National Bank of Canada - Climate Change 2023

C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

National Bank of Canada offers integrated financial services to consumers, small and medium-sized enterprises (SMEs) and large corporations. It operates four lines of business— Personal and Commercial Banking, Wealth Management, Financial Markets, and U.S. Specialty Finance and International. National Bank provides a complete range of services, including banking and investment solutions for individuals and corporate clients, securities brokerage, insurance and wealth management. National Bank is the leading bank in Quebec and the partner of choice for SMEs. It is also one of the six systemically important banks in Canada and has branches in almost every province. Clients in the United States, Europe and other parts of the world are served through a network of representative offices, subsidiaries and partnerships. National Bank employs more than 29 500 people with its head office located in Montreal and its securities listed on the Toronto Stock Exchange. As at October 31, 2022, the Bank had total assets in excess of CDN $404 billion.

C0.2

(C0.2) State the start and end date of the year for which you are reporting data and indicate whether you will be providing emissions data for past reporting years.

Reporting year

Start date
November 1 2021

End date
October 31 2022

Indicate if you are providing emissions data for past reporting years
Yes

Select the number of past reporting years you will be providing Scope 1 emissions data for
3 years

Select the number of past reporting years you will be providing Scope 2 emissions data for
3 years

Select the number of past reporting years you will be providing Scope 3 emissions data for
3 years

C0.3

(C0.3) Select the countries/areas in which you operate.

Cambodia
Canada
France
Ireland
Malta
United Kingdom of Great Britain and Northern Ireland
United States of America

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.

CAD

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory.

Operational control

C-FS0.7

(C-FS0.7) Which activities does your organization undertake, and which industry sectors does your organization lend to, invest in, and/or insure?

	Does your organization undertake this activity?	Insurance types underwritten	Industry sectors your organization lends to, invests in, and/or insures
Banking (Bank)	Yes	<Not Applicable>	Exposed to all broad market sectors
Investing (Asset manager)	Yes	<Not Applicable>	Exposed to all broad market sectors
Investing (Asset owner)	Yes	<Not Applicable>	Exposed to all broad market sectors
Insurance underwriting (Insurance company)	No	<Not Applicable>	<Not Applicable>

C0.8

(C0.8) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.)?

Indicate whether you are able to provide a unique identifier for your organization	Provide your unique identifier
Yes, an ISIN code	6330671034

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

Yes

C1.1a

(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual or committee	Responsibilities for climate-related issues
Board Chair	The Chair promotes adherence to the highest standards of corporate governance and ensures the Board's practices comply with regulatory requirements, as well as with the Bank's objectives and strategy, particularly with regards to environmental, social and governance (ESG) responsibilities. https://www.nbc.ca/content/dam/bnc/a-propos-de-nous/gouvernance/pdf/ca/mandate-chairman-board-director.pdf (P 2)
Board-level committee	Risk Management Committee: - Approve and recommend to the Board the risk appetite framework, including environmental risk -Examine the integrated risk management reports, which include monitoring of environmental and climate risks -Review the ESG strategy for greenhouse gas intensive sectors > Review updates on measures and disclosure of greenhouse gas emissions for the oil and gas portfolio and on decarbonization targets Corporate Review and Governance Committee : -Review the Bank's environmental and social strategy -Reviewed the carbon and impact metrics and targets of the oil and gas portfolio https://www.nbc.ca/content/dam/bnc/a-propos-de-nous/relations-investisseurs/assemblee-annuelle/2023/nbc-circular-2023.pdf (p 81 PDF 91

C1.1b

(C1.1b) Provide further details on the board’s oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Scope of board-level oversight	Please explain
Scheduled – some meetings	Reviewing innovation/R&D priorities Overseeing and guiding employee incentives Reviewing and guiding strategy Monitoring the implementation of a transition plan Monitoring progress towards corporate targets Overseeing value chain engagement	Climate-related risks and opportunities to our own operations Climate-related risks and opportunities to our banking activities Climate-related risks and opportunities to our investment activities The impact of our own operations on the climate	In recent years, the Board has paid close attention to social and environmental criteria in order to meet the changing needs of our society. 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 five Board committees—the Conduct Review and Corporate Governance Committee, the Risk Management Committee, the Audit Committee and 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 comply with stringent corporate responsibility standards. The main ESG responsibilities and achievements of the Board and its committees are described in our Management proxy https://www.nbc.ca/content/dam/bnc/a-propos-de-nous/relations-investisseurs/assemblee-annuelle/2023/nbc-circular-2023.pdf (p 81 to 83 /PDF 91-93)

C1.1d

(C1.1d) Does your organization have at least one board member with competence on climate-related issues?

	Board member(s) have competence on climate-related issues	Criteria used to assess competence of board member(s) on climate-related issues	Primary reason for no board-level competence on climate-related issues	Explain why your organization does not have at least one board member with competence on climate-related issues and any plans to address board-level competence in the future
Row 1	Yes	As mentioned in the skills matrix of the 2023 circular (p.18, PDF p 28), we determine the skill "Social Responsibility, Environment and Sustainable Development", which is defined as follows : "Understanding of sustainable development factors and environmental issues, including climate risk, is essential to achieving our environmental objectives."In order to give due attention to ESG issues and clearly identify director expertise in environmental, social and governance measures, we have opted for separate indication of the main ESG components in the skills matrix grid. The directors disclose this information in their annual questionnaire. It enables directors to approve, oversee, advise on and challenge management decisions concerning ESG issues, including climate risks. This competency is therefore taken into account to ensure the Board members have a balance of complementary competencies and to plan succession. As indicated on page 18 (PDF 28) of the 2023 Circular, as of the publication date, thirteen (13) directors have identified this competency, among which five (5) directors have identified this competency among their four key competencies through an annual self-assessment questionnaire. During meetings of the Board or of the committees they are members of, directors also regularly attend presentations and in-depth sessions given by Bank representatives (or occasionally by external consultants) to further enhance their knowledge of areas related to their duties. Training provided by the Bank in 2022: -ESG Strategy for Greenhouse Gas-Intensive Industries -Update on funded portfolio emissions and targets The Bank also encourages directors to participate in training programs offered by various organizations, such as -Fundamentals of Climate Governance and -Board Oversight and Climate Change. Directors, therefore, participated in training and conferences relating to ESG issues and climate change offered by a number of recognized organizations.	<Not Applicable>	<Not Applicable>

C1.2

(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.

Position or committee
Other committee, please specify (Senior Leadership Team)

Climate-related responsibilities of this position
Integrating climate-related issues into the strategy
Monitoring progress against climate-related corporate targets
Assessing climate-related risks and opportunities
Managing climate-related risks and opportunities

Coverage of responsibilities
Risks and opportunities related to our banking
Risks and opportunities related to our investing activities
Risks and opportunities related to our own operations

Reporting line
CEO reporting line

Frequency of reporting to the board on climate-related issues via this reporting line

Quarterly

Please explain
Since our commitment to applying the recommendations of this task force set up by the Financial Stability Board, we have made a number of achievements:
› Set an interim target to reduce greenhouse gas (GHG) emissions from our operations by 25% by the end of 2025 to help limit global warming to 1.5°C, the most ambitious goal of the Paris Agreement.
› Adopted a net-zero GHG emission target for our operating and financing activities by 2050.
› Joined the United Nations Net-Zero Banking Alliance (NZBA).
› Set interim objective to reduce the intensity of financed emissions for the Oil & Gas Producers sub-sector by 31% by 2030.
In line with our NZBA commitments, in 2022 we added two interim targets for carbon-intensive sectors, which we will discuss in this report. They involve reducing the intensity of financed emissions in the Commercial Real Estate and Power Generation sectors by 50% and 33%, respectively, by 2030. Moreover, we have pursued our efforts to grow our portfolio
of loans related to renewable energy at a faster pace than our portfolio of loans related to non-renewable energy

P 4: https://www.nbc.ca/content/dam/bnc/a-propos-de-nous/esg/pdf/report-tcfd-2022.pdf

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Position or committee
Other, please specify (Senior Vice-President –Communications, Public Affairs and ESG)

Climate-related responsibilities of this position
Developing a climate transition plan
Implementing a climate transition plan
Integrating climate-related issues into the strategy
Setting climate-related corporate targets
Monitoring progress against climate-related corporate targets
Managing public policy engagement that may impact the climate
Assessing climate-related risks and opportunities

Coverage of responsibilities
Risks and opportunities related to our banking
Risks and opportunities related to our investing activities
Risks and opportunities related to our own operations

Reporting line
Other, please specify (Executive Vice-President – Employee Experience)

Frequency of reporting to the board on climate-related issues via this reporting line
Half-yearly

Please explain
The Senior Vice-President –Communications, Public Affairs and ESG joined National Bank in 2022
Over the coming year, her mandate will include pursuing NBC's transformation and the alignment of the Bank's practices with ESG principles. This will be done by continuing to improve 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.

Reliable data is essential in allowing us to roll out measures to help us achieve our targets. That’s why we’re working with industry peers and via government initiatives to support the
energy transition ecosystem while developing our capacity to analyze the vulnerability to climate risk of various industries and business sectors.
Given the nature of our activities, we will also be supporting our clients in implementing their own transition plans and taking concrete action to achieve a dynamic, prosperous
and innovative low-carbon economy. Lastly, we wanted to mention our efforts to prepare for the move to our new head office in Montreal in 2023, which will play an important role in
reducing the footprint of our operations in Canada.
Our knowledge of climate change is advancing every year, as we gain a better understanding of the phenomenon and its causes. Having a positive impact on this global issue will take sustained investment over several generations. Now more than ever, we’re committed to working with the industry and doing our part. We remain invested in fighting climate change while supporting the sustained vitality of the Canadian economy

p 4 https://www.nbc.ca/content/dam/bnc/a-propos-de-nous/esg/pdf/report-tcfd-2022.pdf

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Position or committee
Chief Financial Officer (CFO)

Climate-related responsibilities of this position
Implementing a climate transition plan
Integrating climate-related issues into the strategy
Monitoring progress against climate-related corporate targets
Assessing climate-related risks and opportunities

Coverage of responsibilities
Risks and opportunities related to our banking
Risks and opportunities related to our investing activities
Risks and opportunities related to our own operations

Reporting line
CEO reporting line

Frequency of reporting to the board on climate-related issues via this reporting line
Half-yearly

Please explain
The CFO leads the ESG working group which 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.

p 9 https://www.nbc.ca/content/dam/bnc/a-propos-de-nous/esg/pdf/report-tcfd-2022.pdf

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

	Provide incentives for the management of climate-related issues	Comment
Row 1	Yes	YES – All employees, including Officers, are subject to an evaluation whereby Bank-preferred behaviors and annual objectives each represent 50% of annual performance. Supporting sustainable development is an intrinsic part of our One Mission. We incorporate ESG matters into our business and operating decisions. These objectives support the financial and non-financial indicators used to balance the interests of the various stakeholders: shareholders, employees, clients, and the communities we serve. ESG priorities can influence the amount of the SYNERGY – Executives envelope by a result that can vary between 95% and 105%. 2022 ESG priorities and achievements are presented in the Proxy Circular.

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).

Entitled to incentive
Corporate executive team

Type of incentive
Monetary reward

Incentive(s)
Bonus - % of salary
Other, please specify (Mid-term and Long-term variable compensation grants)

Performance indicator(s)
Progress towards a climate-related target
Implementation of an emissions reduction initiative

Incentive plan(s) this incentive is linked to
Both Short-Term and Long-Term Incentive Plan

Further details of incentive(s)
Among the priorities that we have set for ourselves in the mid-term, which will allow us to make ESG a lever for growth and an impact multiplier, the ones that were selected for the creation of the SYNERGY – Executives envelope in 2022 are presented below. ESG priorities can influence the amount of the SYNERGY – Executives envelope by a result that can vary between 95% and 105%.
At the end of fiscal 2022, we believe that we have achieved the level of evolution of our ESG priorities in line with the objectives we have set ourselves. As such, the envelope created remained unchanged, given the 100% assessment of ESG priorities.
The table below lists the ESG priorities integrated into the creation of the SYNERGY - Executives envelope in 2022, as well as a summary of the main achievements:
Deliver on our commitments:
• Disclosed an initial target for financed emissions as prescribed by the Net-Zero Banking Alliance
• Disclosed the carbon footprint
• Reduced greenhouse gas emissions from our own operations by 30% compared to 2019
• Grew the renewable energy portfolio at a faster rate than the non-renewable one
• Made progress in achieving the objectives of the three-year inclusion and diversity plan. Several internal initiatives are being rolled out. Including the public disclosure of employment equity information and the talent acquisition strategy.
Support clients in a just transition:
• Deployed new sustainable products and services as well as grow both financing and investment volumes
• Created and reorganized certain activities and team mandates in order to better seize opportunities and support clients in the transition
Be transparent
• Disclosed our climate strategy in the TCFD Report
• Enhanced our disclosures to better meet the expectations of our stakeholders

Explain how this incentive contributes to the implementation of your organization’s climate commitments and/or climate transition plan
As a bank, we play a key role in supporting a just energy transition that addresses financial and social imperatives and dependencies in this regard in the Canadian economy. Our environmental strategy is based on two core principles: managing the impact of our operations on climate change and creating opportunities for our clients to contribute to a sustainable economy with us. This includes implementing our plan to achieve net-zero greenhouse gas emissions for our operations and financing by 2050 and strengthening our support to clients during the transition.
As we continue to grow our renewable energy loan portfolio faster than the non-renewable energy loan portfolio, decarbonization criteria and data related to our high-emission limits are now integrated into our loan and underwriting practices. We are also deploying capital to seize business opportunities in the renewable energy sector and to expand our tailored offering of sustainable products and services across all of our business units.
More broadly, we remain committed to our mission of putting “People first” to create a positive impact for the employees, clients and communities we are privileged to serve, while maintaining the highest standards in our own governance. Whether it is ensuring that more than 25% of our workforce is made up of diverse talent or being the leading lender in Quebec’s affordable housing sector, we will continue to actively advance our ESG priorities in 2023. Please see the “Promoting Employee Well-Being” section of the ESG Report.

C-FS1.4

(C-FS1.4) Does your organization offer its employees an employment-based retirement scheme that incorporates ESG criteria, including climate change?

	Employment-based retirement scheme that incorporates ESG criteria, including climate change	Describe how funds within the retirement scheme are selected and how your organization ensures that ESG criteria are incorporated	Provide reasons for not incorporating ESG criteria into your organization's employment-based retirement scheme and your plans for the future
Row 1	Yes, as an investment option	Offered as an investment option: Last year, a defined contribution component was created within one of our retirement schemes. For all new hiring, this component became a substitute to the former defined benefit component. The same structure will be applied to the second scheme in the coming year. Within this DC component, participating employees are provided with a list of selected funds (including ESG options) from which they decide where to invest. Employees that are seeking to align their investment decisions with their desire to promote a better future have access to Sustainable lineup. Part of the investment objective of these funds and ETFs is to align with the United Nations SDGs. Also, participating employees have access to a wide range of funds that are using one of more ESG approaches as part of their investment strategies. These ESG strategies are described in the prospectus, for each of the funds. Offered as a default investment option: Employees enrolled in the defined benefits schemes subscribe to a default investment option which integrates ESG factors. By incorporating them into its investment decisions, the Master Trust Fund for the participating pension plans of NBC aspires to better manage the risks of economic and environmental transition as well as the promotion and consistency of the values and orientations of Canadian society. While we are in the process of implementing new tools and analytical grids, and more robust documentation, each mandate or investment is subject to due diligence, discussion, and appropriate analysis of significant ESG elements that may influence, positively or negatively, the investment decision. In addition, we implement an Effective Challenge process to cover blind spots and create and track key indicators that allow us to assess progress towards our objectives. Our investment choices are made according to the following precepts: • To have a concerted action and alignment with the Bank in terms of responsible investment, including the environmental aspect, by aligning our values and our methodologies of analysis. • To foster the growth of the Fund by assigning mandates to internal and external managers who demonstrate expertise in responsible investing in line with our values and ESG identity. • Have a vision of the total positioning of our portfolio. • Promote and increase disclosure and transparency.	<Not Applicable>

C2. Risks and opportunities

C2.1

(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?

Yes

C2.1a

(C2.1a) How does your organization define short-, medium- and long-term time horizons?

	From (years)	To (years)	Comment
Short-term	0	3	Climate risk involves the possibility that climate-related issues could lead to a loss of financial value for the Bank or affect its activities over the short (less than three years), medium (three to ten years) or long (more than ten years) term.
Medium-term	3	10	
Long-term	10		

C2.1b

(C2.1b) How does your organization define substantive financial or strategic impact on your business?

A substantial financial threasold could be defined as levels or variance of CET1, Risk Weighted Assets (RWA), revenue, or a maximum net loss resulting from a material event. Moreover, a strategic impact could occur from a financial loss or of reputational harm arising from inappropriate strategic orientations, improper execution, or ineffective response to economic, financial, or regulatory changes. Management exercises judgment when determining whether there is a material strategic impact.

A substantive financial or strategic impact on our business is defined as follows, for the four main Bank-wide risk dimensions:

1) Credit risk management process P23

Physical impact– decrease in repayment capacity or in the value of assets taken as security.

Transition impact – financial impact of changes involving legislation and policies, technology and markets, such as lower revenues, higher operating costs, changes in consumer preferences, development of new technology and taxes on carbon emissions.

2) Market risk management process

Physical impact – significant weather events causing production variability in the primary business sector that could lead to commodity price volatility.

Transition impact – due to increased regulation, fluctuations in demand for products or services in carbon-intensive sectors of activity, which can impact market variables, such as stock and commodity prices

3) Reputational risk management process :

Physical impact– impact of negative perceptions of how the Bank manages the climate risks related to its activities.

Transition impact– impact of negative perceptions related to financing certain industries, the Bank's degree of commitment to fighting climate change and the progress of its strategy.

4)Operational risk management process :

Physical impact– impact of climate events on capital assets, employees and third parties, potentially affecting business continuity.

Transition impact – impact of changes resulting from the introduction of a carbon tax.

C2.2

(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.

Value chain stage(s) covered
Direct operations

Risk management process
Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment
More than once a year

Time horizon(s) covered
Short-term
Medium-term
Long-term

Description of process
In keeping with its commitment to protect the environment, in 2018 the Bank announced its support for the Task Force on Climate-related Financial Disclosures (TCFD) of the Financial Stability Board. This task force makes recommendations based on the four main pillars of any organization: governance, strategy, risk management and metrics and targets. These four broad categories are intended to establish a framework for the disclosure of climate-related financial information to help institutional investors make informed decisions concerning their exposure to climate-related risks and opportunities.
The Bank has drawn up a roadmap to implement the TCFD recommendations and improve its disclosure of information related to managing climate-related risks. It is also working with various industry partners to identify and implement sound management practices that promote the transition to a low-carbon economy. Over the past year, we continued to analyze climate scenarios to assess our exposure to climate risks and defined new interim targets for reducing our financed emissions, in line with our climate commitments.
The Bank acknowledges that it plays an influential role in the fight against climate change. For years, it has worked to have a positive impact on its stakeholders. Based on our three environmental principles, we aim to identify and develop sustainable business opportunities while identifying, managing and mitigating climate-related risks. The Bank is committed to maintaining an open dialogue with its stakeholders to meet market needs and improve the energy efficiency of its operations. This dialogue has allowed us to identify business opportunities related to renewable energy, responsible investment and energy efficiency.
Identifying and Assessing Climate-Related Opportunities
Since the fight against climate change is a priority for the Bank and its stakeholders, it is essential to offer sustainable and appropriate solutions. The Bank has rolled out a number of initiatives in this regard over the past few years.

Our risk management teams are responsible for the four main Bank-wide risk dimensions of material risks the organization is exposed to: identification and assessment, quantification, management and disclosure. We're continuing to update our risk management framework to include climate risk and seize every opportunity to improve how we monitor the channels
through which climate risk factors affect the top risks in our risk taxonomy. The assessment of climate risks related to our various portfolios and the results of our scenario analyses guide us in prioritizing the integration of climate risks into our overall risk management policies and processes.

Climate risk involves the possibility that climate-related issues could lead to a loss of financial value for the Bank or affect its activities over the short (less than three years), medium (three to ten years) or long (more than ten years) term. The impact of climate risk could also increase exposure to strategic, reputation, and regulatory compliance risks if the Bank's response is deemed inadequate or non-compliant with commitments. The Bank is directly exposed to these risks through its own activities and indirectly through the activities of its clients.
Assessing and mitigating climate risk is integral to the Bank's risk management framework. This framework accounts for the four main Bank-wide risk dimensions. Climate issues are part of our decision-making process and are now integrated into our strategy. Addressing such risk may even prove to be a considerable asset in certain financing or investment transactions, and doing so contributes to promoting exemplary practices to the Bank's stakeholders.
Changes to the climate risk management framework

Identification and assessment
Climate-related physical and transition risks are identified and integrated into the Bank's risk identification process
How
› Assess the relative importance of impacts
› Map impacts

Quantification
Quantification of exposure to climate risks is carried out and communicated in order to define our risk appetite
How
› Develop analyses of climate scenarios and relevant stress tests
› Integrate climate risks into our risk assessment models
› Define climate risk indicators
› Define climate risk appetite indicators

Management
Management and control processes ensure material climate risks are identified, measured, monitored and reported at the appropriate time
How
› Develop capacity and expertise across all of the Bank's lines of defence
› Implement control measures

There are two categories of climate risk. Physical risks include the potential impacts of more frequent and more intense extreme weather events or sustained changes in weather conditions on physical assets, infrastructure, value chains, etc. Physical risks can be acute (an extreme weather event) or chronic (a change in the environment). They lead to an increase in the frequency and severity of forest fires, flooding, high winds, rising sea levels, etc. Transition risks arise from the potential impact of moving toward a low-carbon economy. These risks include technological changes and political or public policy shifts aimed at reducing greenhouse gas emissions through taxes or incentives, as well as regulatory changes intended to define and promote a low-carbon economy. These measures affect the economy as a whole, as well as specific sectors and portfolios.
Some of these risks are expected to have a more significant impact over a longer timeframe (e.g., changes in market preferences, rising global temperatures). Other risks (e.g., carbon taxes, extreme weather events) could have a strong short-term impact and unknown effects over the long term. Although most of our financing and investment activities are short or mid term, some also take place over the longer term. We therefore believe that it's important to identify, assess and manage physical and transition risks over different timeframes.

