risk management framework. This program includes concrete measures applicable to development and oversight teams. As such, various awareness and training activities have been conducted across the Bank's various sectors, for business development and scientific teams as well as for employees in the second and third lines of defence. Performance indicators have also been established to track our equity practices. For example, each year we track the effective adoption rate of the program through the analytical solutions we rolled out over the previous year. In 2022, the adoption rate stood at 100% (versus the target of 90%).

The Bank also invests in AI to enhance the client experience. We've developed a machine learning model that proactively identifies clients who are approaching the transaction limit for their banking package. These clients are then informed that exceeding their transaction limit will trigger excess transaction fees, and that other packages are available that may be better suited to their consumer habits. Clients can then decide if they want to change their habits or take out a more suitable package.

The Bank is an active player in the Quebec, Canadian and international ecosystem surrounding responsible artificial intelligence and is committed to keeping abreast of best practices and the latest developments. It participates in roundtables and panels to share its thoughts and progress regarding artificial intelligence ethics with other actors.



Lastly, it encourages employees to share their expertise on the 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 financial companies.



# Our SASB Disclosure

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**Our SASB Disclosure**

SASB Disclosure	Accounting Metric	2022 Disclosure
<b>Financial Sector – Commercial Bank</b>		
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 Privacy Booklet available in the <a href="#">Codes and commitments</a> section on <a href="#">nbc.ca</a> . Please also consult the <i>Top and Emerging Risks</i> section on pages 70 to 75 of the <a href="#">2022 Annual Report</a> . National Bank (the Bank) does not disclose this information.
CB-230a.2	Description of approach to identifying and addressing data security risks	The Bank discloses how it manages information security risks on pages 88 to 91 of the 2022 ESG Report. Please also consult the <i>Top and Emerging Risks</i> section on pages 88 to 91 of the <a href="#">2022 Annual Report</a> .
CB-240a.1	(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development	The Bank is a key lender for small businesses: 78% of its Canadian business clients received loans under \$250,000 in 2022. The Bank also supports community development by financing some 630 clients that offer social programs, including housing and early childhood development, for an amount of about \$1.25 billion.
CB-240a.3	Number of no-cost retail chequing accounts provided to previously unbanked or underbanked customers	As at October 31, 2022, the Bank had 242,110 chequing accounts with no fixed monthly fees.
CB-240a.4	Number of participants in financial literacy initiatives for unbanked, underbanked or underserved customers	The 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 pages 38, 65 to 67 and 69 of the 2022 ESG Report.
CB-410a.1	Commercial and industrial credit exposure, by industry	The Bank discloses its exposure to credit risk by industry on page 21 of the Q4 2022 <a href="#">Supplementary Regulatory Capital and Pillar 3 Disclosure</a> document, available on <a href="#">nbc.ca</a> .
CB-410a.2	Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis	In accordance with our TCFD roadmap, we're continuing to optimize our processes for integrating ESG factors into our credit analyses. Our TCFD Report is available in the <a href="#">Corporate responsibility</a> section on <a href="#">nbc.ca</a> . For more information, please consult the <i>Governance – Risk Management</i> section of the 2022 ESG Report on page 79.
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	The 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 various types of legal remedies. However, the Bank does not believe that any proceedings it is involved in could have a material negative impact on its consolidated financial position. Please refer to Note 26 (Guarantees, Commitments and Contingent Liabilities) on pages 215 to 217 of the <a href="#">2022 Annual Report</a> .
CB-510a.2	Description of whistleblower policies and procedures	Please refer to the <i>Governance – Our Code of Conduct</i> section on page 82 of the 2022 ESG Report.



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SASB Disclosure	Accounting Metric	2022 Disclosure
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 score.
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 reviewed by the Board or its committees. The Bank also performs stress testing and crisis simulations in certain sectors of activity and key portfolios. These tests and simulations primarily cover credit, market and liquidity risk and capital. For more information, see pages 55, 66, 79, 89, 90 and 93 of the <a href="#">2022 Annual Report</a> .
CB-000.A	(1) Number and (2) value of chequing and savings accounts by segment: (a) personal and (b) small business	The Bank had an average deposit volume <sup>1</sup> of \$38,835 million for its Personal segment and \$47,076 million for its Commercial segment in Q4 2022. For more information, see the Q4 2022 <a href="#">Analyst and Investor Presentation</a> on <a href="#">nbc.ca</a> . As at October 31, 2022, there were over 2 million chequing and savings accounts for the Personal segment and over 190,000 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 2022, the Bank had an average volume <sup>1</sup> of \$94,526 million in personal loans and bankers’ acceptances <sup>2</sup> and \$50,006 million in business loans and bankers’ acceptances. For more information, see the Q4 2022 <a href="#">Analyst and Investor Presentation</a> on <a href="#">nbc.ca</a> . The Bank discloses 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 10 of the <a href="#">2022 Corporate Social Responsibility Statement</a> . The Bank also discloses its average loans and acceptances for corporate banking on page 9 of the Q4 2022 <a href="#">Supplementary Financial Information</a> document on <a href="#">nbc.ca</a> .