Value chain stage(s) covered
Upstream

Risk management process
Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment
More than once a year

Time horizon(s) covered
Short-term
Medium-term
Long-term

Description of process
Responsible sourcing:
In line with our commitment to reduce our negative 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.
The Code describes NBC's expectations of Supplier regarding responsible business practices. These expectations reflect NBC's values and how they are applied in the context of its operations, as approved by its board of directors or its committees, as applicable. The Code sets forth certain standards that Supplier must meet in its business relationship with NBC.

By adopting the Code, NBC affirms its intention to do business with suppliers who take into account environmental, social and governance (ESG) considerations in their operations and throughout their supply chain.

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 and Ethics
› 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

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-certified1 paper.
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 material; energy-efficient; recyclable; or produced by an outreach organization or a cooperative that promotes diversity.

Increasing the Efficiency of Our Operations:
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.

Value chain stage(s) covered
Direct operations

Risk management process
Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment
More than once a year

Time horizon(s) covered
Short-term
Medium-term
Long-term

Description of process
The Bank is aware that it needs to take on a leadership role in terms of climate change, given the impact it will have on clients, our activities and society. Therefore, we have adopted a framework to assess, mitigate and manage related risks for portfolios and individual transactions.

Credit risk
Credit risk is the main risk incurred by financial institutions. It is largely dependent on the quality of the loan portfolio and clients' capacity to make their payments. The Bank is mainly exposed to this type of risk through its activities as a lender.
The impact of climate risks on credit risk can be summarized as follows:
› Physical risks – decrease in repayment capacity or in the value of assets taken as security.
› Transition risks – financial impact of changes involving legislation and policies, technology and markets, such as lower revenues, higher operating costs, changes in consumer preferences, development of new technology and taxes on carbon emissions.
The Bank's exposure to climate-related credit risk is assessed through various control and oversight mechanisms.

Market risk
Market risk is the risk of losses arising from movements in market prices. Market risk comes from a number of factors, particularly changes to market variables such as interest rates, credit spreads, exchange rates, equity prices, commodity prices, and implied volatilities.
The impact of climate risks on market risk can be summarized as follows:

› Physical risks – significant weather events causing production variability in the primary business sector that could lead to commodity price volatility.
› Transition risks – due to increased regulation, fluctuations in demand for products or services in carbon-intensive sectors of activity, which can impact market variables, such as stock and commodity prices.

Operational risk
Operational risk represents the risk of loss resulting from an inadequacy or failure ascribable to human and material resources, processes, technology, or external events. Operational risk exists in all of the Bank's activities.
The impact of climate risks on operational risk can be summarized as follows:
› Physical risks – impact of climate events on capital assets, employees and third parties, potentially affecting business continuity.
› Transition risks – impact of changes resulting from the introduction of a carbon tax.

Reputation risk
Reputation risk represents the possibility that a Bank activity or practice will be judged negatively by the public—whether that judgment is with or without basis—thereby adversely affecting the Bank's reputation, image or trademarks, leading to potential lawsuits and losses of income.The impact of climate risks on reputation risk can be summarized as follows:
› Physical risks – impact of negative perceptions of how the Bank manages the climate risks related to its activities.
› Transition risks – impact of negative perceptions related to financing certain industries, the Bank's degree of commitment to fighting climate change and the progress of its strategy

C2.2a

(C2.2a) Which risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	Although we are not considered a large emitter of GHGs in Canada (25,000 tonnes CO2 and more), the Bank has decided to go beyond regulation and select best practices to reduce climate risk. For example, our standards are aligned with LEED criteria and are automatically applied to the Bank's buildings. In our own operations, the Bank takes reasonable measures to comply with laws and regulations in effect in the jurisdictions (cities) where it operates. Even though the federal carbon tax and Québec's cap and trade requirements do not affect the Bank's operations directly, our supply chain and clients with high carbon emissions could be affected by climate regulations. This could transpose on the Bank's cost structure and credit risks (loans losses), as well as on the Bank's reputation. Also, the Bank is committed to reducing its environmental footprint to avoid any litigation exposure by implementing, on a voluntary basis, various eco-responsible measures aimed at calculating and reducing its GHG emissions. This includes significant improvements made to the energy efficiency of its facilities over the past 15 years. Our strategy at National Bank is to work on multiple fronts to decrease our Carbon Footprint; from finding more energy efficient sites for our branches to developing new methods to lower our daily energy consumption, our focus lies in the constant improvement of our facilities. The bank's collaboration with Hydro-Québec allows us to decrease, by the mean of remote monitoring, our electricity consumption during the extreme cold days experienced in Quebec, and dwindle the demand on Hydro-Québec's grid. Remote monitoring also allows us to validate and act on the efficiency of each of the 260 sites through our interface network every second year, lessening the amount of travelling otherwise necessary to carry these investigations. Being a proactive and engaged player allows us to remain ahead with new technologies and strategies, and adapt our methods to provide the most efficient and pleasant environment for our clientele, and employees. In 2023, the Bank purchased 18,000 Verified Carbon Units to offset its 2022 emissions and achieve carbon neutrality.
Emerging regulation	Relevant, always included	The Bank monitors emerging regulations, particularly in real estate management. Although uncertainty remains with any emerging regulation (likelihood, consequences, timing, or the extent of its potential impact) a scope 3-related regulation, such as the Carbon pollution pricing by the Federal government, could represent an operational risk for the Bank and generate additional expenses for some business sectors to adapt to climate change. Our actions to reduce our carbon footprint by 25% by the end of 2025 and reach net zero by 2050 should help mitigate this risk. To actively engage in discussions related to emerging regulation, the Bank participates in international working groups associated with the Principles for Responsible Banking and the Task Force on Climate-related Financial Disclosures (TCFD). To stay abreast of any future climate policies, the Bank takes part in the discussions with different government institutions as well as with banking industry regulators. For example, the Bank participates in the work of the Canadian Bankers Association on climate-related issues such as scenario analysis, integrating climate-related concepts into risk management and defining a Canadian taxonomy. Another example is our partnership with the Canada Green Building Council. The Council is on the lookout for new regulations and works to influence them. Our participation gives us a glimpse of future regulations in relation to, among other things, carbon-neutrality objectives for buildings, carbon intensity thresholds for buildings, etc.
Technology	Relevant, always included	The fast pace of technological change combined with both client and competitive pressures require significant and sustained investment in technology. The transition to more efficient and low-carbon technologies, such as energy, will require the Bank to invest in these new technologies while ensuring that they are replaced gradually so as not to hinder current operations and use the equipment as long as possible so as not to generate other environmental issues (e.g., more electronic waste to manage). This technology risk can also impact the Bank's financing and investment activities if companies do not get on the energy transition path by leveraging emerging technologies. This may represent a credit risk or loss of revenue for the Bank. As a service provider, the Bank works with numerous online platforms and is impacted by the technology risk in relation to climate change through its data centre, energy system and IT equipment. These factors can impact our environmental footprint. To assess these risks the Bank has set up a series of measures that allow for better management of greenhouse gas emissions arising from its activities and for a cleaner environment. The Bank continues to monitor climate-related risks. For example, the Bank leads by example by optimizing its energy consumption with its energy-efficient remote control system, which allows to save millions of kilowatt hours of electricity and thousands of cubic metres of natural gas annually. With the constant development of new technology and devices, the Bank could easily generate a significant amount of technological waste. However, we manage the renewal of our IT equipment in a gradual and efficient way. The Bank promotes the principles of a circular economy to keep its IT equipment from ending up in landfills. Outdated equipment that can be refurbished is offered at a reduced price to employees for personal use. Equipment and accessories that can no longer be used are disassembled by the supplier, and the resulting components are then reintroduced into the supply chain of other companies so they can be reused.
Legal	Relevant, always included	The Bank would also be forced to deal with operational risk and the risk related to the legal environment when environmental issues arise in its branches or administrative offices. The Bank has improved its governance to address climate risks. In this context, the Risk Management Group develops requirements that are prescribed in its internal policies to reveal, assess, control, and monitor environmental risk. For their part, the business segments and corporate units must integrate requirements and controls related to the management of environmental risk in their activities. The Risk Management Group monitors its application and regularly reviews the standards. The Bank takes reasonable measures to comply with the laws and regulations in effect in the jurisdictions where it operates. Should these measures prove ineffective, the Bank could be subject to judicial or regulatory decisions resulting in fines, damages, or other costs or to restrictions likely to adversely affect its net income and damage its reputation. The Bank may also be subject to litigation in the normal course of business. Although the Bank establishes provisions for the measures it is subject to under accounting requirements, actual losses resulting from such litigation could differ significantly from the recognized amounts, and unfavourable outcomes in such cases could have a significant adverse effect on the Bank's financial results. The resulting reputational damage could also affect the Bank's future business prospects. With regards to the loan portfolio, it is through its credit adjudication process that the Bank seeks to develop and implement a process for assessing and quantifying the impacts of climate change on its strategy and results. For non-retail clients within specific industries for which this risk applies, it is discussed at least annually through the credit application/renewal process. We consider that there is also a legal risk associated with our public disclosure on climate change. To this end, the Bank has developed reports, based on different frameworks, to transparently communicate our progress to various stakeholders.

	Relevance & inclusion	Please explain
Market	Relevant, sometimes included	Market risk is the risk of losses arising from movements in market prices. Market risk comes from a number of factors, particularly changes to market variables such as interest rates, credit spreads, exchange rates, equity prices, commodity prices, and implied volatilities. The impact of climate risks on market risk can be summarized as follows: › Physical risks – significant weather events causing production variability in the primary business sector that could lead to commodity price volatility. › Transition risks – due to increased regulation, fluctuations in demand for products or services in carbon-intensive sectors of activity, which can impact market variables, such as stock and commodity prices. As part of the existing market risk management process, the Bank uses a number of risk measurements to estimate the size of potential losses under more or less severe scenarios and using both short term and long-term time horizons. For example, the stress testing framework is comprised of a large set of scenarios designed to be forward-looking in the face of potential market stresses, or that are specific to asset classes such as increases or decreases in commodity prices. The Bank will continue to monitor and adapt its risk measurements in order to ensure that they reflect volatility and other changes to market dynamics that may arise as a result of climate risks.
Reputation	Relevant, always included	Reputation risk represents the possibility that a Bank activity or practice will be judged negatively by the public—whether that judgment is with or without basis—thereby adversely affecting the Bank's reputation, image or trademarks, leading to potential lawsuits and losses of income. The impact of climate risks on reputation risk can be summarized as follows: › Physical risks – impact of negative perceptions of how the Bank manages the climate risks related to its activities. › Transition risks – impact of negative perceptions related to financing certain industries, the Bank's degree of commitment to fighting climate change and the progress of its strategy. The Bank acknowledges that the way it addresses climate change could affect its reputation and have an impact on its activities. As stakeholders' awareness of and concern over climate-related risks continue to grow, the Bank needs to respond in a thoughtful and deliberate manner. We need to understand and address the potential impact of climate change on our clients and activities, remain transparent in our practices and examine the sustainable business practices of third parties we work with. We want to apply the most rigorous corporate responsibility standards while having a positive impact on our stakeholders, who have constantly changing interests and concerns when it comes to climate change and other environmental issues. Our goal is to be more proactive and strategic in our communications and our actions. As such, for many years now, reputation risk as it pertains to our sustainable development commitments (including climate) has been monitored, measured and disclosed quarterly. Results are presented in the reputation risk dashboard intended for senior management and the Risk Management Committee of the Board.
Acute physical	Relevant, always included	The Bank's Risk Management Group also develops requirements that are prescribed in its internal policies in order to reveal, assess, control and monitor environmental risk. For their part, the business segments and corporate units must integrate requirements and controls related to the management of environmental risk in their activities. The Risk Management Group monitors its application and regularly reviews the standards. To mitigate this risk on its own operations, the Bank has a business continuity plan and conducts regular tests to evaluate different scenarios that could have a significant impact on the Bank's activities (e.g. extreme weather events such as flooding, wild fires,storms, etc.). Within our stress testing framework (which is part of a Bank-wide stress testing program), physical risks scenarios will be analysed. It is an important and useful tool for assessing the potential impacts arising from major operational events. It helps the Bank define its risk appetite, set its exposure limits, and engage in strategic planning. More specifically, it helps senior management to better understand the risks facing the Bank and to make appropriate management decisions to mitigate potential operational risks. To do so, the Bank's new head office in Montreal, Canada is aiming to obtain LEED v4 Gold certification which includes climate risk adaptation criteria. This project is currently under construction and will include features which will minimize potential physical climate risks. It is therefore in line to meet the LEED criteria related to heat island reduction, indoor water use reduction and outdoor water use reduction. Moreover, the Bank continues to work with its peers and the regulators to find solutions for more accurate and consistent analyses and assessments of risks and opportunities related to extreme weather events.
Chronic physical	Relevant, sometimes included	We acknowledge that climate changes can have an impact on the Bank's operations and installations. The choice of location for new branches considers factors related to climate risks. We have a business continuity plan and conduct regular tests to evaluate different crisis scenarios that could have a significant impact on the Bank's activities (flooding, fires, etc.). In the next year, we plan to include climate-related scenarios analyses in our business continuity plan. Chronic physical risks are also considered as having an impact on those whom we do business with. Measures are already taken by the Bank to mitigate risks with clients for credit applications and renewal processes that cover contaminated soils and properties near a watercourse that could become chronic flood risk areas. In this context, the Risk Management Group develops requirements that are prescribed in its internal policies to reveal, assess, control, and monitor environmental risk. For their part, the business segments and corporate units must integrate requirements and controls related to the management of environmental risk in their activities. The Risk Management Group monitors its application and regularly reviews the standards.

C-FS2.2b

(C-FS2.2b) Do you assess your portfolio's exposure to climate-related risks and opportunities?

	We assess the portfolio's exposure	Explain why your portfolio's exposure is not assessed and your plans to address this in the future
Banking (Bank)	Yes	<Not Applicable>
Investing (Asset manager)	Yes	<Not Applicable>
Investing (Asset owner)	No, but we plan to in the next two years	To date, we are still in the process of identifying and evaluating the most appropriate calculation methodology and database to determine the carbon footprints of our whole portfolio, especially those of scope 3. That being said, each mandate or investment is subject to due diligence, discussion, and appropriate analysis of significant ESG elements (including climate-related risks and opportunities) that may influence, positively or negatively, the investment decision.
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>

C-FS2.2c

(C-FS2.2c) Describe how you assess your portfolio's exposure to climate-related risks and opportunities.

	Type of risk management process	Proportion of portfolio covered by risk management process	Type of assessment	Time horizon(s) covered	Tools and methods used	Provide the rationale for implementing this process to assess your portfolio's exposure to climate-related risks and opportunities
Banking (Bank)	Integrated into multi-disciplinary company-wide risk management process	100	Qualitative and quantitative	Short-term Medium-term Long-term	Portfolio temperature alignment Scenario analysis Stress tests Internal tools/methods	The Bank recognizes the importance of identifying, assessing and managing climate risks. It proactively monitors all risks and the exposure of sectors to climate-related risks and compares them to its risk appetite and the limits established. The Bank's exposure to climate-related credit risk is assessed through various control and oversight mechanisms. Credit risk is the main risk incurred by financial institutions. It is largely dependent on the quality of the loan portfolio and clients' capacity to make their payments. Climate-related Impact Analysis: Over the past years, the Bank has continued to carry out various analyses of its financing activities to achieve a better understanding of its exposure to climate transition risks. These analyses have enabled concrete action as part of the sectoral limit review process. An ESG section is now included to evaluate industry risk in this area. Sectoral limits are set to mitigate economic, concentration and now ESG risks (including climate-related risks) by recommending a maximum exposure amount for some industry sectors according to various criteria. A dashboard to follow these limits is disclosed to the business units and credit risk sector every quarter. We also carry out analyses of the vulnerability of the loan portfolio to physical and transition risks for all our financing activities (TCFD report p. 19). Concentration risk for the loan portfolio is also assessed periodically to ensure that there is no significant climate-related impact. A matrix that cross-references physical and transition risk by sector and by industry has been developed to allow the Risk Management sector to understand which sectors of the loan portfolio are most affected by climate-related risks. For example, all industries have been classified according to potential financial impacts from physical risks (extreme weather events and changing climate) and transition risks (revenue and cost impacts from changes in policy, technology, reputation, legal, and market changes) as well as carbon related impacts. The Risk Management sector closely monitors changing trends and calculation methodologies and actively participates in various industry discussion groups. As part of its credit adjudication process, the Bank has developed and implemented a process to assess and quantify the impact of climate change on its strategy and results. For non-retail clients in specific industries affected by these risks, the impact of climate change is discussed with clients at least once a year as part of the credit origination or renewal process. The Bank's climate risk management is based on a series of internal policies, mainly the Environmental risk management policy for financing activities. This policy clearly states the principles used to identify and mitigate environmental and climate risks and their impacts on industry sectors and society as a whole. To help the Bank achieve its business objectives, the Risk Management sector created the position of Vice-President, Credit Analytics and Climate Risk, whose responsibilities include increasing the Bank's ability to extract business intelligence, better integrating climate risk into its decision-making processes and developing its capacity to analyze climate risk. Climate Scenario Analysis: For our second year of climate scenario analysis, the Bank has improved its testing program and is once again using the climate scenarios recommended by the NGFS. For the 2022 assessment, we opted to test the same three transition risk scenarios as we used the previous year. We also included a separate analysis based on the three integrated assessment models (IAMs) used by the NGFS. This allowed us to test the limits of our results and determine which model to use to test the scenarios. We believe that the selected scenarios represent the situations most likely to occur. Financed Emissions Impact Analysis: Consistent with the goals of the Paris Agreement, the Bank is committed to aligning its financing activities with the target of net-zero emissions by 2050. The Bank recognizes the important role it can play in supporting clients in their energy transition and decarbonization strategies to achieve a low-carbon economy. In line with its commitments, the Bank began to quantify its financed emissions and set interim net-zero targets for carbon-intensive sectors. In 2022, the Bank released an initial interim target for its portfolio of loans in the Oil & Gas Producers sub-sector. In 2023, the Bank made progress towards net-zero emissions by setting two additional interim targets for the Power Generation and Commercial Real Estate sectors, in line with PCAF recommendations for these asset classes. In accordance with NZBA guidelines, the Bank plans to expand its coverage of other sectors and sub-sectors and define reduction targets while focusing on carbon-intensive sectors.
Investing (Asset manager)	Integrated into multi-disciplinary company-wide risk management process	100	Qualitative and quantitative	Short-term Medium-term	Portfolio temperature alignment Risk models	National Bank Investments (NBI) partners with some external portfolio managers who incorporate climate risk in their investment processes, such as a Climate Risk Exposure Score/Climate Mitigation Score or climate change tilts. This represents a minor part of our portfolio. NBI has access to quantitative and qualitative reports on such matters on those funds. National Bank Investments added excellence criteria to it's OP4+ analysis framework in 2021, used to select and monitor external portfolio managers. Most of the changes are related to the + pilar, providing a more in dept analysis of ESG criteria used by the portfolio managers responsible of selecting securities for our funds and investment solutions. Criteria related to climate change, such as carbon intensity and alignment with net-zero for example, have been added to the + pillar.
Investing (Asset owner)	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

C-FS2.2d

(C-FS2.2d) Does your organization consider climate-related information about your clients/investees as part of your due diligence and/or risk assessment process?

	We consider climate-related information	Explain why you do not consider climate-related information and your plans to address this in the future
Banking (Bank)	Yes	<Not Applicable>
Investing (Asset manager)	Yes	<Not Applicable>
Investing (Asset owner)	No, but we plan to do so in the next two years	We have begun to analyze the environmental impacts of our investments on a holistic basis. We are actively working to implement analytical grids as part of our due diligence, which will allow us to consider climate risks in our investment decisions.
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>

C-FS2.2e

(C-FS2.2e) Indicate the climate-related information your organization considers about clients/investees as part of your due diligence and/or risk assessment process, and how this influences decision-making.

Portfolio
Investing (Asset manager)

Type of climate-related information considered
Emissions data
Emissions reduction targets
TCFD disclosures

Process through which information is obtained
From an intermediary or business partner

Industry sector(s) covered by due diligence and/or risk assessment process
Energy
Materials
Consumer Durables & Apparel
Consumer Services
Retailing
Food & Staples Retailing
Food, Beverage & Tobacco
Health Care Equipment & Services
Pharmaceuticals, Biotechnology & Life Sciences
Software & Services
Technology Hardware & Equipment
Semiconductors & Semiconductor Equipment
Telecommunication Services
Media & Entertainment
Utilities
Real Estate

State how this climate-related information influences your decision-making
The information is assessed in the OP4+ framework, which is used to select, appoint and monitor external portfolio managers. The OP4+ evalutions, which includes the integration of ESG criteria by portfolio managers, are presented to the Manager Review Committee. Responsible investment research is presented tot the Portfolio Construction Committee, and working groups are occasionally formed to carry out various mandates. Lastly, the current structure is leveraged as part of our responsible investment commitments. For instance, the Performance Review Committee also monitors NBI's sustainable investing products. See page 5 of our Responsible investment report for more information on the criteria considered in our OP4+ framework. https://www.nbc.ca/content/dam/bnc/a-propos-de-nous/gouvernance/code-engagement/responsabilite-entreprise/report-responsible-investment-advances-nbi-2022.pdf

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Portfolio
Banking (Bank)

Type of climate-related information considered
Emissions data
Climate transition plans
Other, please specify (classification of climate risks (transition and physical risks) based on the sector and industry.)

Process through which information is obtained
Directly from the client/investee
Public data sources

Industry sector(s) covered by due diligence and/or risk assessment process
Energy
Materials
Capital Goods
Transportation
Utilities
Real Estate

State how this climate-related information influences your decision-making
Climate risk reflects the impact of the energy transition and extreme weather events on credit risk. It could ultimately lead to higher probabilities of default and higher credit losses in the event a counterparty defaults. The risk management framework has been expanded to include new measures intended to identify, assess, control, and monitor climate risk. The Bank has developed and is gradually implementing a process to assess and quantify the impact of climate change on its portfolios, strategy, and results. This involves carrying out due diligence, in particular when granting credit. Over the past two years, we have prioritized the sectors that generate the most greenhouse gas emissions and considered the amounts made available to them. The industries targeted include oil and gas, utilities, transportation, real estate, and heavy industry. The ESG risk analysis framework calls for the collection of information on the carbon footprint and includes a classification of climate risks (transition and physical risks) based on the sector and industry as well as the scores assigned by ESG rating agencies. For clients in these industries, we discuss their strategic positioning and the existence of an energy transition plan at least once a year as part of the credit origination or renewal process.
Starting in spring 2023, in line with the execution of our ESG risk deployment plan, we will integrate systematic collection of ESG data into the entire corporate banking portfolio (including project finance). This will enable us to have an even greater impact and effectively support our clients in their energy transition while enhancing our climate risk analysis capacities (scenarios, vulnerabilities, and modeling).
To ensure sound credit risk management, separate parties in the Risk Management and management teams (independent from business lines) are responsible for each credit origination decision, depending on the size and degree of risk associated with the credit transaction in question. Decision-making powers in this area are delegated as set out in the credit risk management policy. Large credits and credits that involve higher risk for the Bank are approved by a higher line level. The Global Risk Committee, which is made up of members of senior management, approves and monitors all large credits (including in terms of climate risk). Credit applications that exceed management latitudes are submitted to the Risk Management Committee of the Board for approval.

C2.3

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?
Yes

C2.3a

(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

Identifier
Risk 1

Where in the value chain does the risk driver occur?
Direct operations

Risk type & Primary climate-related risk driver

Reputation	Increased stakeholder concern or negative stakeholder feedback

Primary potential financial impact
Decreased access to capital

Climate risk type mapped to traditional financial services industry risk classification
Reputational risk

Company-specific description
Reputation risk represents the possibility that a Bank activity or practice will be judged negatively by the public—whether that judgment is with or without basis—thereby adversely affecting the Bank's reputation, image or trademarks, leading to potential lawsuits and losses of income.
The impact of climate risks on reputation risk can be summarized as follows:
› Physical risks – impact of negative perceptions of how the Bank manages the climate risks related to its activities.
› Transition risks – impact of negative perceptions related to financing certain industries, the Bank's degree of commitment to fighting climate change and the progress of its strategy.
The Bank acknowledges that the way it addresses climate change could affect its reputation and have an impact on its activities. As stakeholders' awareness of and concern over climate-related risks continue to grow, the Bank needs to respond in a thoughtful and deliberate manner.
We need to understand and address the potential impact of climate change on our clients and activities, remain transparent in our practices and examine the sustainable business practices of third parties we work with. We want to apply the most rigorous corporate responsibility standards while having a positive impact on our stakeholders, who have constantly changing interests and concerns when it comes to climate change and other environmental issues. Our goal is to be more proactive and strategic in our communications and our actions.
As such, for many years now, reputation risk as it pertains to our sustainable development commitments (including climate) has been monitored, measured and disclosed quarterly. Results are presented in the reputation risk dashboard intended for senior management and the Risk Management Committee of the Board

Time horizon
Medium-term

Likelihood
More likely than not

Magnitude of impact
Medium-low

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
The impact has not been quantified financially.

Cost of response to risk

Description of response and explanation of cost calculation

Comment

Identifier
Risk 2

Where in the value chain does the risk driver occur?
Banking portfolio

Risk type & Primary climate-related risk driver
Please select

Primary potential financial impact
Increased credit risk

Climate risk type mapped to traditional financial services industry risk classification
Credit risk

Company-specific description

Concerning drought, an example of sensitive activities is the agricultural sector. The Bank's agricultural sector portfolio represents 3% of the total loan book (7.9$ Billion CAD).

Increased severity and frequency of extreme weather may expose the Bank to credit losses such as:
a) unexpectedly make the obligor unable to honor its obligations towards the Bank;
b) decrease the value of the Bank's security such as to result in a loss in the event of default, or increase such loss in the event of default beyond initial projections.

To minimize our risks, the Bank will increase the frequency of scenario analysis and stress testing. We will work with our clients to define an action plan to mitigate the risk.

Time horizon
Long-term

Likelihood
Likely

Magnitude of impact
Low

Are you able to provide a potential financial impact figure?
Yes, an estimated range

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
0

Potential financial impact figure – maximum (currency)
7900000000

Explanation of financial impact figure
7,9$ Billion CAD represent the entire agricultural sector loan book

Cost of response to risk

Description of response and explanation of cost calculation
The potential costs have not been determined yet.

Comment

Identifier
Risk 3

Where in the value chain does the risk driver occur?
Banking portfolio

Risk type & Primary climate-related risk driver

Acute physical	Flood (coastal, fluvial, pluvial, groundwater)

Primary potential financial impact
Increased indirect (operating) costs

Climate risk type mapped to traditional financial services industry risk classification
Operational risk

Company-specific description
In 2022, in line with the operational risk management framework and the business continuity plan, the Integrated Risk Management team piloted a risk analysis exercise based on a disaster scenario.
The scenario involved sudden, intense flooding in the Greater Montreal area (including Laval, the South Shore and the North Shore). This scenario analysis allowed the Bank to integrate climate risks into its management approach for risks inherent in its business. The Bank analyzed the scenario and estimated its impact on risks related to its activities. Operational risk was quantified first, given the nature of the disaster. The mitigation strategies adopted by the Bank in the course of its business (insurance coverage, business continuity plan, crisis management framework) were also considered. A sudden climate event of this nature would trigger the Bank's business continuity and crisis management plans. The following aspects of the business continuity plan were therefore tested:
› Availability of and access to activity and continuity sites (branches and corporate sites)
› Risk that human resources would be unavailable over a long period (key continuity resources)
› Risk related to the continuity of the activities of third parties (resilience of third parties responsible for key processes)
› Technology risk (availability of essential IT services and key systems)

Within the same exercice, the Bank also assessed the credit risk resulting from this scenario. It estimated the direct and indirect impact, considering the areas where it would be most vulnerable to this type of natural disaster. Based on the geographical profile of this scenario, the analysis covered around 28% of the Bank's total loan portfolio, of which only 9% faced the possibility of flooding. Credit losses in the most vulnerable areas were estimated. The Bank also considered the impact on liquidity and market risks as well as on its income.

In conclusion, the results presented to management demonstrated the Bank's resilience. Our crisis management plans and framework allowed us to be agile in reacting to large-scale flooding, which had a limited impact on the Bank's capitalization (mainly resulting from credit losses).

Time horizon
Medium-term

Likelihood
Likely

Magnitude of impact
Low

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
The financial cost have been quantified but not publicly disclosed and were deemed non material to the bank's financial stablility and resilence.

Cost of response to risk

Description of response and explanation of cost calculation
The potential costs have not been determined yet.

Comment

Identifier
Risk 4

Where in the value chain does the risk driver occur?
Direct operations

Risk type & Primary climate-related risk driver

Emerging regulation	Carbon pricing mechanisms

Primary potential financial impact
Increased indirect (operating) costs

Climate risk type mapped to traditional financial services industry risk classification
Policy and legal risk

Company-specific description
Carbon pricing, in the form of carbon taxes and emissions trading systems, is an instrument that is increasingly integrated in regional and national policies under which the Bank operates. Canada, the United States, Cambodia, the United Kingdom, Ireland and France are the current jurisdictions where the Bank has activities and where such a system is implemented. For example, in Canada – where most of the Bank's activity takes place – there is a carbon pricing scheme that is likely to affect the Bank's operational costs and value of investments (especially the ones related to the energy and transportation sectors). Higher carbon taxes could thus increase the Bank's expenses associated with natural gas, fuel oil, steam and electricity consumption in buildings as well as business travel (transportation).

Time horizon
Medium-term

Likelihood
Likely

Magnitude of impact
Medium

Are you able to provide a potential financial impact figure?
Yes, an estimated range

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
899700

Potential financial impact figure – maximum (currency)
3058980

Explanation of financial impact figure
Scope 1-2-3 (17 994) X 50$ (minimum price) vs 170$ (maximum price)

Cost of response to risk

Description of response and explanation of cost calculation
If carbon tax is applied, we will have aditionnal costs to consider. The introduction or increase of carbon taxes will likely lead to higher energy costs in certain regions where we exercise our activities. These taxes could increase operating expenses related to energy use on Bank premises and business travel by Bank employees.

Comment

Identifier
Risk 5

Where in the value chain does the risk driver occur?
Banking portfolio

Risk type & Primary climate-related risk driver

Reputation	Lending that could create or contribute to systemic risk for the economy

Primary potential financial impact

Increased credit risk

Climate risk type mapped to traditional financial services industry risk classification
Credit risk

Company-specific description
Related to the energy transition movement and extreme weather events could result in a decreased ability for a counterparty to make repayments or in a decrease in the value of assets pledged as collateral. Ultimately, environmental risk can lead to both a higher probability of default and higher loss given default among counterparties.

Time horizon
Long-term

Likelihood
Likely

Magnitude of impact
Medium-high

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
The potential financial impacts are not publicly available. However, we have begun to assess transitions risks through scenario analysis. The results (share with senior management) show that there is a possibility of a substantial increase in long-term expected credit losses if we keep a static portfolio (i.e. without any change in strategy).

Cost of response to risk

Description of response and explanation of cost calculation
The potential costs are not available.

Comment

C2.4

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?
Yes

C2.4a

(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

Identifier
Opp1

Where in the value chain does the opportunity occur?
Investing (Asset manager) portfolio

Opportunity type
Products and services

Primary climate-related opportunity driver
Shift in consumer preferences

Primary potential financial impact
Increased revenues resulting from increased demand for products and services

Company-specific description
SUSTAINABLE DEVELOPMENTS ETFs : Some clients require investment products that go beyond the integration of ESG factors the investment process. In this context, National Bank Investments (NBI) has launched 5 Exchange Traded-Funds (ETFs) aligned with the United Nations' Sustainable Development Goals (SDG). The portfolio managers of these ETFs invest in companies that contribute to the achievement of SDGs, which includes goal 13 – Climate action. These products are available to all Canadian investors on the National Bank Direct Brokerage platform, through an investment advisor or some high net worth and institutional channels. Tree of these products are also available in our retail network.

Time horizon
Medium-term

Likelihood
Very likely

Magnitude of impact
Medium-low

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
We don't disclose the projected figures, however as at December 31, 2022 the total value of our 5 ETFs was approx. $3.325B.

Cost to realize opportunity

Strategy to realize opportunity and explanation of cost calculation
Our subsidiary National Bank Investments (NBI) promotes on an ongoing basis its open architecture structure (it sub-advises exclusively to other firms the portfolio management of the funds built for its product shelf). It also puts forward its OP4+ governance process, which takes into account the integration of ESG factors - including climate-related factors - in its assessment of external sub-advisors.
For more information: https://www.nbinvestments.ca/about-us/our-approach.html

Comment

Identifier
Opp2

Where in the value chain does the opportunity occur?
Banking portfolio

Opportunity type
Markets

Primary climate-related opportunity driver
Access to new markets

Primary potential financial impact
Increased revenues through access to new and emerging markets

Company-specific description
SUSTAINABLE BONDS In 2018, the Bank developed one of the first Canadian reference frameworks for issuing sustainable bonds. 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 and Low-Carbon Transportation, among others.
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.

Time horizon
Medium-term

Likelihood
Very likely

Magnitude of impact
Medium

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
We don't disclose the projected figures, however as at December 31, 2022, the issues carried out since 2019 have generated more than $3.2 billion, in CAD equivalent, which was used by the Bank to finance numerous projects in the field of sustainable development.

Cost to realize opportunity

Strategy to realize opportunity and explanation of cost calculation
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 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.

Comment
In line with the Bank's commitment to fully allocate proceeds within a period of 18 months, 100% of proceeds from NBC's Sustainability Bonds were allocated to Eligible Assets or Businesses at issuance and remain fully allocated as of December 31, 2022.
The Bank confirms that the Sustainability Bonds' Use of Proceeds complies with NBC's sustainability bond framework.

Identifier
Opp3

Where in the value chain does the opportunity occur?
Banking portfolio

Opportunity type
Energy source

Primary climate-related opportunity driver
Use of lower-emission sources of energy

Primary potential financial impact
Increased revenues through access to new and emerging markets

Company-specific description
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.

Time horizon
Medium-term

Likelihood
Very likely

Magnitude of impact
High

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
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 in financing for projects in the wind, solar, battery and hydro electricity sectors, accounting for 78.6% of our total authorized financing portfolio for projects related to the energy sector (project finance).

Cost to realize opportunity

Strategy to realize opportunity and explanation of cost calculation
The Bank remains committed to reducing the carbon footprint of its loan portfolio through its support for Canadian businesses in the renewable energy sector, sound management of its energy portfolio and increased investments in green energy.

Comment

Identifier
Opp4

Where in the value chain does the opportunity occur?
Banking portfolio

Opportunity type
Products and services

Primary climate-related opportunity driver
Development and/or expansion of low emission goods and services

Primary potential financial impact
Increased revenues resulting from increased demand for products and services

Company-specific description
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.
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.

Time horizon
Short-term

Likelihood
Virtually certain

Magnitude of impact
Medium

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
We do not disclose this information, however, as at October 31, 2022, the volume of authorized sustainability-linked loans was $5.8 billion.

Cost to realize opportunity

Strategy to realize opportunity and explanation of cost calculation
Borrowers can benefit from rate discounts when financing projects that will have a positive impact on sustainable development. This type of loan is mainly intended for businesses that have integrated ESG criteria and targets into their strategy. The Bank aims to be a key partner in financing and supporting businesses in their transition towards a low-carbon economy.

Comment

Identifier
Opp5

Where in the value chain does the opportunity occur?
Direct operations

Opportunity type
Resource efficiency

Primary climate-related opportunity driver
Move to more efficient buildings

Primary potential financial impact
Reduced indirect (operating) costs

Company-specific description
Our strategy at National Bank is to work on multiple fronts to decrease our Carbon Footprint; from finding more energy efficient sites for our branches to developing new methods to lower our daily energy consumption, our focus lies in the constant improvement of our facilities. The bank's collaboration with Hydro-Québec allows us to decrease, by the mean of remote monitoring, our electricity consumption during the extreme cold days experienced in Quebec, and dwindle the demand on Hydro-Québec's grid. Remote monitoring also allows us to validate and act on the efficiency of each of the 260 sites through our interface network every second year, reducing the amount of travelling otherwise necessary to carry these investigations. Being a proactive and engaged player allows us to remain ahead with new technologies and strategies, and adapt our methods to provide the most efficient and pleasant environment for our clientele, and employees.

Time horizon
Medium-term

Likelihood
Very likely

Magnitude of impact
Medium

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
120000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
$120K annually in savings (operations) + $1,5M investments over 3 years : The annual financial impact must be looked at from different angles; although our branches have decreased in size, the cost of energy, fueled by the recent inflation and global shortages, have increased. Participating in the Hydro-Québec program for energy reduction during extreme cold days resulted in a $95K return and implementing better energy solutions during refurbishment of branches allowed us to save around 25K$ last year. These recurrent saving are calculated based on the reference year. The installation of electric vehicle charging stations (6 plug ins on 4 sites) resulted in a spending of about $100K a year, but promotes the use of electric cars. An investment was also made through the purchase of Renewable Natural Gas with Energir, where the rate is higher per m3, but this type of gas is produced by bio-methanation (natural process). The investment impact is through projects, from converting natural gas systems to electrical base on the host province, National bank's new head office (2024), and energy efficiency in branches (converting lighting sources, optimizing controls, better insulation and windows, etc).

Cost to realize opportunity
1500000

Strategy to realize opportunity and explanation of cost calculation
We plan on continuing to optimize controls for mechanical and electrical systems, select province specific strategies to use the greenest energy source, monitor our branches to minimise the variance in consumption, and carefully pick our sites to align with our target of reducing our GHG emissions by 25% by 2025. Over 50 projects/sites have been specifically identified under different categories (Recommissioning, lighting conversion, energy efficiency, HVAC unit replacement, etc) to help reduce our Carbon Footprint, which totalize over $1,5M in investment, along with branch relocations, refurbishments, and the new Head Office.

Comment

C3. Business Strategy

C3.1

(C3.1) Does your organization's strategy include a climate transition plan that aligns with a 1.5°C world?

Row 1

Climate transition plan
Yes, we have a climate transition plan which aligns with a 1.5°C world

Publicly available climate transition plan
Yes

Mechanism by which feedback is collected from shareholders on your climate transition plan
We have a different feedback mechanism in place

Description of feedback mechanism
We do have an open dialogue with many shareholders frequently and our transition plan is discussed in those conversations.
Main interactions with shareholders:
• Transaction-free presentations, meetings, calls and discussions with management
• Transaction-free presentations, meetings, calls and discussions with the President of the Board and Board members
• Quarterly conference calls and webcasts
• Broker-sponsored conferences
• Press releases
• Investors Relations Service
• Meetings with the management of the Bank and the Board of directors
• Annual Meeting of Shareholders (management and shareholder proposals, including the advisory vote on executive compensation; and question period)

Frequency of feedback collection
More frequently than annually

Attach any relevant documents which detail your climate transition plan (optional)
TCFD Report and Stakeholder engagement guidelines
guidelines-stakeholder-engagement.pdf
report-tcfd-2022.pdf

Explain why your organization does not have a climate transition plan that aligns with a 1.5°C world and any plans to develop one in the future
<Not Applicable>

Explain why climate-related risks and opportunities have not influenced your strategy
<Not Applicable>

C3.2

(C3.2) Does your organization use climate-related scenario analysis to inform its strategy?

	Use of climate-related scenario analysis to inform strategy	Primary reason why your organization does not use climate-related scenario analysis to inform its strategy	Explain why your organization does not use climate-related scenario analysis to inform its strategy and any plans to use it in the future
Row 1	Yes, qualitative and quantitative	<Not Applicable>	<Not Applicable>

C3.2a

(C3.2a) Provide details of your organization's use of climate-related scenario analysis.

Climate-related scenario	Scenario analysis coverage	Temperature alignment of scenario	Parameters, assumptions, analytical choices
Transition scenarios: NGFS scenarios framework	Portfolio	<Not Applicable>	To refine its strategy and improve its climate resilience, for the past two years the Bank has carried out analyses of the impact of physical and transition risks on its loan portfolio, based on various climate scenarios. These analyses also enable us to determine how the economy will be affected and identify financial risks that could impact our assets under each scenario. For instance, in the case of our loan portfolio, these financial impacts may be used to estimate expected losses (EL) for portfolios, probability of default (PD) and loss given default (LGD) for each scenario. The results will be used to determine our potential exposure to climate risk and could be included in the risk management process as well as used to prepare for upcoming regulatory requirements. The results of these analyses will be presented regularly to the main risk governance committees, including the Model Oversight Committee and the Enterprise-Wide Risk Management Committee, as well as to the ESG working group. For the 2022 assessment, we opted to test the same three transition risk scenarios as we used the previous year. The Orderly transition – Net Zero 2050, the Disorderly transition – Divergent Net Zero and finally the Hot house world – Current Policies within the NGFS-GCAM5.3 model. We also included a separate analysis based on the three integrated assessment models used by the NGFS. Once again this year, we believe that the selected scenarios represent the situations most likely to occur. For the 2022 exercise, we selected the MESSAGEix-GLOBIOM model (IAM), which appeared to use the most conservative assumptions. This allowed us to test the limits of our results and determine which model to use to test the scenarios. Based on the macro-economic indicators for the three NGFS scenarios selected, we again applied our existing assessment process to quantify the impact on expected credit losses. We also categorized the impact of climate risk on risk parameters such as the probability of default by applying the matrix used to determine the vulnerability of the loan portfolio to climate risk on page 19 of our 2022 TCFD report. Further to our first two scenario analysis exercises, we found that, although the transition to a net-zero economy offers opportunities for certain segments of our portfolio, these are not sufficient to make up for the negative impact on provisions for credit losses in segments with high transition risk.

C3.2b

(C3.2b) Provide details of the focal questions your organization seeks to address by using climate-related scenario analysis, and summarize the results with respect to these questions.

Row 1

Focal questions

Climate scenario analysis is a key tool used to assess the impact of potentially severe events on the Bank’s activities. It helps the Bank define its risk appetite and exposure limits and plan its activities. More specifically, it provides a better understanding of the Bank’s risk profile, informs decision-making and helps us draw up mitigation strategies. The Bank carries out stress testing to evaluate its sensitivity to crisis situations in certain activity sectors and key portfolios.
However, the use of scenarios to evaluate climate risk associated with loan portfolios is a fairly recent application, and the usual use of these tools differs in a number of ways. In-depth analysis is therefore required to translate changes involving climate risk into the macro-economic and financial results generally used for stress testing and scenario analysis. To refine its strategy and improve its climate resilience, the Bank has begun carrying out analyses of the impact of physical and transition risks based on various climate scenarios. These analyses will also enable us to determine how the economy will be affected and identify financial risks that could impact our loan portfolios under each scenario.
These financial impacts can then be used to estimate expected loss (EL) for portfolios, probability of default (PD) and loss given default (LGD) for each scenario.