Financial Sector – Consumer Finance

CF-220a.2	Total amount of monetary losses as a result of legal proceedings associated with customer privacy	The 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 various types of legal remedies. However, the Bank does not believe that any proceedings it is involved in could have a material negative impact on its consolidated financial position. Please refer to Note 26 (Guarantees, Commitments and Contingent Liabilities) on pages 215 to 217 of the <a href="#">2022 Annual Report</a> .
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 Privacy Booklet available in the <a href="#">Codes and commitments</a> section on <a href="#">nbc.ca</a> . Please also consult the <i>Top and Emerging Risks</i> section on pages 70 to 75 of the <a href="#">2022 Annual Report</a> . The Bank does not disclose this information.

1 Average deposits represent the average of the daily balances for the fiscal year.  
2 Loans and acceptances represent the total balance of loans and clients’ liabilities under acceptances.



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SASB Disclosure	Accounting Metric	2022 Disclosure
CF-230a.3	Description of approach to identifying and addressing data security risks	Refer to the answer for standard <a href="#">CB 230a.2</a> .
CF-270a.2	Approval rate for (1) credit and (2) pre-paid products for applicants with FICO scores above and below 660	Although the Bank does not disclose this data, the average value, loan-to-value ratio <sup>1</sup> and average credit score for its portfolio of Canadian mortgage loans and home equity lines of credit can be found on page 17 of the Q4 2022 <a href="#">Analyst and Investor Presentation</a> on <a href="#">nbc.ca</a> . Moreover, additional information on the credit quality of our loan portfolio can be found on pages 77 and 78 and in the <i>Credit Quality of Loans</i> section of Note 7 starting on page 172 of the <a href="#">2022 Annual Report</a> .
CF-270a.5	Total amount of monetary losses as a result of legal proceedings associated with selling and servicing of products	The 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 various types of legal remedies. However, the Bank does not believe that any proceedings it is involved in could have a material negative impact on its consolidated financial position. Please refer to Note 26 (Guarantees, Commitments and Contingent Liabilities) on pages 215 to 217 of the <a href="#">2022 Annual Report</a> .
CF-000.B	Number of (1) credit card accounts and (2) pre-paid debit card accounts	As at October 31, 2022, we have had over 950,000 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	The 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 various types of legal remedies. However, the Bank does not believe that any proceedings it is involved in could have a material negative impact on its consolidated financial position. Please refer to Note 26 (Guarantees, Commitments and Contingent Liabilities) on pages 215 to 217 of the <a href="#">2022 Annual Report</a> .
MF-270b.1	(1) Number, (2) value, and (3) weighted average loan-to-value ratio of mortgages issued to (a) minority and (b) all borrowers, by FICO scores above and below 660	Although the Bank does not disclose this data, the average value, loan-to-value ratio and average credit score for its portfolio of Canadian mortgage loans and home equity lines of credit can be found on page 17 of the Q4 2022 <a href="#">Analyst and Investor Presentation</a> on <a href="#">nbc.ca</a> . For more information on our portfolio of residential mortgage loans, see page 21 of the Q4 2022 <a href="#">Supplementary Financial Information</a> document on <a href="#">nbc.ca</a> .
MF-270b.3	Description of policies and procedures for ensuring non-discriminatory mortgage origination	The Bank complies with all anti-discrimination laws and regulations. In addition, the Bank's <a href="#">Code of Conduct</a> applies to everyone at the Bank (employees, directors and officers). The Code of Conduct establishes a zero-tolerance policy for any type of discrimination.
MF-000.A	(1) Number and 2) value of mortgages originated by category: (a) Residential and (b) commercial	The Bank discloses the value of its commercial and residential mortgages and the value of loans by category on page 31 of the Q4 2022 <a href="#">Analyst and Investor Presentation</a> on <a href="#">nbc.ca</a> . For more information on our portfolio of residential mortgage loans, see page 21 of the Q4 2022 <a href="#">Supplementary Financial Information</a> document on <a href="#">nbc.ca</a> .

1 The loan-to-value ratio is calculated based on the total facility amount for residential mortgages and home equity lines of credit divided by the value of the related residential property.