The main information that we want to evaluate is to know if our loan portfolio will be resilient to climate risks (transition and physical risks). Knowing that credit risk is one of the most important risks facing a financial institution, it became clear that it was mainly the integration of climate-related risks on this particular risk that we needed to test. We've focused on transition risk to start our journey as this risk is, in our opinion, the first that could materialize.

Therefore, we've decided to look through the non-retail loan portfolio risk profile and stress the probability of default (PD) of the clients. Portfolios risk profile was assessed by notching up or down borrowers' PDs to account for idiosyncratic transition risk. Doing this, we were able to ultimately assess the level of additional expected credit losses that could occur over time in relation with climate risks. These analyses enable us to determine how the economy will be affected and identify financial risks that could impact our loan portfolios under each scenario.

Results of the climate-related scenario analysis with respect to the focal questions

Over the past year, the Bank has worked to assess risk based on the climate scenarios recommended by the NGFS. For this assessment, we opted to test three of the six proposed transition scenarios. The scenario analysis conducted covers a wide spectrum of climate scenarios, including two opposing scenarios which we believe are the most likely to occur (hot-house, orderly and disorderly). It does not however fully account for the impacts of physical risk. We had the macro-economic assumptions behind these scenarios reviewed by our economic research team. To guide our work, we also analyzed the results of the pilot project on climate risk scenarios carried out by the OSFI and the Bank of Canada.

Based on the macro-economic indicators for the three NGFS scenarios selected, we applied our existing assessment process to quantify the impact on expected credit losses. We also categorized the impact of climate risk on risk parameters such as the probability of default by applying the matrix used to determine the vulnerability of the loan portfolio to climate risk. The first results show that, even under a best-case scenario, the transition to a net zero economy will have financial impacts assuming a static loan portfolio.

While the transition offers opportunities to some segments of the portfolio these could not enough to offset the segments facing transition risk, though the importance to be proactive to support our clients in a fast and orderly transition.
Ongoing, the results of these analyses will be presented regularly to the main risk governance committees, including the Model Oversight Committee and the Enterprise-Wide Risk Management Committee, as well as to the ESG working group. The results will be used to determine our potential exposure to climate risk and could be included in the risk management process as well as used to prepare for upcoming regulatory requirements.

The Bank acknowledges that climate change may have an impact on its financial planning process. As a result, it will continue to reinforce its scenario analysis program to account for how climate issues may affect analyses of income and operating expenses, investments, capital distribution, potential acquisitions or divestitures and access to capital, among other factors.

Over the coming years, we will continue to develop and enhance our expertise in analyzing climate risk scenarios by combining analyses of the sector (by asset class) with analyses of the portfolio (by loan type). To cover a wider range of risks and business opportunities, we plan to keep using a range of climate change scenarios. This will also help Bank executives better understand the potential impact when selecting strategic orientations. For now, we plan to prioritize industries that have greater exposure to greenhouse gas emissions or are more likely to be affected by transitional measures: oil and gas, utilities, transportation, real estate and construction, heavy industry, etc

C3.3

(C3.3) Describe where and how climate-related risks and opportunities have influenced your strategy.

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	Yes	One of the priorities of our climate strategy is to Support and actively advise our clients in their transition toward a lower carbon economy. Our commitments and actions to achieve that are: 1)Consolidate our energy transition expertise by creating the Energy & Infrastructure Sustainability Impact Group so we can support and actively advise our clients in their transition while providing comprehensive solutions. 2) 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. 3) Roll out products and services to support our clients' transition and offer investment products aligned with the UN SDGs. For example, Green loans, sustainable loans, transition loans, and sustainability-linked loans. 4) To support our business clients in achieving their own ESG targets, the Bank offers a range of financing solutions that include green loans, sustainable loans, transition loans, and loans linked to environmental, social and governance criteria. The latter type of loan is increasingly associated with the transition to renewable energy and the fight against climate change since the interest rate paid to the borrowing company is linked to its achievement of sustainable development goals. Borrowers can benefit from rate discounts when financing projects that will have a positive impact on sustainable development. This type of loan is mainly intended for businesses that have integrated ESG criteria and targets into their strategy. The Bank aims to be a key partner in financing and supporting businesses in their transition towards a low-carbon economy.
Supply chain and/or value chain	Yes	Value chain: 1) The Bank is aware that it has a mobilizing role to play in terms of climate change since its effects could impact its clients and the viability of its operations. Therefore, it has adopted a framework to assess, mitigate and manage related risks for portfolios and individual transactions. The Bank carries out stress testing to evaluate its sensitivity to crisis situations in certain activity sectors and key portfolios. One element of our Climate Strategy is to 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. 2) In order to meet our GHG objectives, the Bank has reduced its paper consumption . It promotes the use of electronic platforms for internal and external communications. Employees are encouraged to reduce their paper consumption. Other elements of the strategy are: › Minimizing employee business travel by promoting virtual meetings › Maintaining its hybrid remote work approach › Continuing to focus on energy efficiency and apply LEED assessment system criteria › Moving to the new head office Supply chain: 1) In addition to its efforts to develop sustainable products and services, the Bank has identified opportunities to be greener in its operations. The actions we have taken to improve the energy efficiency of our buildings have enabled us to currently exceed regulatory requirements and meet the expectations of our stakeholders. 2) The Bank prioritizes suppliers of goods and services that have adopted sustainability into their policies, practices, and processes. Guided by LEED and WELL certification criteria, we continued the construction of our new head office. As of 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
Investment in R&D	Yes	Another priority of our strategy is to Support the energy transition ecosystem (incubators, accelerators, peer groups, government initiatives). Our commitments and actions are: 1) 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. 2) Work with our peers to advance methodology and improve the quality of climate data through the PCAF. 3) 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).
Operations	Yes	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. 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 its hybrid remote work approach › Continuing to focus on energy efficiency and apply LEED assessment system criteria › Moving to the new head office Our new eco-friendly head office: 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.

C3.4

(C3.4) Describe where and how climate-related risks and opportunities have influenced your financial planning.

	Financial planning elements that have been influenced	Description of influence
Row 1	Revenues Direct costs Indirect costs Capital allocation Access to capital Provisions or general reserves	The Bank acknowledges that climate change may have an impact on its financial planning process. As a result, it will continue to reinforce its scenario analysis program to account for how climate issues may affect analyses of income and operating expenses, investments, capital distribution, potential acquisitions or divestitures and access to capital, among other factors. REVENUES 1) To support our business clients in achieving their own ESG targets, the Bank offers a range of financing solutions that include green loans, sustainable loans, transition loans and loans linked to environmental, social and governance criteria. The latter type of loan is increasingly associated with the transition to renewable energy and the fight against climate change, since the interest rate paid to the borrowing company is linked to its achievement of sustainable development goals. Borrowers can benefit from rate discounts when financing projects that will have a positive impact on sustainable development. This type of loan is mainly intended for businesses that have integrated ESG criteria and targets into their strategy. The Bank aims to be a key partner in financing and supporting businesses in their transition towards a low-carbon economy. As at October 31, 2022, the volume of authorized sustainability-linked loans was $5.8 billion. 2) 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 in financing for projects in the wind, solar, battery and hydro sectors, accounting for 78.6% of our total authorized financing portfolio. ACCESS TO CAPITAL 1)In addition to being actively involved in implementing various initiatives to reduce its environmental footprint, the Bank has focused on developing partnerships over the years with various organizations that share the common goal of contributing to sustainable development. The Bank has developed one of the first Canadian reference frameworks for issuing sustainable bonds, 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. In line with the Bank's commitment to fully allocate proceeds within a period of 18 months, 100% of proceeds from NBC's Sustainability Bonds were allocated to Eligible Assets or Businesses at issuance and remain fully allocated as of December 31, 2022. In the context of NBC's Sustainability Bond Framework, it is NBC's intention to maintain an aggregate amount of assets relating to eligible businesses and eligible projects that is at least equal to the aggregate proceeds of all NBC's Sustainability Bonds that are concurrently outstanding. This methodology, also known as portfolio approach, entails that eligible assets can change over time as some of them mature and others are added. NBC's look-back period for any nancing using the sustainability bond proceeds is 36 months prior to the date of the bond issuance INDIRECT COSTS 1)The Bank recognizes the importance of identifying, assessing and managing climate risks. It proactively monitors all risks and the exposure of sectors to climate-related risks and compares them to its risk appetite and the limits established. Material and emerging risks could have a significant negative impact on the Bank's financial results, reputation, business model and long-term strategy. These risks include credit, market, liquidity, operational and ESG risks, including climate-related risks. The rapidly changing economic, regulatory, technological and market environments could also affect certain activities or the Bank as a whole. While the Bank is committed to doing everything it can to mitigate climate-related risks and support the transition to a low-carbon economy, it cannot predict the effectiveness of government-led climate strategies and proposed regulatory changes or assume responsibility for achieving objectives set as part of such strategies and changes. The Bank will continue to closely monitor related developments and implement its climate-related risk management framework. PROVISION OR GENERAL RESERVE Credit risk is the main risk incurred by financial institutions. It is largely dependent on the quality of the loan portfolio and clients' capacity to make their payments. The Bank is mainly exposed to this type of risk through its activities as a lender. The impact of climate risk on credit risk can be summarized as follows: › Physical risks — decrease in repayment capacity or in the value of assets taken as security. › Transition risks — financial impact of changes involving legislation and policies, technology and markets, such as lower revenues, higher operating costs, changes in consumer preferences, development of new technology and taxes on carbon emissions. The Bank's exposure to climate-related credit risk is assessed through various control and oversight mechanisms. For example, we carry out analyses of the vulnerability of the loan portfolio to physical and transition risks for all our financing activities to achieve a better understanding of our exposure to these risks. Concentration risk for the loan portfolio is also assessed periodically to ensure that there is no significant climate-related impact. A matrix that cross-references physical and transition risk by sector and by industry has been developed to allow the Risk Management sector to understand which sectors of the loan portfolio are most affected by climate-related risks. These initiatives have enabled us to align our priorities and take concrete action as part of the sector limit review process. An ESG section detailing climate risk (including an assessment of physical and transition risks) is now available for each sector or industry. The Risk Management sector closely monitors changing trends and calculation methodologies and actively participates in various industry discussion groups.

C3.5

(C3.5) In your organization's financial accounting, do you identify spending/revenue that is aligned with your organization's climate transition?

	Identification of spending/revenue that is aligned with your organization's climate transition	Indicate the level at which you identify the alignment of your spending/revenue with a sustainable finance taxonomy
Row 1	No, but we plan to in the next two years	<Not Applicable>

C-FS3.6

(C-FS3.6) Does the policy framework for your portfolio activities include climate-related requirements for clients/investees, and/or exclusion policies?

	Policy framework for portfolio activities that include climate-related requirements for clients/investees, and/or exclusion policies	Explain why the policy framework for your portfolio activities do not include climate-related requirements for clients/investees, and/or exclusion policies
Row 1	Yes, we have exclusion policies for industries and/or activities exposed or contributing to climate-related risks	<Not Applicable>

C-FS3.6b

(C-FS3.6b) Provide details of your exclusion policies related to industries and/or activities exposed or contributing to climate-related risks.

Portfolio
Banking (Bank)

Type of exclusion policy
Thermal coal
Arctic oil and gas

Year of exclusion implementation
2020

Timeframe for complete phase-out
Already phased out

Application
New business/investment for new projects
New business/investment for existing projects

Country/Area/Region the exclusion policy applies to
Canada
United States of America

Description
Over the past few years, the Bank has enhanced its environmental commitments and made an official commitment not to offer or grant new financing related to oil and gas exploration, exploitation, or production in the Arctic, given the fragility of this environment and the fact that it's likely to become more attractive to investors over the coming decades. The Bank has also confirmed its commitment not to finance new thermal coal mining and processing activities.

C-FS3.6c

(C-FS3.6c) Why does the policy framework for your portfolio activities not include climate-related requirements for clients/investees, and/or exclusion policies?

We did have exclusions policies as stated in section CFS3.6b.

However, the Bank is still in the process of implementing all TCFD's recommendations. The roadmap for the implementation does include an update of the bank's actual policies to include climate-related issues specifically on requirements and exclusions. The timeline to implement those changes throughout the entire organisation was set in about

C-FS3.7

(C-FS3.7) Does your organization include climate-related requirements in your selection process and engagement with external asset managers?

	Climate-related requirements included in selection process and engagement with external asset managers	Primary reason for not including climate-related requirements in selection process and engagement with external asset managers	Explain why climate-related requirements are not included in selection process and engagement with external asset managers and your plans for the future
Row 1	Yes	<Not Applicable>	<Not Applicable>

C-FS3.7a

(C-FS3.7a) Provide details of the climate-related requirements included in your selection process and engagement with external asset managers.

Coverage
All assets managed externally

Mechanisms used to include climate-related requirements in external asset manager selection
Preference for investment managers with an offering of funds resilient to climate change
Publish requirements of external investment managers in relation to climate issues
Review investment manager's climate performance (e.g., active ownership, proxy voting records, under-weighting in high impact activities)
Review investment manager's climate-related policies

Describe how you monitor and engage with asset managers to ensure investment activities are consistent with your climate strategy
Climate is part of the external portfolio managers evaluation process and is regularly discussed in quarterly calls. We amended our external portfolio manager evaluation process to include climate considerations. We assess integration of climate in the investment process (risk and return perspective), as well as measure and targets for portfolio footprint. These points are discussed in our written reports and influence the quantitative score we give to external managers. The reports are presented to an independent committee. Climate is also discussed in quarterly calls with our external managers. We recently did a deep dive on climate and sent specific questions on climate prior to the calls.

C-FS3.8

(C-FS3.8) Does your organization include covenants in financing agreements to reflect and enforce your climate-related policies?

	Climate-related covenants in financing agreements	Primary reason for not including climate-related covenants in financing agreements	Explain why your organization does not include climate-related covenants in financing agreements and your plans for the future
Row 1	Yes	<Not Applicable>	<Not Applicable>

C-FS3.8a

(C-FS3.8a) Provide details of the covenants included in your organization's financing agreements to reflect and enforce your climate-related policies.

Types of covenants used	Asset class/product types	Coverage of covenants	Please explain
Purpose or use of proceeds clause refers to sustainable project Margin or pricing depends on sustainability criteria	Corporate loans	All business/investment for all projects	National Bank of Canada offers multiple lending products, including, but not limited to term loans and credit facilities that can be labelled sustainable, social, green or sustainability linked. The sustainable, social and green labelled facilities are provided to finance specific use of proceeds project. Sustainability Linked Loans (or credit facilities) are linked to the borrower's ESG objectives and provide the borrower with more beneficial financing terms and conditions should they meet these ESG objective. All labelled loans are aligned with market standards such as the ICMA Principles and the LMA Principles; and and our Commitments in National Bank's ESG Report. National Bank works with all its clients across all industries to determine the suitability of transacting a labeled instrument.
Purpose or use of proceeds clause refers to sustainable project Margin or pricing depends on sustainability criteria	Debt and equity underwriting	All business/investment for all projects	National Bank of Canada supports its clients by underwriting labelled bond issuances which include sustainability linked bonds (SLBs), sustainability, social and green bonds. SLBs involve the integration of material and ambitious ESG objectives into the financing terms and conditions. If these ESG objectives have been achieved, clients will receive beneficial financing terms and conditions. Sustainable, social and green bonds are use of proceeds bonds whereby the capital raised is allocated towards green or social projects. National Bank of Canada offers multiple lending products, including, but not limited to term loans and credit facilities that can be labelled sustainable, social, green or sustainability linked. The sustainable, social and green labelled facilities are provided to finance specific use of proceeds project. Sustainability Linked Loans (or credit facilities) are linked to the borrower's ESG objectives and provide the borrower with more beneficial financing terms and conditions should they meet these ESG objective. All labelled loans are aligned with market standards such as the ICMA Principles and the LMA Principles; and and our Commitments in National Bank's ESG Report. National Bank works with all its clients across all industries to determine the suitability of transacting a labeled instrument.
Purpose or use of proceeds clause refers to sustainable project	Corporate real estate	Other, please specify (Real Estate Industry)	National Bank of Canada offers multiple lending products, including, but not limited to term loans and credit facilities that can be labelled green. The green labelled facilities are provided to finance specific use of proceeds project. All labelled loans are aligned with market standards such as the ICMA Principles and the LMA Principles; and our Commitments in National Bank's ESG Report.
Purpose or use of proceeds clause refers to sustainable project	Project finance	Other, please specify (Infrastructure and Industrial)	National Bank of Canada supports its clients by underwriting labelled bond issuances which include sustainability, social and green bonds. Sustainable, social and green bonds are use of proceeds bonds whereby the capital raised is allocated towards green or social projects. National Bank of Canada offers multiple lending products, including, but not limited to term loans and credit facilities that can be labelled sustainable, social or green. The sustainable, social and green labelled facilities are provided to finance specific use of proceeds project. All labelled loans are aligned with market standards such as the ICMA Principles and the LMA Principles; and our commitments in National Bank's ESG Report. National Bank works with all its clients across all industries to determine the suitability of transacting a labeled instrument.

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?

Absolute target
Portfolio target

C4.1a

(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.

Target reference number
Abs 1

Is this a science-based target?
No, and we do not anticipate setting one in the next two years

Target ambition
<Not Applicable>

Year target was set
2020

Target coverage
Company-wide

Scope(s)
Scope 1
Scope 2
Scope 3

Scope 2 accounting method
Location-based

Scope 3 category(ies)
Category 1: Purchased goods and services
Category 6: Business travel

Base year
2019

Base year Scope 1 emissions covered by target (metric tons CO2e)
2446

Base year Scope 2 emissions covered by target (metric tons CO2e)
4348

Base year Scope 3, Category 1: Purchased goods and services emissions covered by target (metric tons CO2e)
287

Base year Scope 3, Category 2: Capital goods emissions covered by target (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions covered by target (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Category 4: Upstream transportation and distribution emissions covered by target (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Category 5: Waste generated in operations emissions covered by target (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Category 6: Business travel emissions covered by target (metric tons CO2e)
5243

Base year Scope 3, Category 7: Employee commuting emissions covered by target (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Category 8: Upstream leased assets emissions covered by target (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Category 9: Downstream transportation and distribution emissions covered by target (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Category 10: Processing of sold products emissions covered by target (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Category 11: Use of sold products emissions covered by target (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Category 12: End-of-life treatment of sold products emissions covered by target (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Category 13: Downstream leased assets emissions covered by target (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Category 14: Franchises emissions covered by target (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Category 15: Investments emissions covered by target (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Other (upstream) emissions covered by target (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Other (downstream) emissions covered by target (metric tons CO2e)
<Not Applicable>

Base year total Scope 3 emissions covered by target (metric tons CO2e)
5529

Total base year emissions covered by target in all selected Scopes (metric tons CO2e)
12323

Base year Scope 1 emissions covered by target as % of total base year emissions in Scope 1
85

Base year Scope 2 emissions covered by target as % of total base year emissions in Scope 2
37

Base year Scope 3, Category 1: Purchased goods and services emissions covered by target as % of total base year emissions in Scope 3, Category 1: Purchased goods and services (metric tons CO2e)
1

Base year Scope 3, Category 2: Capital goods emissions covered by target as % of total base year emissions in Scope 3, Category 2: Capital goods (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions covered by target as % of total base year emissions in Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Category 4: Upstream transportation and distribution covered by target as % of total base year emissions in Scope 3, Category 4: Upstream transportation and distribution (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Category 5: Waste generated in operations emissions covered by target as % of total base year emissions in Scope 3, Category 5: Waste generated in operations (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Category 6: Business travel emissions covered by target as % of total base year emissions in Scope 3, Category 6: Business travel (metric tons CO2e)
89

Base year Scope 3, Category 7: Employee commuting covered by target as % of total base year emissions in Scope 3, Category 7: Employee commuting (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Category 8: Upstream leased assets emissions covered by target as % of total base year emissions in Scope 3, Category 8: Upstream leased assets (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Category 9: Downstream transportation and distribution emissions covered by target as % of total base year emissions in Scope 3, Category 9: Downstream transportation and distribution (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Category 10: Processing of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 10: Processing of sold products (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Category 11: Use of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 11: Use of sold products (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Category 12: End-of-life treatment of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 12: End-of-life treatment of sold products (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Category 13: Downstream leased assets emissions covered by target as % of total base year emissions in Scope 3, Category 13: Downstream leased assets (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Category 14: Franchises emissions covered by target as % of total base year emissions in Scope 3, Category 14: Franchises (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Category 15: Investments emissions covered by target as % of total base year emissions in Scope 3, Category 15: Investments (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Other (upstream) emissions covered by target as % of total base year emissions in Scope 3, Other (upstream) (metric tons CO2e)
<Not Applicable>

Base year Scope 3, Other (downstream) emissions covered by target as % of total base year emissions in Scope 3, Other (downstream) (metric tons CO2e)
<Not Applicable>

Base year total Scope 3 emissions covered by target as % of total base year emissions in Scope 3 (in all Scope 3 categories)
7

Base year emissions covered by target in all selected Scopes as % of total base year emissions in all selected Scopes
15

Target year
2025

Targeted reduction from base year (%)
25

Total emissions in target year covered by target in all selected Scopes (metric tons CO2e) [auto-calculated]
9242.25

Scope 1 emissions in reporting year covered by target (metric tons CO2e)
2032

Scope 2 emissions in reporting year covered by target (metric tons CO2e)
4212

Scope 3, Category 1: Purchased goods and services emissions in reporting year covered by target (metric tons CO2e)
127

Scope 3, Category 2: Capital goods emissions in reporting year covered by target (metric tons CO2e)
<Not Applicable>

Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions in reporting year covered by target (metric tons CO2e)

<Not Applicable>

Scope 3, Category 4: Upstream transportation and distribution emissions in reporting year covered by target (metric tons CO2e)
<Not Applicable>

Scope 3, Category 5: Waste generated in operations emissions in reporting year covered by target (metric tons CO2e)
<Not Applicable>

Scope 3, Category 6: Business travel emissions in reporting year covered by target (metric tons CO2e)
2625

Scope 3, Category 7: Employee commuting emissions in reporting year covered by target (metric tons CO2e)
<Not Applicable>

Scope 3, Category 8: Upstream leased assets emissions in reporting year covered by target (metric tons CO2e)
<Not Applicable>

Scope 3, Category 9: Downstream transportation and distribution emissions in reporting year covered by target (metric tons CO2e)
<Not Applicable>

Scope 3, Category 10: Processing of sold products emissions in reporting year covered by target (metric tons CO2e)
<Not Applicable>

Scope 3, Category 11: Use of sold products emissions in reporting year covered by target (metric tons CO2e)
<Not Applicable>

Scope 3, Category 12: End-of-life treatment of sold products emissions in reporting year covered by target (metric tons CO2e)
<Not Applicable>

Scope 3, Category 13: Downstream leased assets emissions in reporting year covered by target (metric tons CO2e)
<Not Applicable>

Scope 3, Category 14: Franchises emissions in reporting year covered by target (metric tons CO2e)
<Not Applicable>

Scope 3, Category 15: Investments emissions in reporting year covered by target (metric tons CO2e)
<Not Applicable>

Scope 3, Other (upstream) emissions in reporting year covered by target (metric tons CO2e)
<Not Applicable>

Scope 3, Other (downstream) emissions in reporting year covered by target (metric tons CO2e)
<Not Applicable>

Total Scope 3 emissions in reporting year covered by target (metric tons CO2e)
2752

Total emissions in reporting year covered by target in all selected scopes (metric tons CO2e)
8996

Does this target cover any land-related emissions?
No, it does not cover any land-related emissions (e.g. non-FLAG SBT)

% of target achieved relative to base year [auto-calculated]
107.993183478049

Target status in reporting year
Achieved

Please explain target coverage and identify any exclusions
The scope of the target was reviewed in 2022 to cover the activities of the Bank in Canada and the United States (including the Credigy subsidiary), as well as the activities of our subsidiary in Dublin and our offices in Europe, Hong Kong and Cuba. We have excluded the portion of the carbon footprint attributable to the Bank's activities in Cambodia and in Thailand, due to the limited renewable energy options available in these countries. However, we are pursuing our commitment to leveraging our economic and social impact to promote sustainable development in Cambodia.

Plan for achieving target, and progress made to the end of the reporting year
<Not Applicable>

List the emissions reduction initiatives which contributed most to achieving this target

C-FS4.1d

(C-FS4.1d) Provide details of the climate-related targets for your portfolio.

Target reference number
Por1

Year target was set
2022

Portfolio
Banking (Bank)

Product type/Asset class/Line of business
Corporate loans

Sectors covered by the target
Other, please specify (Oil and Gas producer)

Target type
Other, please specify (Portfolio emissions based on terajoule of energy produced by clients in the portfolio)

Target type: Absolute or intensity
Intensity

Scopes included in temperature alignment
<Not Applicable>

Metric (or target numerator if intensity)
Other, please specify (tCO2e)

Target denominator
Other, please specify (Terajoules)

Base year
2019

Figure in base year
0.9

Percentage of portfolio emissions covered by the target
100

Monetary metric for portfolio coverage (unit currency as reported in C0.4)
Loan book value

Percentage of portfolio covered by the target, using a monetary metric
100

Frequency of target reviews
Semi-annually

Interim target year
2030

Figure in interim target year
0.62

Target year
2050

Figure in target year
0.23

Figure in reporting year
0.66

% of target achieved relative to base year [auto-calculated]
35.8208955223881

Aggregation weighting used
<Not Applicable>

Proportion of portfolio emissions calculated in the reporting year based on asset level data
<Not Applicable>

Proportion of the temperature score calculated in the reporting year based on company targets
<Not Applicable>

Target status in reporting year
Underway

Is this a science-based target?
Yes, we consider this a science-based target, and it has been set in line with the Glasgow Financial Alliance for Net Zero (GFANZ) commitments, but we have not committed to seek validation by the Science Based Targets initiative within the next two years

Target ambition
1.5°C aligned

Please explain target coverage and identify any exclusions
This is a target for the Scope 1 and 2 GHG emissions of the loan portfolio relate to the energy used during crude oil and natural gas extraction, which includes both carbon dioxide and methane emissions.
National Bank's target covers companies in the O&G Producers sub-sector financed by the Bank. It includes all on-balance sheet business loans to public and private companies. Does not include derivatives such as swaps, where no guidance currently exists for quantifying financed emissions. Scope 1, 2 and 3 emissions are reported in terms of carbon dioxide equivalent, which includes carbon dioxide and methane. Scope 1 and 2 relate to the energy used during fossil fuel extraction. Scope 3 emissions relate to the end-use combustion of fuel.
To set its net-zero interim targets for 2030, the Bank used the International Energy Agency (IEA) Net Zero Emissions (NZE) scenario pathway, which is consistent with limiting global warming to 1.5 °C above pre-industrial levels by the year 2100. Taking both the IEA NZE scenario and the Government of Canada's net-zero strategy into consideration, the Bank has set a target to reduce its financed emissions in the O&G Producers sub-sector (covering Scope 1, 2 and 3) by 31% by 2030.

Target reference number
Por2

Year target was set
2022

Portfolio
Banking (Bank)

Product type/Asset class/Line of business
Corporate loans

Sectors covered by the target
Other, please specify (Oil and Gas producer)

Target type
Other, please specify (Portfolio emissions based on terajoule of energy produced by clients in the portfolio)

Target type: Absolute or intensity
Intensity

Scopes included in temperature alignment
<Not Applicable>

Metric (or target numerator if intensity)
Other, please specify (tCO2e)

Target denominator
Other, please specify (terajoules)

Base year
2019

Figure in base year
7.69

Percentage of portfolio emissions covered by the target
100

Monetary metric for portfolio coverage (unit currency as reported in C0.4)
Loan book value

Percentage of portfolio covered by the target, using a monetary metric

Frequency of target reviews
Semi-annually

Interim target year
2030

Figure in interim target year
5.31

Target year
2050

Figure in target year
1.96

Figure in reporting year
6.18

% of target achieved relative to base year [auto-calculated]
26.3525305410122

Aggregation weighting used
<Not Applicable>

Proportion of portfolio emissions calculated in the reporting year based on asset level data
<Not Applicable>

Proportion of the temperature score calculated in the reporting year based on company targets
<Not Applicable>

Target status in reporting year
Underway

Is this a science-based target?
Yes, we consider this a science-based target, and it has been set in line with the Glasgow Financial Alliance for Net Zero (GFANZ) commitments, but we have not committed to seek validation by the Science Based Targets initiative within the next two years

Target ambition
1.5°C aligned

Please explain target coverage and identify any exclusions
The baseline Scope 3 financed emissions relate to the end-use combustion of fuel in the economy, which contributes the majority of GHG emissions from the O&G sector. These emissions are represented in carbon dioxide equivalent, including both carbon dioxide and methane emissions.
National Bank's target covers companies in the O&G Producers sub-sector financed by the Bank. It includes all on-balance sheet business loans to public and private companies. Does not include derivatives such as swaps, where no guidance currently exists for quantifying financed emissions. Scope 1, 2 and 3 emissions are reported in terms of carbon dioxide equivalent, which includes carbon dioxide and methane. Scope 1 and 2 relate to the energy used during fossil fuel extraction. Scope 3 emissions relate to the end-use combustion of fuel.
To set its net-zero interim targets for 2030, the Bank used the International Energy Agency (IEA) Net Zero Emissions (NZE) scenario pathway, which is consistent with limiting global warming to 1.5 °C above pre-industrial levels by the year 2100. Taking both the IEA NZE scenario and the Government of Canada’s net-zero strategy into consideration, the Bank has set a target to reduce its financed emissions in the O&G Producers sub-sector (covering Scope 1, 2 and 3) by 31% by 2030.

Target reference number
Por3

Year target was set

2023

Portfolio
Banking (Bank)

Product type/Asset class/Line of business
Corporate loans

Sectors covered by the target
Other, please specify (Commercial Real Estate, excluding Construction)

Target type
Other, please specify (weighted average GHG emissions in tonnes of carbon dioxide equivalent (tCO2 e) and square footage for each counterparty in the portfolio that owned commercial property)

Target type: Absolute or intensity
Intensity

Scopes included in temperature alignment
<Not Applicable>

Metric (or target numerator if intensity)
Other, please specify (tCO2e)

Target denominator
Other, please specify (1,000sq.ft.)

Base year
2019

Figure in base year
2.85

Percentage of portfolio emissions covered by the target
98

Monetary metric for portfolio coverage (unit currency as reported in C0.4)
Loan book value

Percentage of portfolio covered by the target, using a monetary metric
98

Frequency of target reviews
Annually

Interim target year
2030

Figure in interim target year
1.43

Target year
2050

Figure in target year
0.07

Figure in reporting year

% of target achieved relative to base year [auto-calculated]
<Calculated field>

Aggregation weighting used
<Not Applicable>

Proportion of portfolio emissions calculated in the reporting year based on asset level data
<Not Applicable>

Proportion of the temperature score calculated in the reporting year based on company targets
<Not Applicable>

Target status in reporting year
New

Is this a science-based target?
Yes, we consider this a science-based target, and it has been set in line with the Glasgow Financial Alliance for Net Zero (GFANZ) commitments, but we have not committed to seek validation by the Science Based Targets initiative within the next two years

Target ambition
1.5°C aligned

Please explain target coverage and identify any exclusions
That target includes Scope 1 and 2. Scope 1 encompasses direct GHG emissions related to the building’s energy use, whereas Scope 2 encompasses indirect GHG emissions related to the generation of purchased energy used by the building.
The Bank’s Commercial Real Estate portfolio is composed of loans for specific purposes related to the purchase or refinancing of buildings. The properties in the portfolio include buildings used for commercial purposes, such as retail stores, hotels, offices or multi-family housing, where the building owner rents out property for income-generating activities. For the moment, operating credits, public companies, owner-occupied buildings, real estate investment trusts and land corporations are excluded from the reduction target since the financing is not related to a property that generates rental income, also and buildings deemed to be under construction have been excluded because of the unavailability of data needed to calculate GHG emissions.

Target reference number

Por4

Year target was set
2023

Portfolio
Banking (Bank)

Product type/Asset class/Line of business
Corporate loans
Project finance

Sectors covered by the target
Other, please specify (Power Generation)

Target type
Other, please specify (Weighted average GHG emissions in tonnes of carbon dioxide equivalent (tCO2 e) and energy production in megawatt-hours (MWh) for each company in its portfolio)

Target type: Absolute or intensity
Intensity

Scopes included in temperature alignment
<Not Applicable>

Metric (or target numerator if intensity)
Other, please specify (tCO2e)

Target denominator
Other, please specify (energy production in megawatt-hours (MWh))

Base year
2019

Figure in base year
0.11

Percentage of portfolio emissions covered by the target
86

Monetary metric for portfolio coverage (unit currency as reported in C0.4)
Loan book value

Percentage of portfolio covered by the target, using a monetary metric

Frequency of target reviews
Annually

Interim target year
2030

Figure in interim target year
0.07

Target year
2050

Figure in target year
0

Figure in reporting year

% of target achieved relative to base year [auto-calculated]
<Calculated field>

Aggregation weighting used
<Not Applicable>

Proportion of portfolio emissions calculated in the reporting year based on asset level data
<Not Applicable>

Proportion of the temperature score calculated in the reporting year based on company targets
<Not Applicable>

Target status in reporting year
New

Is this a science-based target?
Yes, we consider this a science-based target, and it has been set in line with the Glasgow Financial Alliance for Net Zero (GFANZ) commitments, but we have not committed to seek validation by the Science Based Targets initiative within the next two years

Target ambition
1.5°C aligned

Please explain target coverage and identify any exclusions
The Bank’s Power Generation portfolio contains business loans to power generation companies and project financing for the operation or construction of power generation facilities. These include fossil-fuel power plants (natural gas and coal) and renewable energy power plants (including nuclear, hydro, solar, wind and biogas)
This intensity covers 86% of the total financed emissions for the portfolio, due to certain data limitations and the exclusion of financed projects that are under construction (power generation data not available because project not yet operational).

C4.2

(C4.2) Did you have any other climate-related targets that were active in the reporting year?

Net-zero target(s)
Other climate-related target(s)

C4.2b

(C4.2b) Provide details of any other climate-related targets, including methane reduction targets.

Target reference number
Oth 1

Year target was set
2020

Target coverage
Business activity

Target type: absolute or intensity
Absolute

Target type: category & Metric (target numerator if reporting an intensity target)

Green finance	Other, please specify (Growth percentage of renewable-energy-related funding assets)

Target denominator (intensity targets only)
<Not Applicable>

Base year
2019

Figure or percentage in base year
0

Target year
2022

Figure or percentage in target year
3.6

Figure or percentage in reporting year
3.6

% of target achieved relative to base year [auto-calculated]
100

Target status in reporting year
Achieved

Is this target part of an emissions target?
It is a target for the growth of renewable-energy-related funding assets in the Bank's portfolio of loans.

Is this target part of an overarching initiative?
No, it's not part of an overarching initiative

Please explain target coverage and identify any exclusions
The target covers the portfolio of loans covering energy-related funding assets (renewable and non-renewable). The goal is to grow the proportion of renewable-energy related funding assets at a faster pace than those related to non-renewable energy. As at October 31, 2022, the credit risk exposure of the portfolio of loans related to renewable energy had increased by 26% since January 31, 2019, while the portfolio of loans related to non-renewable energy had decreased
by 29% over the same period. The target is achieved since non-renewable-energy-related loans decreased at a faster pace than the rate of renewable-energy related loans.

Plan for achieving target, and progress made to the end of the reporting year
<Not Applicable>

List the actions which contributed most to achieving this target
The Bank remains committed to reducing the carbon footprint of its loan portfolio through its support for Canadian businesses in the renewable energy sector, sound management of its energy portfolio and increased investments in green energy.

C4.2c

(C4.2c) Provide details of your net-zero target(s).

Target reference number
NZ1

Target coverage
Banking (Bank)

Absolute/intensity emission target(s) linked to this net-zero target
Abs1
Por1
Por2
Por3
Por4

Target year for achieving net zero
2050

Is this a science-based target?
No, and we do not anticipate setting one in the next two years

Please explain target coverage and identify any exclusions
Consistent with the goals of the Paris Agreement, the Bank is committed to aligning its financing activities with the target of net-zero emissions by 2050. The Bank recognizes the important role it can play in supporting clients in their energy transition and decarbonization strategies to achieve a low-carbon economy.
Targets are aligned with the IEA NZE pathway— an internationally recognized net-zero source that is also used by other financial institutions. The Canada's Energy Future 2020 report and the Economically Efficient Pathway in the Government of Canada's 2030 Emissions Reduction Plan were also considered in order to reflect the regional context, given that the Bank's O&G loan book is almost exclusively within Canada.

Do you intend to neutralize any unabated emissions with permanent carbon removals at the target year?
Unsure

Planned milestones and/or near-term investments for neutralization at target year
<Not Applicable>

Planned actions to mitigate emissions beyond your value chain (optional)

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.
Yes

C4.3a

(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	7	56.2
To be implemented*	15	85.03
Implementation commenced*	18	144.2
Implemented*	41	176.46
Not to be implemented	4	

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

Initiative category & Initiative type

Company policy or behavioral change	Site consolidation/closure

Estimated annual CO2e savings (metric tonnes CO2e)
28.85

Scope(s) or Scope 3 category(ies) where emissions savings occur
Scope 1
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
68278

Investment required (unit currency – as specified in C0.4)
0

Payback period
No payback

Estimated lifetime of the initiative
Ongoing

Comment

Initiative category & Initiative type

Energy efficiency in buildings	Heating, Ventilation and Air Conditioning (HVAC)

Estimated annual CO2e savings (metric tonnes CO2e)
59.61

Scope(s) or Scope 3 category(ies) where emissions savings occur
Scope 1
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
15475

Investment required (unit currency – as specified in C0.4)
13915

Payback period
<1 year

Estimated lifetime of the initiative
11-15 years

Comment

Initiative category & Initiative type

Low-carbon energy consumption	Biogas

Estimated annual CO2e savings (metric tonnes CO2e)
88

Scope(s) or Scope 3 category(ies) where emissions savings occur
Scope 1

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
0

Investment required (unit currency – as specified in C0.4)
0

Payback period
No payback

Estimated lifetime of the initiative
11-15 years

Comment
Biogas comes from sustainable biomass, i.e. from the bio methanation of food waste.

C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Dedicated budget for energy efficiency	The Engineering, Operation and Sustainable Development team within NBC has a dedicated budget for projects related to the optimization of control systems for the NBC branches. All activities conducted within these projects are planned and implemented with the help of an external firm specialized in energy efficiency to ensure that they follow energy efficiency standards while maintaining the comfort of building occupants and reducing operational costs. In addition, when branches are going through a major refurbishment or retrofit, an additional budget is always invested in the HVAC system to ensure that it fulfills NBC's requirements in terms of energy efficiency.
Other (External financial incentives)	NBC takes part in an Electricity management systems (EMS) program for businesses ran by its electricity provider in Quebec. This program aims to provide financial assistance for any energy efficiency projects in buildings. NBC has received financial support from this program when the company installed energy-efficient systems or components (e.g. lights, lighting controls, power monitoring system, etc.).

C-FS4.5

(C-FS4.5) Do any of your existing products and services enable clients to mitigate and/or adapt to the effects of climate change?

Yes

C-FS4.5a

(C-FS4.5a) Provide details of your existing products and services that enable clients to mitigate and/or adapt to climate change, including any taxonomy used to classify the products(s).

Product type/Asset class/Line of business

Banking	Corporate loans

Taxonomy or methodology used to classify product

The EU Taxonomy for environmentally sustainable economic activities

Description of product

Sustainability-Linked Loans : The Bank has been active in the new and fast-growing Sustainability-Linked Loan (SLL) market. SLLs are increasingly associated with the transition to renewable energy and the fight against climate change. Borrowers can benefit from rate discounts when financing projects that will have a positive impact on sustainable development. This type of loan is mainly intended for businesses that have integrated ESG criteria and targets into their strategy.
The SLL represents 4.8% of our committed non-retail loan book (loans over $5M).

Product enables clients to mitigate and/or adapt to climate change

Mitigation

Portfolio value (unit currency – as specified in C0.4)

5800000000

% of total portfolio value

4.8

Type of activity financed/insured or provided

Green buildings and equipment
Low-emission transport
Renewable energy
Emerging climate technology, please specify (Battery storage, SMART metering techonologies, storm detection software, etc.)

Product type/Asset class/Line of business

Investing	Other, please specify (Sustainable Bonds)

Taxonomy or methodology used to classify product

Green Bond Principles (ICMA)

Description of product

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 makes the final decision. Each year, the Bank publishes a report that presents the reference framework, the use of funds and a few examples of projects financed.
The percentage of total portfolio value was calculated using the Residual Contractual Maturities of Wholesale Funding as at October 31, 2022. The total value of fixed income products issued comes from : the sum of Senior unsecured medium-term notes (1Y to 2Y + Over 2Y) and the Senior unsecured structured notes (1Y to 2Y + Over 2Y) = 12,581,000,000 • “Fixed income products issued” means from NBC’s standpoint our Wholesale Funding instruments outstanding with a maturity 1Y and up (all LT unsecured only, i.e. ex. CDs and CPs being excluded for now, Covered Bonds also excluded, etc.); and • We’re including both “Senior unsecured medium-term notes” and “Senior unsecured structured notes” categories, given that ESG fixed income instruments issued (our Sustainability bonds) can be included in any of these 2 categories currently.

Product enables clients to mitigate and/or adapt to climate change
Mitigation

Portfolio value (unit currency – as specified in C0.4)
2236912300

% of total portfolio value
17.78

Type of activity financed/insured or provided
Renewable energy
Other, please specify (Affordable Housing and Access to basic essential services)

Product type/Asset class/Line of business

Banking	Project finance

Taxonomy or methodology used to classify product
Internally classified

Description of product
In 2021, we created the Energy & Infrastructure Sustainability Impact Group (EiSiG), which coordinates the energy transition expertise of our Energy, Power, Utilities, Infrastructure and Clean Technology verticals. In 2022, the 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* in financing for projects in the wind, solar, battery and hydro electricity sectors, accounting for 78.6% of our total authorized financing portfolio for projects related to the energy sector (project finance). *See our 2022 TCFD report for more information.

Product enables clients to mitigate and/or adapt to climate change
Adaptation

Portfolio value (unit currency – as specified in C0.4)
7200000000

% of total portfolio value
78.6

Type of activity financed/insured or provided
Renewable energy

Product type/Asset class/Line of business

Investing	Mutual funds

Taxonomy or methodology used to classify product
Green Bond Principles (ICMA)

Description of product
In 2022, NBI improved its offer of sustainable exchange-traded funds (ETF) by launching the NBI Sustainable Canadian Short Term Bond ETF (NSSB), managed by AlphaFixe Capital Inc.
To give its clients greater access to sustainable development strategies, in June 2021, NBI made certain ETFs available as part of a mutual fund structure.
Four other funds are available in our sustainable products offering:
› NBI Sustainable Canadian Bond Fund
› NBI Sustainable Canadian Equity Fund
› NBI Sustainable Global Equity Fund
› NBI Sustainable Canadian Corporate Bond exchange-traded fund
NBI's sustainable development products invest in securities aligned with one or more of the United Nations Sustainable Development Goals (SDG), in particular SDG 7 – Affordable and clean energy and SDG 13 – Climate action.