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MF-000.B	(1) Number and (2) value of mortgages purchased by category: (a) residential and (b) commercial	For more information on our portfolio of residential mortgage loans, see page 21 of the Q4 2022 <a href="#">Supplementary Financial Information</a> document on <a href="#">nbc.ca</a> .
<b>Financial Sector – Investment Banking and Brokerage</b>		
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	The Bank presents its inclusion and diversity strategy, indicators and targets in its Inclusion and Diversity Booklet, available on the <a href="#">Inclusion and Diversity</a> page on <a href="#">nbc.ca</a> .
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>Social – Sustainable bonds for eco-friendly projects and organizations</i> section of the 2022 ESG Report on page 44 as well as to the <a href="#">Capital and debt</a> section on <a href="#">nbc.ca</a> .
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 <a href="#">CB 510a.1</a> .
IB-510a.2	Description of whistleblower policies and procedures	Refer to the answer for standard <a href="#">CB 510a.2</a> .
IB-510b.3	Total amount of monetary losses as a result of legal proceedings associated with professional integrity, including duty of care	The 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 various types of legal remedies. However, the Bank does not believe that any proceedings it is involved in could have a material negative impact on its consolidated financial position. Please refer to Note 26 (Guarantees, Commitments and Contingent Liabilities) on pages 215 to 217 of the <a href="#">2022 Annual Report</a> .
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 <a href="#">Code of Conduct</a> , 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 <a href="#">CB 550a.1</a> .
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 <a href="#">CB 550a.2</a> .





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SASB Disclosure	Accounting Metric	2022 Disclosure
IB-000.A	(1) Number and (2) value of (a) underwriting, (b) advisory, and (c) securitization transactions	The Bank acted as: a) Underwriter for 146 transactions with a nominal value of over \$100 billion b) Agent for 216 transactions with a nominal value of over \$250 billion c) Agent for 19 securitization transactions with a nominal value of over \$15 billion
<b>Financial Sector – Asset Management and Custody Activities</b>		
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	The 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 various types of legal remedies. However, the Bank does not believe that any proceedings it is involved in could have a material negative impact on its consolidated financial position.  Please refer to Note 26 (Guarantees, Commitments and Contingent Liabilities) on pages 215 to 217 of the <a href="#">2022 Annual Report</a> .
AC-270a.3	Description of approach to informing customers about products and services	Employees of the Bank are bound by the principles to protect clients set out on page 10 of the <a href="#">Code of Conduct</a> . Please refer to the <i>Social – Providing our clients with appropriate advice and information on our products and services</i> section on page 33 of the 2022 ESG Report.  The Bank also adheres to regulations that apply to all of its operations, including consumer protection regulations that require us to be transparent with our clients. The Human Resources Committee reviewed the Bank’s compensation practices in 2021 and continues to do so periodically.
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 <a href="#">IB 330a.1</a> .
AC-410a.1	Amount of assets under management, by asset class, that employ (1) integration of environmental, social, and governance (ESG) issues, (2) sustainable investing, and (3) screening	(1) Through its open architecture business model, National Bank Investments (NBI) entrusts the management of its funds and investment solutions to external portfolio managers. 98% of NBI’s assets under management (\$52.84 billion, excluding cash) as at October 31, 2022 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.  (2) NBI offers a range of products focused on sustainable development. These products represent \$1.69 billion in actively managed equities and \$492 million in actively managed fixed income securities.  (3) NBI supports the exclusions applied by external managers, whether or not they are based on a legal obligation (national/international legislation, prohibitions or treaties) or on minimal requirements for practices under international standards. Our exclusion strategy was subject to a research initiative in 2022; the conclusions of this initiative will be implemented and communicated in 2023.  For more information, see the <i>Social – Responsible Investment</i> section on pages 41 to 43 of the 2022 ESG Report.
AC-410a.2	Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment and/or wealth management processes and strategies	NBI discloses how it integrates ESG criteria into its OP4+ process. For more information, see the <i>Social – Responsible Investment</i> section on pages 41 to 43 of the 2022 ESG Report and <a href="#">nbinvestments.ca</a> .



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**Our SASB Disclosure**

SASB Disclosure	Accounting Metric	2022 Disclosure
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 <a href="https://nbinvestments.ca">nbinvestments.ca</a> .
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 <a href="#">CB 510a.1</a> .
AC-510a.2	Description of whistleblower policies and procedures	Refer to the answer for standard <a href="#">CB 510a.2</a> .
AC-000.A	(1) Total registered and (2) total unregistered assets under management (AUM)	In Q4 2022, the Bank had \$112.3 billion in assets under management. For a breakdown of this data, please refer to page 7 of the Q4 2022 <a href="#">Supplementary Financial Information</a> document on <a href="https://nbc.ca">nbc.ca</a> .





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