Our fixed income products use the ICMA Green, Social and Sustainable Bond Principles. Our equity products assess revenu alignment with SDG.
NBI sustainable ETFs represent 1.25% of its total portfolio value.

Product enables clients to mitigate and/or adapt to climate change
Mitigation
Adaptation

Portfolio value (unit currency – as specified in C0.4)
996000000

% of total portfolio value
1.25

Type of activity financed/insured or provided
Green buildings and equipment
Low-emission transport
Renewable energy
Emerging climate technology, please specify ((As an example, we help finance multiple wind farm projects accross different geographies. For example, Comber Wind Financial is the financing vehicle of a sepcial-purpose entity that owns and operates the 165.6 MW Comber East wind farm in Ontario.))
Nature-based solutions
Sustainable agriculture
Paperless/digital service

C5. Emissions methodology

C5.1

(C5.1) Is this your first year of reporting emissions data to CDP?

No

C5.1a

(C5.1a) Has your organization undergone any structural changes in the reporting year, or are any previous structural changes being accounted for in this disclosure of emissions data?

Row 1

Has there been a structural change?

No

Name of organization(s) acquired, divested from, or merged with

<Not Applicable>

Details of structural change(s), including completion dates

<Not Applicable>

C5.1b

(C5.1b) Has your emissions accounting methodology, boundary, and/or reporting year definition changed in the reporting year?

	Change(s) in methodology, boundary, and/or reporting year definition?	Details of methodology, boundary, and/or reporting year definition change(s)
Row 1	Yes, a change in methodology Yes, a change in boundary	Changes in methodology occurred due to modifications in the way that the emissions inventory is calculated, more precisely: • A change for the natural gas conversion factor has been applied to the quantity of natural gas consumed, changing our Scope 1 emissions for the reporting year, and 2019 and 2021 for methodological consistency • A change in data availability for business travel, improving our data accuracy and emissions leading to the adjustment of emissions for the reporting year 2019, 2020 and 2021 (Scope 1); • A change in the emission factor for electricity consumption of the branch in Hollywood (Florida), influencing our Scope 2 emissions for the reporting year 2019, 2020 and 2021 • An adjustment in the extrapolation for steam consumption (Scope 1) • Although there was no actual change in methodology, the emissions factors have been updated this year with the most recent published data from the National Inventory Report (NIR) for Canada, US EPA for the United States, International Energy Agency (IEA) for international branches, Sustainable Energy Authority of Ireland (SEAI) for Ireland, RTE for France, Department of Business Energy & Industrial Strategy for London and ecoinvent database. Change in boundary: • Incorporation of our electricity consumption of our branch in Cuba and the subsidiary ATA IT Limited (Thailand) into our inventory that were excluded in previous years (Scope 2 and Scope 3)

C5.1c

(C5.1c) Have your organization's base year emissions and past years' emissions been recalculated as a result of any changes or errors reported in C5.1a and/or C5.1b?

	Base year recalculation	Scope(s) recalculated	Base year emissions recalculation policy, including significance threshold	Past years' recalculation
Row 1	Yes	Scope 1 Scope 2, location-based Scope 3	Our base year emissions recalculation policy set the significance threshold at 5% (for scopes 1, 2 and 3 emissions altogether). However, we consider base year emissions recalculation when there are changes in methodology over time to ensure consistency in our emission inventory. We also consider recalculating the two previous reporting years to enable analysis of historical emission trends. The changes in methodology and in boundary mentioned in our response to C5.1b reflect the changes which have been applied to the 3 previous years reported in section C6.	Yes

C5.2

(C5.2) Provide your base year and base year emissions.

Scope 1

Base year start
November 1 2018

Base year end
October 31 2019

Base year emissions (metric tons CO2e)
2832

Comment

Scope 2 (location-based)

Base year start
November 1 2018

Base year end
October 31 2019

Base year emissions (metric tons CO2e)
11860

Comment

Scope 2 (market-based)

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 1: Purchased goods and services

Base year start
November 1 2018

Base year end
October 31 2019

Base year emissions (metric tons CO2e)
36591

Comment

Scope 3 category 2: Capital goods

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 3: Fuel-and-energy-related activities (not included in Scope 1 or 2)

Base year start
November 1 2018

Base year end
October 31 2019

Base year emissions (metric tons CO2e)
8397

Comment

Scope 3 category 4: Upstream transportation and distribution

Base year start
November 1 2018

Base year end
October 31 2019

Base year emissions (metric tons CO2e)
759

Comment

Scope 3 category 5: Waste generated in operations

Base year start
November 1 2018

Base year end
October 31 2019

Base year emissions (metric tons CO2e)
38

Comment

Scope 3 category 6: Business travel

Base year start
November 1 2018

Base year end
October 31 2019

Base year emissions (metric tons CO2e)
5870

Comment

Scope 3 category 7: Employee commuting

Base year start
November 1 2018

Base year end
October 31 2019

Base year emissions (metric tons CO2e)
15387

Comment

Scope 3 category 8: Upstream leased assets

Base year start
November 1 2018

Base year end
October 31 2019

Base year emissions (metric tons CO2e)
0

Comment
Leased assets are accounted in Scope 1 and Scope 2 as the operational control has been selected to perform the GHG emissions calculations.

Scope 3 category 9: Downstream transportation and distribution

Base year start
November 1 2018

Base year end
October 31 2019

Base year emissions (metric tons CO2e)
0

Comment
National Bank of Canada does not sell physical products. Therefore, downstream transportation and distribution is not relevant to the Bank's operations.

Scope 3 category 10: Processing of sold products

Base year start
November 1 2018

Base year end
October 31 2019

Base year emissions (metric tons CO2e)
0

Comment
National Bank of Canada does not sell physical products. Therefore, the processing of sold products is not relevant to the Bank's operations.

Scope 3 category 11: Use of sold products

Base year start
November 1 2018

Base year end
October 31 2019

Base year emissions (metric tons CO2e)
0

Comment
National Bank of Canada does not sell physical products. Therefore, the use of sold products is not relevant to the Bank's operations.

Scope 3 category 12: End of life treatment of sold products

Base year start
November 1 2018

Base year end
October 31 2019

Base year emissions (metric tons CO2e)
0

Comment
National Bank of Canada does not sell physical products. Therefore, the end-of-life treatment of sold products is not relevant to the Bank's operations.

Scope 3 category 13: Downstream leased assets

Base year start
November 1 2018

Base year end
October 31 2019

Base year emissions (metric tons CO2e)
0

Comment
The spaces owned by the National Bank of Canada and leased to other entities is accounted for in Scope 1 and Scope 2 emissions as they are often shared with the Bank and are considered negligible.

Scope 3 category 14: Franchises

Base year start
November 1 2018

Base year end
October 31 2019

Base year emissions (metric tons CO2e)
0

Comment
National Bank of Canada does not have franchises.

Scope 3: Other (upstream)

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3: Other (downstream)

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

C5.3

(C5.3) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.
The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)
The Greenhouse Gas Protocol: Scope 2 Guidance
The Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Standard

C6. Emissions data

C6.1

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?

Reporting year

Gross global Scope 1 emissions (metric tons CO2e)
2484

Start date
November 1 2021

End date
October 31 2022

Comment
Two methods are used to estimate the energy used for 131 sites without dedicated meters, along with 43 corporative sites (Montréal, Toronto and International).

The first method uses the entirety of metered sites (519 sites) in an Excel Spreadsheet, where a filter can be applied by province, and calculates the average total consumption per area (kWh/m2). A distinction is made between sites with a single source of energy (electric) and for both types of energy (electric and gas). Where two sources are metered, a proportion of each type of energy is established using the average consumption for all sites. These coefficients were then used to multiply the unmetered sites by their area in m2. For each province, the sites where the average consumption was higher than 500 kWh/ m2 and lower than 100 kWh/ m2 were taken out of the average, to reduce the margin of error.

The second method, used for Corporate sites and International locations, uses a coefficient of total average consumption (kWh/m2) established by various firms (Energy Start Portfolio, International Energy Efficiency, etc) to multiply the area of each site, assuming only electricity is consumed. Montreal and Toronto used a more precise approach since some energy bills were made available by the landlords. Through analysis, it was identified that large buildings in both locations use on average 75% electricity, and 25% auxiliary energy source (gas or steam). These proportions were multiplied by the area and the aforementioned coefficients to calculate the total energy consumption per source. Steam sites are listed on the CCUM website, others were assumed to be using gas.

Past year 1

Gross global Scope 1 emissions (metric tons CO2e)
2340

Start date
November 1 2020

End date
October 31 2021

Comment
The Scope 1 emissions for the reporting year 2021 have been recalculated due to improvement in consistency between years reported and in data accuracy. The conversion factor of natural gas from kWh to m3 has been changed for 2021 and 2019 reporting years to be the same as the one in 2022. The 2020 data was in the adequate format needing no conversion factor. The data collected was improved in terms of accuracy for the distance travelled via company's cars given that real distances were provided instead of the total distance for the whole fleet.

Past year 2

Gross global Scope 1 emissions (metric tons CO2e)
2671

Start date
November 1 2019

End date
October 31 2020

Comment
The Scope 1 emissions for the reporting year 2020 have been recalculated due to improvement in data accuracy. The data collected was improved in terms of accuracy for the distance travelled via company's cars given that re.al distances were provided instead of the total distance for the whole fleet

Past year 3

Gross global Scope 1 emissions (metric tons CO2e)
2832

Start date
November 1 2018

End date
October 31 2019

Comment
The emissions reported for the "Past year 3" represent the base year emissions of the BNC's corporate GHG footprint.

The Scope 1 emissions for the reporting year 2019 have been recalculated due to improvement in consistency between years reported and in data accuracy. The conversion factor of natural gas from kWh to m3 has been changed for 2021 and 2019 reporting years to be the same as the one in 2022. The 2020 data was in the adequate format needing no conversion factor. The data collected was improved in terms of accuracy for the distance traveled via the company's cars given that real distances were provided instead of the total distance for the whole fleet.

C6.2

(C6.2) Describe your organization's approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based

We are reporting a Scope 2, location-based figure

Scope 2, market-based

We have no operations where we are able to access electricity supplier emission factors or residual emissions factors and are unable to report a Scope 2, market-based figure

Comment

C6.3

(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO2e?

Reporting year

Scope 2, location-based

12039

Scope 2, market-based (if applicable)

<Not Applicable>

Start date

End date

Comment

Two methods are used to estimate the energy used for 131 sites without dedicated meters, along with 43 corporative sites (Montréal, Toronto and International).

The first method uses the entirety of metered sites (519 sites) in an Excel Spreadsheet, where a filter can be applied by province, and calculates the average total consumption per area (kWh/m2). A distinction is made between sites with a single source of energy (electric) and for both types of energy (electric and gas). Where two sources are metered, a proportion of each type of energy is established using the average consumption for all sites. These coefficients were then used to multiply the unmetered sites by their area in m2. For each province, the sites where the average consumption was higher than 500 kWh/ m2 and lower than 100 kWh/ m2 were taken out of the average, to reduce the margin of error.

The second method, used for Corporate sites and International locations, uses a coefficient of total average consumption (kWh/m2) established by various firms (Energy Start Portfolio, International Energy Efficiency, etc) to multiply the area of each site, assuming only electricity is consumed. Montreal and Toronto used a more precise approach since some energy bills were made available by the landlords. Through analysis, it was identified that large buildings in both locations use on average 75% electricity, and 25% auxiliary energy source (gas or steam). These proportions were multiplied by the area and the aforementioned coefficients to calculate the total energy consumption per source. Steam sites are listed on the CCUM website, others were assumed to be using gas.

Past year 1

Scope 2, location-based

9979

Scope 2, market-based (if applicable)

<Not Applicable>

Start date

November 1 2020

End date

October 31 2021

Comment

The Scope 2 emissions for the reporting year 2021 have been recalculated due to changes in the calculations. The emission factor was updated for the site in Hollywood which was in Florida and not California. Finally, data for vapor consumption have been adjusted leading to a change in GHG emissions.

Past year 2

Scope 2, location-based

11397

Scope 2, market-based (if applicable)

<Not Applicable>

Start date

November 1 2019

End date

October 31 2020

Comment

The Scope 2 emissions for the reporting year 2020 have been recalculated due to changes in the calculations. The emission factor was updated for the site in Hollywood which was in Florida and not California. In addition, the energy consumption from the operations of Credigy (Georgia, USA) were added tot GHG emissions calculations.

Past year 3

Scope 2, location-based
11860

Scope 2, market-based (if applicable)
<Not Applicable>

Start date
November 1 2018

End date
October 31 2019

Comment
The emissions reported for the "Past year 3" represent the base year emissions of the BNC's corporate GHG footprint.

The Scope 2 emissions for the reporting year 2020 have been recalculated due to changes in the calculations. The emission factor was updated for the site in Hollywood which was in Florida and not California. In addition, the energy consumption from the operations of Credigy (Georgia, USA) was added tot GHG emissions calculations.

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1, Scope 2 or Scope 3 emissions that are within your selected reporting boundary which are not included in your disclosure?
No

C6.5

(C6.5) Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status
Relevant, calculated

Emissions in reporting year (metric tons CO2e)
31996

Emissions calculation methodology
Average data method
Spend-based method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Please explain
The National Bank of Canada (NBC) used the Corporate value Chain (Scope 3) Accounting and Reporting Standard from the GHG Protocol to calculate its Scope 3 emissions. The emissions covered in this category are associated with purchased paper, IT equipment, furniture, administrative services, and telecommunication services. Except for paper consumption in Canada, data on purchases were provided in terms of spending ($CAD) for the reported year. An economic input-output life-cycle assessment database (EIOLCA) was used to convert each dollar spent into kg of CO2 equivalent. In addition, inflation data and currency conversions were applied to convert the market values from the input-output database to the reported value for the years 2021 and 2022. To calculate the emissions related to paper consumption, the total weight of office paper purchased during the reporting year was multiplied by an emission factor (per kilogram of paper) provided in the LCA study on fine papers (Groupe AGECO, 2015). For the reporting year, emission factors for each type of purchased goods and services (i.e., kg CO2e per $ spent) were updated with IPCC's 5th Assessment Report Global Warming Potential factors.

Capital goods

Evaluation status
Relevant, not yet calculated

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
The National Bank of Canada does not have a formalized process yet to collect information to report on GHG emissions associated with capital goods.

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status
Relevant, calculated

Emissions in reporting year (metric tons CO2e)
6099

Emissions calculation methodology
Average data method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Please explain
The National Bank of Canada (NBC) used the Corporate value Chain (Scope 3) Accounting and Reporting Standard from the GHG Protocol to calculate its Scope 3 emissions. The total quantities of electricity and fuel consumed in all operating spaces of the National Bank of Canada were used as activity data. The most recent and complete emission factors related to upstream electricity emissions (per kilowatt-hour) were taken from the latest National Inventory Reports (Environment and Climate Change Canada, US EPA, etc.). The emission factors for the upstream processes related to the production of other fuels (natural gas per cubic meter, light fuel oil per kilogram) were taken from the Canadian National Inventory Report (Environment and Climate Change Canada, 2022). The emission factors were updated with IPCC's 5th Assessment Report Global Warming Potential factors.

Upstream transportation and distribution

Evaluation status
Relevant, calculated

Emissions in reporting year (metric tons CO2e)
6720

Emissions calculation methodology
Spend-based method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Please explain
The National Bank of Canada (NBC) used the Corporate value Chain (Scope 3) Accounting and Reporting Standard from the GHG Protocol to calculate its Scope 3 emissions. Upstream transportation and distribution emissions inventory were calculated based on total expenses for messengers, couriers and postal services in Canada. The emission factors were taken from the EIOLCA database (an economic input-output database providing emissions per dollar spent). These factors were converted from US currency to Canadian currency and inflation data were applied to convert the market values from the input-output database to the reported value for the years 2021 and 2022. The emission factors were updated with IPCC's 5th Assessment Report Global Warming Potential factors.

Waste generated in operations

Evaluation status
Relevant, calculated

Emissions in reporting year (metric tons CO2e)
12

Emissions calculation methodology
Average data method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Please explain
The National Bank of Canada (NBC) used the Corporate value Chain (Scope 3) Accounting and Reporting Standard from the GHG Protocol to calculate its Scope 3 emissions. The activity variable for the total waste generated in operations is the total weight of paper waste generated by the National Bank corporate sites and branch network. Only the transportation of the paper waste to the end-of-life treatment facilities was considered. The data on paper waste has been provided by a third-party company that handles the paper waste of NBC's network in Canada. The emission factor for transportation (tonnes per km) was taken from the ecoinvent database v.3.8 (2022) and updated with IPCC's 5th Assessment Report Global Warming Potential factors.

Business travel

Evaluation status
Relevant, calculated

Emissions in reporting year (metric tons CO2e)
3344

Emissions calculation methodology
Spend-based method
Distance-based method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Please explain
The National Bank of Canada (NBC) used the Corporate value Chain (Scope 3) Accounting and Reporting Standard from the GHG Protocol to calculate its Scope 3 emissions. Emissions for the business travel category are calculated based on total expenses reported by Canadian employees for business travel by bus, taxi and rental car. For plane, personal car and train business travels, the exact distances travelled are used. Since this year, emissions from travel are calculated and tracked on a quarterly basis and reviewed by a third party. For air travel, GHG emissions were calculated, applying the appropriate emission factor for each trip (short trip <= 1108 km, long trip > 1108 km). Expense data on car rentals, bus travel and taxis was compiled from the expenses recorded in the corporate credit card files. For the business travels in Cambodia, the total kilometers traveled by rental cars have been added. Emission factors for each mode of transportation (per ton-kilometer) were taken from the GHG Protocol Emission Factors for Cross-Sector Tools (2017). The emission factors were updated with IPCC's 5th Assessment Report Global Warming Potential factors.

Employee commuting

Evaluation status
Relevant, calculated

Emissions in reporting year (metric tons CO2e)
15817

Emissions calculation methodology
Average data method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Please explain
The National Bank of Canada (NBC) used the Corporate value Chain (Scope 3) Accounting and Reporting Standard from the GHG Protocol to calculate its Scope 3 emissions. Emissions were calculated from data provided by the NBC using the number of part-time and full-time employees per Canadian province and outside of Canada, as well as the average number of working days in Canada. For Canadian employee commuting, national statistics from Statistics Canada and US Census Bureau (2017) were used to estimate the total distance travelled by employees and the percentages of the type of transportation mode used by employees. For travel distances in Canada, average travel minutes by province were used to extrapolate the average travel distance in kilometres from the reported Canadian average. For employees outside of Canada, emissions were calculated using secondary data on percentages per mode of transportation, time and distances travelled (McKensie B., 2015; Rapino. M. A. and Fields A.K, 2012, Japan International Cooperation Agency, 2014). The number of trips throughout the year was adjusted for COVID-19, assuming that full-time employees teleworked an average of 60% of their time (percentage communicated by the internal department of NBC). Emission factors for each mode of transportation (per ton-kilometre) were taken from the GHG Protocol Emission Factors for Cross-Sector Tools (2017). The emission factors were updated with IPCC’s 5th Assessment Report Global Warming Potential factors.

Upstream leased assets

Evaluation status
Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
Leased assets are accounted in Scope 1 and Scope 2 as the operational control has been selected to perform the GHG emissions calculations.

Downstream transportation and distribution

Evaluation status
Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
National Bank of Canada does not sell physical products. Therefore, downstream transportation and distribution is not relevant to the Bank's operations.

Processing of sold products

Evaluation status
Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
National Bank of Canada does not sell physical products. Therefore, the processing of sold products is not relevant to the Bank's operations.

Use of sold products

Evaluation status
Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
National Bank of Canada does not sell physical products. Therefore, the use of sold products is not relevant to the Bank's operations.

End of life treatment of sold products

Evaluation status
Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
National Bank of Canada does not sell physical products. Therefore, the end-of-life treatment of sold products is not relevant to the Bank's operations.

Downstream leased assets

Evaluation status
Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
The spaces owned by the National Bank of Canada and leased to other entities is accounted for in Scope 1 and Scope 2 emissions as they are often shared with the Bank and are considered negligible.

Franchises

Evaluation status
Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
National Bank of Canada does not have franchises.

Other (upstream)

Evaluation status

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain

Other (downstream)

Evaluation status

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain

C6.5a

(C6.5a) Disclose or restate your Scope 3 emissions data for previous years.

Past year 1

Start date
November 1 2020

End date
October 31 2021

Scope 3: Purchased goods and services (metric tons CO2e)
32628

Scope 3: Capital goods (metric tons CO2e)
0

Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e)
6479

Scope 3: Upstream transportation and distribution (metric tons CO2e)
6529

Scope 3: Waste generated in operations (metric tons CO2e)
8

Scope 3: Business travel (metric tons CO2e)
770

Scope 3: Employee commuting (metric tons CO2e)
4309

Scope 3: Upstream leased assets (metric tons CO2e)
0

Scope 3: Downstream transportation and distribution (metric tons CO2e)
0

Scope 3: Processing of sold products (metric tons CO2e)
0

Scope 3: Use of sold products (metric tons CO2e)
0

Scope 3: End of life treatment of sold products (metric tons CO2e)
0

Scope 3: Downstream leased assets (metric tons CO2e)
0

Scope 3: Franchises (metric tons CO2e)
0

Scope 3: Investments (metric tons CO2e)
<Not Applicable>

Scope 3: Other (upstream) (metric tons CO2e)
0

Scope 3: Other (downstream) (metric tons CO2e)
0

Comment

Past year 2

Start date
November 1 2019

End date
October 31 2020

Scope 3: Purchased goods and services (metric tons CO2e)
33709

Scope 3: Capital goods (metric tons CO2e)
0

Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e)
7793

Scope 3: Upstream transportation and distribution (metric tons CO2e)
5625

Scope 3: Waste generated in operations (metric tons CO2e)
17

Scope 3: Business travel (metric tons CO2e)
2160

Scope 3: Employee commuting (metric tons CO2e)
7785

Scope 3: Upstream leased assets (metric tons CO2e)
0

Scope 3: Downstream transportation and distribution (metric tons CO2e)
0

Scope 3: Processing of sold products (metric tons CO2e)
0

Scope 3: Use of sold products (metric tons CO2e)
0

Scope 3: End of life treatment of sold products (metric tons CO2e)
0

Scope 3: Downstream leased assets (metric tons CO2e)
0

Scope 3: Franchises (metric tons CO2e)
0

Scope 3: Investments (metric tons CO2e)
<Not Applicable>

Scope 3: Other (upstream) (metric tons CO2e)
0

Scope 3: Other (downstream) (metric tons CO2e)
0

Comment

Past year 3

Start date
November 1 2018

End date
October 31 2019

Scope 3: Purchased goods and services (metric tons CO2e)
36591

Scope 3: Capital goods (metric tons CO2e)
0

Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e)
8397

Scope 3: Upstream transportation and distribution (metric tons CO2e)
759

Scope 3: Waste generated in operations (metric tons CO2e)
38

Scope 3: Business travel (metric tons CO2e)
5243

Scope 3: Employee commuting (metric tons CO2e)
15388

Scope 3: Upstream leased assets (metric tons CO2e)
0

Scope 3: Downstream transportation and distribution (metric tons CO2e)
0

Scope 3: Processing of sold products (metric tons CO2e)
0

Scope 3: Use of sold products (metric tons CO2e)
0

Scope 3: End of life treatment of sold products (metric tons CO2e)
0

Scope 3: Downstream leased assets (metric tons CO2e)
0

Scope 3: Franchises (metric tons CO2e)
0

Scope 3: Investments (metric tons CO2e)
<Not Applicable>

Scope 3: Other (upstream) (metric tons CO2e)
0

Scope 3: Other (downstream) (metric tons CO2e)
0

Comment

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure
0.49

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)
14540

Metric denominator
full time equivalent (FTE) employee

Metric denominator: Unit total
29509

Scope 2 figure used
Location-based

% change from previous year
3

Direction of change
Increased

Reason(s) for change
Change in output
Change in boundary

Please explain
An increase in our emissions intensity can be explained by the return of atypical closures and schedules in our business activities caused by the COVID-19 pandemic, along with an increase in business travel. Another factor is the change in boundaries, more specifically the incorporation of facilities in Cuba and Thailand into our inventory which were excluded in previous years. Furthermore, our emissions in Canada have increased due to the opening of new offices (1 new office in Alberta and 9 in Quebec).

Intensity figure
1505

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)
14540

Metric denominator
unit total revenue

Metric denominator: Unit total
9652000000

Scope 2 figure used
Location-based

% change from previous year
8.6

Direction of change
Increased

Reason(s) for change
Change in output
Change in boundary

Please explain
An increase in our emissions intensity can be explained by the return of atypical closures and schedules in our business activities caused by the COVID-19 pandemic, along with an increase in business travel. Another factor is the change in boundaries, more specifically the incorporation of facilities in Cuba and Thailand into our inventory which were excluded in previous years. Furthermore, our emissions in Canada have increased due to the opening of new offices (1 new office in Alberta and 9 in Quebec).

C7. Emissions breakdowns

C7.7

(C7.7) Is your organization able to break down your emissions data for any of the subsidiaries included in your CDP response?
Yes

C7.7a

(C7.7a) Break down your gross Scope 1 and Scope 2 emissions by subsidiary.

Subsidiary name
ATA IT Limited

Primary activity
IT services

Select the unique identifier(s) you are able to provide for this subsidiary
Please select

ISIN code – bond
<Not Applicable>

ISIN code – equity
<Not Applicable>

CUSIP number
<Not Applicable>

Ticker symbol
<Not Applicable>

SEDOL code
<Not Applicable>

LEI number
<Not Applicable>

Other unique identifier
<Not Applicable>

Scope 1 emissions (metric tons CO2e)
0

Scope 2, location-based emissions (metric tons CO2e)
101

Scope 2, market-based emissions (metric tons CO2e)

Comment

Subsidiary name
ABA Bank

Primary activity
Banks

Select the unique identifier(s) you are able to provide for this subsidiary
Please select

ISIN code – bond
<Not Applicable>

ISIN code – equity
<Not Applicable>

CUSIP number
<Not Applicable>

Ticker symbol
<Not Applicable>

SEDOL code
<Not Applicable>

LEI number
<Not Applicable>

Other unique identifier
<Not Applicable>

Scope 1 emissions (metric tons CO2e)
452

Scope 2, location-based emissions (metric tons CO2e)
7726

Scope 2, market-based emissions (metric tons CO2e)

Comment

Subsidiary name
Credigy Ltd.

Primary activity
Please select

Select the unique identifier(s) you are able to provide for this subsidiary
Please select

ISIN code – bond
<Not Applicable>

ISIN code – equity
<Not Applicable>

CUSIP number
<Not Applicable>

Ticker symbol
<Not Applicable>

SEDOL code
<Not Applicable>

LEI number
<Not Applicable>

Other unique identifier
<Not Applicable>

Scope 1 emissions (metric tons CO2e)
0

Scope 2, location-based emissions (metric tons CO2e)
456

Scope 2, market-based emissions (metric tons CO2e)

Comment

C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?
Increased

C7.9a

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.

	Change in emissions (metric tons CO2e)	Direction of change in emissions	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption		<Not Applicable>		
Other emissions reduction activities		<Not Applicable>		
Divestment		<Not Applicable>		
Acquisitions		<Not Applicable>		
Mergers		<Not Applicable>		
Change in output	2097	Increased	17	Due to an increase in business activities in our branches, explained by the return of typical closures and schedules for our activities after the COVID-19 pandemic, the opening of new offices (1 new office in Alberta and 9 in Quebec) and increased square meters of offices in Cambodia, emissions have increased. Our emissions have increased by 2 097 tCO2e, and last years combined Scope 1 and 2 emissions were 12 319 tCO2e. Therefore, we can attribute an increase of 17% in our emissions to a return of typical business activities ((14 523 – 12 319 – 108)/12 319 = 17%), knowing that 108 tCO2e are attributed to the inclusion of our branch in Cuba and subsidiary in Thailand which have not been included in our reporting boundaries in the previous years.
Change in methodology		<Not Applicable>		
Change in boundary	108	Increased	0.7	Emissions increased by 0.7% due to the inclusion of additional inventory items, more specifically the incorporation of our branch in Cuba and our subsidiary in Thailand into our inventory which were excluded in previous years. It is estimated that 108 tCO2e are attributed to this inclusion (108/12 319 = 0.7%).
Change in physical operating conditions		<Not Applicable>		
Unidentified		<Not Applicable>		
Other		<Not Applicable>		

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?
Location-based

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?
More than 0% but less than or equal to 5%

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	No
Consumption of purchased or acquired steam	Yes
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	No

C8.2a

(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	LHV (lower heating value)	470	9696	10166
Consumption of purchased or acquired electricity	<Not Applicable>	82394	19906	102300
Consumption of purchased or acquired heat	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired steam	<Not Applicable>	0	4928	4928
Consumption of purchased or acquired cooling	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Total energy consumption	<Not Applicable>	82864	34530	117394

C8.2g

(C8.2g) Provide a breakdown by country/area of your non-fuel energy consumption in the reporting year.

Country/area
Cambodia

Consumption of purchased electricity (MWh)
13976

Consumption of self-generated electricity (MWh)
0

Is this electricity consumption excluded from your RE100 commitment?
<Not Applicable>

Consumption of purchased heat, steam, and cooling (MWh)
0

Consumption of self-generated heat, steam, and cooling (MWh)
0

Total non-fuel energy consumption (MWh) [Auto-calculated]
13976

Country/area
Canada

Consumption of purchased electricity (MWh)
86071

Consumption of self-generated electricity (MWh)
0

Is this electricity consumption excluded from your RE100 commitment?
<Not Applicable>

Consumption of purchased heat, steam, and cooling (MWh)
14083

Consumption of self-generated heat, steam, and cooling (MWh)
0

Total non-fuel energy consumption (MWh) [Auto-calculated]
100154

Country/area
France

Consumption of purchased electricity (MWh)
33

Consumption of self-generated electricity (MWh)
0

Is this electricity consumption excluded from your RE100 commitment?
<Not Applicable>

Consumption of purchased heat, steam, and cooling (MWh)
0

Consumption of self-generated heat, steam, and cooling (MWh)
0

Total non-fuel energy consumption (MWh) [Auto-calculated]
33

Country/area
Ireland

Consumption of purchased electricity (MWh)
168

Consumption of self-generated electricity (MWh)
0

Is this electricity consumption excluded from your RE100 commitment?
<Not Applicable>

Consumption of purchased heat, steam, and cooling (MWh)
0

Consumption of self-generated heat, steam, and cooling (MWh)
0

Total non-fuel energy consumption (MWh) [Auto-calculated]
168

Country/area
Malta

Consumption of purchased electricity (MWh)
3

Consumption of self-generated electricity (MWh)
0

Is this electricity consumption excluded from your RE100 commitment?
<Not Applicable>

Consumption of purchased heat, steam, and cooling (MWh)
0

Consumption of self-generated heat, steam, and cooling (MWh)
0

Total non-fuel energy consumption (MWh) [Auto-calculated]
3

Country/area
United States of America

Consumption of purchased electricity (MWh)
1664

Consumption of self-generated electricity (MWh)
0

Is this electricity consumption excluded from your RE100 commitment?
<Not Applicable>

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)
0

Total non-fuel energy consumption (MWh) [Auto-calculated]
1664

Country/area
Thailand

Consumption of purchased electricity (MWh)
229

Consumption of self-generated electricity (MWh)
0

Is this electricity consumption excluded from your RE100 commitment?
<Not Applicable>

Consumption of purchased heat, steam, and cooling (MWh)
0

Consumption of self-generated heat, steam, and cooling (MWh)
0

Total non-fuel energy consumption (MWh) [Auto-calculated]
229

Country/area
Hong Kong SAR, China

Consumption of purchased electricity (MWh)
29

Consumption of self-generated electricity (MWh)
0

Is this electricity consumption excluded from your RE100 commitment?
<Not Applicable>

Consumption of purchased heat, steam, and cooling (MWh)
0

Consumption of self-generated heat, steam, and cooling (MWh)
0

Total non-fuel energy consumption (MWh) [Auto-calculated]
29

Country/area
Cuba

Consumption of purchased electricity (MWh)
8

Consumption of self-generated electricity (MWh)
0

Is this electricity consumption excluded from your RE100 commitment?
<Not Applicable>

Consumption of purchased heat, steam, and cooling (MWh)
0

Consumption of self-generated heat, steam, and cooling (MWh)
0

Total non-fuel energy consumption (MWh) [Auto-calculated]
8

C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

Description
Energy usage

Metric value
71

Metric numerator
% of renewable energy consumption

Metric denominator (intensity metric only)
% of energy consumption

% change from previous year
1

Direction of change
Increased

Please explain
National Bank of Canada measure each year its energy consumption and the proportion of renewable energy consumed for its operations

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	No third-party verification or assurance
Scope 2 (location-based or market-based)	No third-party verification or assurance
Scope 3	No third-party verification or assurance

C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?
No, but we are actively considering verifying within the next two years

C11. Carbon pricing

C11.2

(C11.2) Has your organization canceled any project-based carbon credits within the reporting year?
Yes

C11.2a

(C11.2a) Provide details of the project-based carbon credits canceled by your organization in the reporting year.

Project type
Community projects

Type of mitigation activity
Emissions reduction

Project description
In 2023, the Bank purchased 18,000 Verified Carbon Units to offset its 2022 emissions and achieve carbon neutrality 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.

Credits canceled by your organization from this project in the reporting year (metric tons CO2e)
18000

Purpose of cancellation
Voluntary offsetting

Are you able to report the vintage of the credits at cancellation?
Yes

Vintage of credits at cancellation
2018

Were these credits issued to or purchased by your organization?
Purchased

Credits issued by which carbon-crediting program
VCS (Verified Carbon Standard)

Method(s) the program uses to assess additionality for this project
Consideration of legal requirements
Investment analysis
Barrier analysis
Market penetration assessment

https://verra.org/wp-content/uploads/2022/12/VCS-Methodology-Requirements-v4.3-FINAL.pdf

Approach(es) by which the selected program requires this project to address reversal risk
Monitoring and compensation

Potential sources of leakage the selected program requires this project to have assessed
Activity-shifting
Market leakage
Ecological leakage

https://verra.org/wp-content/uploads/2022/12/VCS-Methodology-Requirements-v4.3-FINAL.pdf

Provide details of other issues the selected program requires projects to address
As described in the "Verified Carbon Standard (VCS)- Methodology Requirements", section 3, Methodology Components, VCS requires projects to address: Project Boundary, Baseline Scenario, Baseline and Project Emissions/Removals, Quantification of GHG Emissions Reductions and Removals and Monitoring.

Comment
See the "Verified Carbon Standard (VCS)- Methodology Requirements" online document for further details at :
https://verra.org/wp-content/uploads/2022/12/VCS-Methodology-Requirements-v4.3-FINAL.pdf

C11.3

(C11.3) Does your organization use an internal price on carbon?
No, and we do not currently anticipate doing so in the next two years

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?
Yes, our suppliers
Yes, our customers/clients
Yes, other partners in the value chain

C12.1a

(C12.1a) Provide details of your climate-related supplier engagement strategy.

Type of engagement
Information collection (understanding supplier behavior)

Details of engagement
Collect other climate related information at least annually from suppliers

% of suppliers by number
10

% total procurement spend (direct and indirect)
3

% of supplier-related Scope 3 emissions as reported in C6.5

Rationale for the coverage of your engagement
As part of its efforts to implement a responsible sourcing strategy, the Bank has implemented in June 2022 a new supplier code of conduct specifying that suppliers must demonstrate that they are proactively working toward reducing their environmental footprint. Since September 2022, the supplier code of conduct is attached to the Bank's contracts. In line with the new supplier code of conduct, all suppliers are required to disclose whether they do an annual review of their GHG emissions in the Registration Questionnaire. This question applies to potential and current suppliers and all preexisting suppliers have been invited to answer the newly added questions.

Impact of engagement, including measures of success
The responses will allow us to evaluate suppliers' maturity when it comes to measuring and managing their GHG emissions. A more detailed questionnaire has been developed in 2023 which will allow us to deepen our understanding of suppliers' engagement towards reducing their carbon footprint. This information will be taken into consideration when attributing contracts.

Comment

C-FS12.1b

(C-FS12.1b) Give details of your climate-related engagement strategy with your clients.

Type of clients
Customers/clients of Banks

Type of engagement
Information collection (understanding client behavior)

Details of engagement
Collect climate change and carbon information at least annually from long-term clients
Other, please specify (Collect climate change and carbon information at least annually from all clients through integrated collection software)

% client-related Scope 3 emissions as reported in C-FS14.1a

Portfolio coverage (total or outstanding)
100

Rationale for the coverage of your engagement
Non-targeted engagement

Impact of engagement, including measures of success
1) In 2022, we started engaging on ESG related risks and opportunities with our Corporate Banking clients (27% of outstanding loans of our total wholesale portfolio). We continued to integrate ESG factors into our processes, in line with our TCFD roadmap and the UN Principles for Responsible Banking. This integration involves carrying out due diligence as part of our credit origination processes, starting with the Corporate Banking portfolio. In spring 2023, in line with the execution of our ESG risk deployment plan, we started to integrate systematic collection of ESG data into the entire corporate banking portfolio (including Project Finance). This will enable us to have an even greater impact and effectively support our clients in their energy transition, while enhancing our climate risk analysis capacities (scenarios, vulnerabilities and modelling).

2) We aim at growing the portfolio of loans related to renewable energy at a faster pace than the portfolio of loans related to non-renewable energy to better meet the evolving needs of our clients. As at October 31, 2022, the Bank registered a 26% increase in its renewable energy loan portfolio and 29% decrease in its non-renewable energy loan portfolio since January 31, 2019.

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 (including the amount of authorized derivative financial instruments) in financing for projects in the wind, solar, battery and hydro electricity sectors, accounting for 78.6% of our total authorized financing portfolio for projects related to the energy sector (Project Finance).

Type of clients
Customers/clients of Banks

Type of engagement
Engagement & incentivization (changing client behavior)

Details of engagement
Offer financial incentives for clients who reduce your downstream emissions (Scope 3) and/or exposure to carbon-related assets

% client-related Scope 3 emissions as reported in C-FS14.1a

Portfolio coverage (total or outstanding)
100

Rationale for the coverage of your engagement

Non-targeted engagement

Impact of engagement, including measures of success
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. As at October 31, 2022, the volume of authorized sustainability-linked loans was $5.8 billion.

The Bank is one of Canada's largest lenders for real estate projects that involve affordable housing, energy efficiency and accessible buildings. 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.

Type of clients
Clients of Asset Managers (Asset owners)

Type of engagement
Collaboration & innovation

Details of engagement
Work in partnership with asset owner clients on decarbonization goals, consistent with an ambition to reach net zero emissions by 2050 or sooner across all assets under management

% client-related Scope 3 emissions as reported in C-FS14.1a

Portfolio coverage (total or outstanding)
100

Rationale for the coverage of your engagement
Non-targeted engagement

Impact of engagement, including measures of success
National Bank Investments Inc. (NBI), a wholly-owned subsidiary of the Bank, is a signatory of the United Nations Principles for Responsible Investment and a member of the Responsible Investment Association of Canada. As of October 31, 2022, 98.2% of assets under NBI's management were managed by PRI signatories. This corresponds to $52.8 billion out of $53.8 billion total assets under management. Since 2018, NBI has evaluated the integration of ESG criteria through its OP4+ process for selecting external managers. Going beyond portfolio management, NBI also wants to meet its clients' growing need to better understand responsible investment. That's why NBI has produced a number of podcasts and participated in events focused on growth opportunities tied to responsible investment, in addition to publishing informational content on its website. NBI is also a founding partner of the Climate Engagement Canada (CEC) initiative, a finance-led initiative that aims to drive dialogue between the financial community and Canadian corporations to promote a just transition to a net zero economy. As a Founding Participant in the CEC initiative, NBI is actively participating in the transition to a net zero greenhouse gas emission economy by 2050 in accordance with the Paris Agreement. NBI is also a signatory to the Canadian Investor Statement on Climate Change. One of the actions to which NBI has committed in supporting the goal of achieving global net zero emissions by 2050 or sooner is implementing a stewardship and engagement strategy to advance our expectations of the companies and securities that make up our investment solutions.

C12.1d

(C12.1d) Give details of your climate-related engagement strategy with other partners in the value chain.

We support our employees in their energy transition with an eco-friendly transportation reimbursement up to $500 offered to each regular full-time or part-time employee of the Bank. Eligible fees include:

o Public transit passes and tickets (such as trains, subways or buses)

o Monthly bike sharing subscriptions

o Car-Sharing membership and user fees

o Bicycle parking fees

o Electric charging station installation cost

The amount paid by the Bank for monthly public transit passes from January 1st to December 31, 2022 was $400,000.

C-FS12.2

(C-FS12.2) Does your organization exercise voting rights as a shareholder on climate-related issues?

	Exercise voting rights as a shareholder on climate-related issues	Primary reason for not exercising voting rights as a shareholder on climate-related issues	Explain why you do not exercise voting rights on climate-related issues
Row 1	Yes	<Not Applicable>	<Not Applicable>

C-FS12.2a

(C-FS12.2a) Provide details of your shareholder voting record on climate-related issues.

Method used to exercise your voting rights as a shareholder
Exercise voting rights through an external service provider

How do you ensure your shareholder voting rights are exercised in line with your overall strategy or transition plan?
Vote tracking
Review external service provider’s climate-related policies
Review external service provider’s climate-related performance (e.g. active ownership, proxy voting records)

Percentage of voting disclosed across portfolio
100

Climate-related issues supported in shareholder resolutions
Climate-related disclosures
Emissions reduction targets
Board oversight of climate-related issues

Do you publicly disclose the rationale behind your voting on climate-related issues?
<Not Applicable>

C12.3

(C12.3) Does your organization engage in activities that could either directly or indirectly influence policy, law, or regulation that may impact the climate?

Row 1

External engagement activities that could directly or indirectly influence policy, law, or regulation that may impact the climate
Yes, we engage directly with policy makers
Yes, our membership of/engagement with trade associations could influence policy, law, or regulation that may impact the climate

Does your organization have a public commitment or position statement to conduct your engagement activities in line with the goals of the Paris Agreement?
Yes

Attach commitment or position statement(s)
Please see our Climate Strategy (page 10) and the "Working together to build a sustainable future" (page 15) sections of our 2022 TCFD Report.
report-tcfd-2022.pdf

Describe the process(es) your organization has in place to ensure that your external engagement activities are consistent with your climate commitments and/or climate transition plan
In line with our ESG strategy, the Bank puts in place different initiatives to reduce its negative impact on the environment, including climate-related impacts. These initiatives are consistent with the Bank's involvement in different activities that could directly or indirectly influence public policy. The Bank collaborates with various groups as a signatory of the UN PRB, to align strategies with the UN SDGs and the objectives of the Paris Agreement. To support the energy transition, the Bank works with peers to advance methodology and improve the quality of climate data through the Partnership for Carbon Accounting Financials (PCAF),

The Bank’s involvement in national and international initiatives includes: › Public consultations with the regulatory agencies for various industries › Analyzing climate scenarios › Integrating climate-related concepts into risk management › Monitoring key developments and best practices › Standardizing calculation methodologies › Peer-to-peer comparison exercises. The Bank also participates in various industry events to streamline the energy transition and encourage people to adopt environmentally conscious behaviours. Furthermore, it continues to promote sound governance and the overall alignment of climate disclosures, complemented by industry-specific measures.

Primary reason for not engaging in activities that could directly or indirectly influence policy, law, or regulation that may impact the climate
<Not Applicable>

Explain why your organization does not engage in activities that could directly or indirectly influence policy, law, or regulation that may impact the climate
<Not Applicable>

C12.3a

(C12.3a) On what policy, law, or regulation that may impact the climate has your organization been engaging directly with policy makers in the reporting year?

Specify the policy, law, or regulation on which your organization is engaging with policy makers
The Bank has engaged with the International Sustainability Standards Board (ISSB), Financial Stability Board (FSB), Securities and Exchange Commission (SEC), Office of the Superintendent of Financial Institutions (OSFI), Canadian Securities Administrators (CSA) and the Basel Committee on Banking Supervision (BCBS) through the Canadian Bankers Association (CBA). The Bank submitted commentaries on draft documents and the CBA centralized the comments to put forward the position of Canadian banks. The CBA is an industry-driven organization that works to advocate for and promote banking in Canada and ensure that the sector is at the forefront of growing a sustainable economic future for Canadians. The CBA recognizes that environmental sustainability is a key part of banks' social responsibility efforts.

Category of policy, law, or regulation that may impact the climate
Climate change mitigation

Focus area of policy, law, or regulation that may impact the climate
Climate-related reporting
Climate-related targets
Climate transition plans
Emissions – CO2
International agreement related to climate change mitigation

Policy, law, or regulation geographic coverage
Global

Country/area/region the policy, law, or regulation applies to
<Not Applicable>

Your organization's position on the policy, law, or regulation
Support with no exceptions

Description of engagement with policy makers
Putting in place harmonized disclosure based on the principles for the effective management and supervision of climate-related financial risks and opportunities to build resilience against climate-related risks and address vulnerabilities.

Details of exceptions (if applicable) and your organization's proposed alternative approach to the policy, law or regulation
<Not Applicable>

Have you evaluated whether your organization's engagement on this policy, law, or regulation is aligned with the goals of the Paris Agreement?
Yes, we have evaluated, and it is aligned

Please explain whether this policy, law or regulation is central to the achievement of your climate transition plan and, if so, how?
The implementation of a harmonized framework for sustainability reporting and climate-related disclosures will help to have a common language both for corporate and investors. It will drive integration of sustainability and climate-related criteria into the Bank's financial decisions, strategies, operations and activities.

C12.3b

(C12.3b) Provide details of the trade associations your organization is a member of, or engages with, which are likely to take a position on any policy, law or regulation that may impact the climate.

Trade association
Other, please specify (Responsible Investment Association (RIA))

Is your organization's position on climate change policy consistent with theirs?
Consistent

Has your organization attempted to influence their position in the reporting year?
Yes, we publicly promoted their current position

Describe how your organization's position is consistent with or differs from the trade association's position, and any actions taken to influence their position
National Bank Investments Inc. (NBI), a wholly owned subsidiary of the Bank, is a signatory of the United Nations Principles for Responsible Investment and a member of the Responsible Investment Association (RIA) of Canada. NBI supports RIA's position on climate change and is a signatory of their Canadian Investor Statement on Climate Change. Here is RIA's position: https://www.riacanada.ca/investor-statement-climate-change/

Funding figure your organization provided to this trade association in the reporting year (currency as selected in C0.4)
26497.5

Describe the aim of your organization's funding
• Funding to have NBI products presented during a session of RIA's retail product knowledge series
• Funding for the Responsible Investment Association conference
• Annual fee

Have you evaluated whether your organization's engagement with this trade association is aligned with the goals of the Paris Agreement?
Yes, we have evaluated, and it is aligned

C12.4

(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication
In voluntary sustainability report

Status
Complete

Attach the document
report-tcfd-2022.pdf

Page/Section reference
Whole document (2022 TCFD Report)

Content elements
Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets
Other metrics

Comment
2022 TCFD Report

Publication
In voluntary sustainability report

Status
Complete

Attach the document
Extract_2022 ESG Report.pdf

Page/Section reference
Please see the following sections of our 2022 ESG Report:
- Page 16: Our ESG Dashboard > Environment
- Pages 18-25: Section on the Bank's environmental advances
- Pages 41-48: Supporting clients in their energy and social transition
- Pages 79-80: Environmental and social risk management + Biodiversity

Content elements
Governance
Strategy
Risks & opportunities
Emissions figures
Other metrics

Comment
2022 ESG Report extract for CDP. We have attached an extract of the document because the full document exceeded the size limit. For the full version, please see the Corporate responsibility section on nbc.ca: https://www.nbc.ca/content/dam/bnc/a-propos-de-nous/esg/pdf/report-esg-2022.pdf

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Publication
In mainstream reports

Status
Complete

Attach the document
Extract_2022 Annual Report.pdf

Page/Section reference
Please see the following pages of our 2022 Annual Report:
- Pages 11-12: Our Commitments + Our Impact
- Pages 65-82: Risk Management + Assessment of Environmental Risk
- Pages 104-105: Environmental and Social Risk

Content elements
Governance
Strategy
Risks & opportunities
Emission targets
Other metrics

Comment
2022 Annual Report extract for CDP. We have attached an extract of the document because the full document exceeded the size limit. For the full version, please see the Investors relations section/Recent presentations and reports: https://www.nbc.ca/content/dam/bnc/a-propos-de-nous/relations-investisseurs/assemblee-annuelle/2023/na-annual-report-2022.pdf

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Publication
In voluntary sustainability report

Status
Complete

Attach the document
2022-esg-data.xlsx

Page/Section reference
Please see the Environment tab of our 2022 ESG Data document.

Content elements
Emissions figures
Other metrics

Comment
2022 ESG Data

C12.5

(C12.5) Indicate the collaborative frameworks, initiatives and/or commitments related to environmental issues for which you are a signatory/member.

	Environmental collaborative framework, initiative and/or commitment	Describe your organization's role within each framework, initiative and/or commitment
Row 1	Net Zero Banking Alliance Net Zero Insurance Alliance Partnership for Carbon Accounting Financials (PCAF) Principle for Responsible Investment (PRI) Task Force on Climate-related Financial Disclosures (TCFD) UNEP FI UNEP FI Principles for Responsible Banking Other, please specify (Statement by the Quebec Financial Centre for a Sustainable Finance; Risk Management Association (RMA) - Climate Risk Consortium; Climate Engagement Canada; Responsible Investment Association (RIA); Canadian Investor Statement on Climate Change)	Voluntary disclosure on targets and progress according to the frameworks and methodologies that the Bank is a signatory of.

C14. Portfolio Impact

C-FS14.0

(C-FS14.0) For each portfolio activity, state the value of your financing and insurance of carbon-related assets in the reporting year.

Lending to all carbon-related assets

Are you able to report a value for the carbon-related assets?
Yes

Value of the carbon-related assets in your portfolio (unit currency – as specified in C0.4)
59900000000

New loans advanced in reporting year (unit currency – as specified in C0.4)
21800000000

Total premium written in reporting year (unit currency – as specified in C0.4)
<Not Applicable>

Percentage of portfolio value comprised of carbon-related assets in reporting year
19

Primary reason for not providing a value for the financing and/or insurance to carbon-related assets
<Not Applicable>

Please explain why you are not providing a value for the financing and/or insurance to carbon-related assets and your plans for the future
<Not Applicable>

Details of calculation
Carbon-related assets are defined in the TCFD recommendations as Energy and Utilities, Transportation, Materials and Buildings and Agriculture, Food and Forest Products sectors and are measured based on our total exposure to credit risk.
Exposure is calculated as the total exposure to credit risk and includes amounts drawn, undrawn commitments and other off-balance-sheet items as presented on page 83 of the 2022 Annual Report. The distribution by industry is identical to that presented on page 21 of our Supplementary Regulatory Capital and Pillar 3 Disclosure.
New loan advanced: approximatively 30% is undrawn.

Lending to coal

Are you able to report a value for the carbon-related assets?
Yes

Value of the carbon-related assets in your portfolio (unit currency – as specified in C0.4)
14500000

New loans advanced in reporting year (unit currency – as specified in C0.4)
0

Total premium written in reporting year (unit currency – as specified in C0.4)
<Not Applicable>

Percentage of portfolio value comprised of carbon-related assets in reporting year
0

Primary reason for not providing a value for the financing and/or insurance to carbon-related assets
<Not Applicable>

Please explain why you are not providing a value for the financing and/or insurance to carbon-related assets and your plans for the future
<Not Applicable>

Details of calculation
Coal exposure represents the bank's direct financing to counterparties using thermal coal in their manufacturing processes. It is measured as the proportion of those financing to total exposure to credit risk and includes amounts drawn, undrawn commitments and other off-balance-sheet items as presented on page 83 of the 2022 Annual Report.

Lending to oil and gas

Are you able to report a value for the carbon-related assets?
Yes

Value of the carbon-related assets in your portfolio (unit currency – as specified in C0.4)
3600000000

New loans advanced in reporting year (unit currency – as specified in C0.4)
685000000

Total premium written in reporting year (unit currency – as specified in C0.4)
<Not Applicable>

Percentage of portfolio value comprised of carbon-related assets in reporting year
1

Primary reason for not providing a value for the financing and/or insurance to carbon-related assets
<Not Applicable>

Please explain why you are not providing a value for the financing and/or insurance to carbon-related assets and your plans for the future
<Not Applicable>

Details of calculation
Numbers include Oil and Gas producers and services and it is measured as the proportion of those financing to total exposure to credit risk and includes amounts drawn, undrawn commitments and other off-balance-sheet items as presented on page 83 of the 2022 Annual Report.
New loan advanced: approximatively 45% is undrawn.

Investing in all carbon-related assets (Asset manager)

Are you able to report a value for the carbon-related assets?
Yes

Value of the carbon-related assets in your portfolio (unit currency – as specified in C0.4)
8496000000

New loans advanced in reporting year (unit currency – as specified in C0.4)
<Not Applicable>

Total premium written in reporting year (unit currency – as specified in C0.4)
<Not Applicable>

Percentage of portfolio value comprised of carbon-related assets in reporting year
28

Primary reason for not providing a value for the financing and/or insurance to carbon-related assets
<Not Applicable>

Please explain why you are not providing a value for the financing and/or insurance to carbon-related assets and your plans for the future
<Not Applicable>

Details of calculation
Exposure is calculated as the total exposure to equity risk. Carbon-related assets are those tied to the four non-financial groups (1. Energy, 2. Transportation, 3. Materials and Buildings, and 4. Agriculture, Foods and Forests Products, identified by the TCFD.

Investing in coal (Asset manager)

Are you able to report a value for the carbon-related assets?
Yes

Value of the carbon-related assets in your portfolio (unit currency – as specified in C0.4)
25000000

New loans advanced in reporting year (unit currency – as specified in C0.4)
<Not Applicable>

Total premium written in reporting year (unit currency – as specified in C0.4)
<Not Applicable>

Percentage of portfolio value comprised of carbon-related assets in reporting year
0

Primary reason for not providing a value for the financing and/or insurance to carbon-related assets
<Not Applicable>

Please explain why you are not providing a value for the financing and/or insurance to carbon-related assets and your plans for the future
<Not Applicable>

Details of calculation
Exposure is calculated as the total exposure to equity risk.

Investing in oil and gas (Asset manager)

Are you able to report a value for the carbon-related assets?
Yes

Value of the carbon-related assets in your portfolio (unit currency – as specified in C0.4)
1845000000

New loans advanced in reporting year (unit currency – as specified in C0.4)
<Not Applicable>

Total premium written in reporting year (unit currency – as specified in C0.4)
<Not Applicable>

Percentage of portfolio value comprised of carbon-related assets in reporting year
6

Primary reason for not providing a value for the financing and/or insurance to carbon-related assets
<Not Applicable>

Please explain why you are not providing a value for the financing and/or insurance to carbon-related assets and your plans for the future
<Not Applicable>

Details of calculation
Exposure is calculated as the total exposure to equity risk. Includes assets tied to Energy Equipment & Services, Gas Utilities & Oil, Gas & Consumable Fuels.

Investing all carbon-related assets (Asset owner)

Are you able to report a value for the carbon-related assets?
No, but we plan to assess our portfolio's exposure in the next two years

Value of the carbon-related assets in your portfolio (unit currency – as specified in C0.4)
<Not Applicable>

New loans advanced in reporting year (unit currency – as specified in C0.4)
<Not Applicable>

Total premium written in reporting year (unit currency – as specified in C0.4)
<Not Applicable>

Percentage of portfolio value comprised of carbon-related assets in reporting year
<Not Applicable>

Primary reason for not providing a value for the financing and/or insurance to carbon-related assets
Important, but not immediate priority

Please explain why you are not providing a value for the financing and/or insurance to carbon-related assets and your plans for the future
To date, we are still in the process of identifying and evaluating the most appropriate calculation methodology and database to determine carbon footprints of our whole portfolio, especially those of scope 3.

Details of calculation
<Not Applicable>

Investing in coal (Asset owner)

Are you able to report a value for the carbon-related assets?
No, but we plan to assess our portfolio's exposure in the next two years

Value of the carbon-related assets in your portfolio (unit currency – as specified in C0.4)
<Not Applicable>

New loans advanced in reporting year (unit currency – as specified in C0.4)
<Not Applicable>

Total premium written in reporting year (unit currency – as specified in C0.4)
<Not Applicable>

Percentage of portfolio value comprised of carbon-related assets in reporting year
<Not Applicable>

Primary reason for not providing a value for the financing and/or insurance to carbon-related assets
No relevant exposure in portfolio

Please explain why you are not providing a value for the financing and/or insurance to carbon-related assets and your plans for the future
To date, we are still in the process of identifying and evaluating the most appropriate calculation methodology and database to determine carbon footprints of our whole portfolio, especially those of scope 3. However, according to our last portfolio industry analysis, we have an insignificant to no exposure to coal. Moreover, we are committed to support the Bank's decision in not financing new thermal coal mining and processing activities.

Details of calculation
<Not Applicable>

Investing in oil and gas (Asset owner)

Are you able to report a value for the carbon-related assets?
No, but we plan to assess our portfolio's exposure in the next two years

Value of the carbon-related assets in your portfolio (unit currency – as specified in C0.4)
<Not Applicable>

New loans advanced in reporting year (unit currency – as specified in C0.4)
<Not Applicable>

Total premium written in reporting year (unit currency – as specified in C0.4)
<Not Applicable>

Percentage of portfolio value comprised of carbon-related assets in reporting year
<Not Applicable>

Primary reason for not providing a value for the financing and/or insurance to carbon-related assets
No relevant exposure in portfolio

Please explain why you are not providing a value for the financing and/or insurance to carbon-related assets and your plans for the future
To date, we are still in the process of identifying and evaluating the most appropriate calculation methodology and database to determine carbon footprints of our whole portfolio, especially those of scope 3. However, according to our last portfolio industry analysis, we have an insignificant exposure to the oil & gas industry. Moreover, we are committed to support the Bank's decision in not offering or granting new services related to oil and gas exploration, exploitation, or production in the Arctic.

Details of calculation
<Not Applicable>

C-FS14.1

(C-FS14.1) Does your organization measure its portfolio impact on the climate?

	We conduct analysis on our portfolio's impact on the climate	Disclosure metric	Please explain why you do not measure the impact of your portfolio on the climate
Banking (Bank)	No, but we plan to do so in the next two years	<Not Applicable>	In 2021, the Bank joined the Partnership for Carbon Accounting Financial, a global partnership of financial institutions that work together to develop an approach to assess and disclose the GHG emissions resulting from their financing and investment activities. The Bank also joined the Net Zero Banking Alliance (NZBA). Further to those commitments, the Bank quantified its financed emissions and set interim net-zero targets starting with more carbon-intensive sectors. In alignment with NZBA guidelines and in order to support the Canadian energy transition, the Bank is prioritizing the O&G Producers sub-sector in calculating financed emissions, since these companies will play a key role in reducing the O&G sector's Scope 1, 2 and 3 GHG emissions. The Bank have measured its 2019 baseline in terms of the loan weighted average GHG emissions in tonnes of carbon dioxide equivalent (tCO2e) and energy production in terajoules (TJ) for each company in its portfolio as at October 31, 2019. This baseline has been used to set interim targets for Scope 1, 2 and 3 financed GHG emissions. This metric and target reflect the Bank's commitment to supporting clients in their energy transition and decarbonization strategies. 2019 absolute financed emissions (Oil & Gas - producers) Scope 1-2: 1.2 MtCO2e Scope 3: 7.3MtCO2e Going forward, the bank will expand the mesurement of its GHG's financed emissions coverage. Transparency related to our commitments will also be provided through the annual TCFD disclosure, as well as through updates on the progress being made in terms of metrics and targets for the Bank's financed emissions.
Investing (Asset manager)	No, but we plan to do so in the next two years	<Not Applicable>	We are currently using a third party data providers to measure our portfolio’s impact on climate. Results will be available in the next year.
Investing (Asset owner)	No, but we plan to do so in the next two years	<Not Applicable>	While we incorporate ESG criteria into our investment decisions, we are currently in the process of implementing new tools and analytical grids along with more robust documentation that will enable us to fully assess our entire portfolio and track our progress, including our impact on the climate. To date, we are still identifying and evaluating the most appropriate calculation methodology and database to determine carbon footprints of our whole portfolio, especially those of scope 3. In addition, in order to contribute to the evolution of ESG, including climate-related risks, we are exploring the possibility of establishing an ESG bond target on certain mandates in the portfolio. This would be supported by robust governance that would be put in place to ensure proper documentation and compliance with our guiding principles.
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>	<Not Applicable>

C-FS14.3

(C-FS14.3) Did your organization take any actions in the reporting year to align your portfolio with a 1.5°C world?

	Actions taken to align our portfolio with a 1.5°C world	Briefly explain the actions you have taken to align your portfolio with a 1.5-degree world	Please explain why you have not taken any action to align your portfolio with a 1.5°C world
Banking (Bank)	Yes	The Bank began to quantify its financed emissions and set interim net-zero targets for carbon-intensive sectors. In 2022, the Bank released an initial interim target for its portfolio of loans in the Oil & Gas Producers sub-sector. In 2023, the Bank made progress toward net-zero emissions by setting two additional interim targets for the Power Generation and Commercial Real Estate sectors, in line with PCAF recommendations for these asset classes. In accordance with NZBA guidelines, the Bank plans to expand its coverage of other sectors and sub-sectors and define reduction targets while focusing on carbon-intensive sectors	<Not Applicable>
Investing (Asset manager)	Yes	First, we have identified the Net-zero Asset Managers (NZAM) Initiative as an appropriate framework. Secondly, we have assessed which of our portfolio managers were already committed to the initiative. Finally, we are engaging with the other portfolio managers to encourage them to commit.	<Not Applicable>
Investing (Asset owner)	No, but we plan to in the next two years	<Not Applicable>	While our portfolio includes investments with entities having decarbonizing targets, we are still working towards supporting the Bank’s engagement regarding TCFD, PRB and its net zero target by 2050.
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>	<Not Applicable>

C-FS14.3a

(C-FS14.3a) Does your organization assess if your clients/investees' business strategies are aligned with a 1.5°C world?

	Assessment of alignment of clients/investees' strategies with a 1.5°C world	Please explain why you are not assessing if your clients/investees' business strategies are aligned with a 1.5°C world
Banking (Bank)	Yes, for some	The Bank has developed and is gradually implementing a process to assess and quantify the impact of climate change on its strategy and results. This involves carrying out due diligence, in particular when granting credit. The process prioritizes industries that generate more greenhouse gas emissions and considers the amounts made available to them. The industries targeted include oil and gas, utilities, transportation, real estate and construction and heavy industry. The ESG risk analysis framework calls for the collection of information on carbon emissions and includes a classification of climate risks (transition and physical risks) based on the sector and industry as well as the scores assigned by ESG rating agencies. For clients in these industries, we discuss their strategic positioning and the existence of an energy transition plan at least once a year as part of the credit origination or renewal process. Numerous other criteria are also considered, including waste management practices and corporate governance.
Investing (Asset manager)	Yes, for some	Currently, around 30% of our external managers have committed to the NZAM initiative. Our objective is to raise this number but also to allocate capital towards financial solutions that will contribute to achieve Net-Zero. (ex. infrastructures in renewable energies)
Investing (Asset owner)	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>

C15. Biodiversity

C15.1

(C15.1) Is there board-level oversight and/or executive management-level responsibility for biodiversity-related issues within your organization?

	Board-level oversight and/or executive management-level responsibility for biodiversity-related issues	Description of oversight and objectives relating to biodiversity	Scope of board-level oversight
Row 1	No, but we plan to have both within the next two years	<Not Applicable>	<Not Applicable>

C15.2

(C15.2) Has your organization made a public commitment and/or endorsed any initiatives related to biodiversity?

	Indicate whether your organization made a public commitment or endorsed any initiatives related to biodiversity	Biodiversity-related public commitments	Initiatives endorsed
Row 1	Yes, we have made public commitments and publicly endorsed initiatives related to biodiversity	Commitment to not explore or develop in legally designated protected areas Commitment to no conversion of High Conservation Value areas	SDG Other, please specify (PRB - Principles for Responsible Banking)

C15.3

(C15.3) Does your organization assess the impacts and dependencies of its value chain on biodiversity?

Impacts on biodiversity

Indicate whether your organization undertakes this type of assessment
No and we don't plan to within the next two years

Value chain stage(s) covered
<Not Applicable>

Portfolio activity
<Not Applicable>

Tools and methods to assess impacts and/or dependencies on biodiversity
<Not Applicable>

Please explain how the tools and methods are implemented and provide an indication of the associated outcome(s)
<Not Applicable>

Dependencies on biodiversity

Indicate whether your organization undertakes this type of assessment
No and we don't plan to within the next two years

Value chain stage(s) covered
<Not Applicable>

Portfolio activity
<Not Applicable>

Tools and methods to assess impacts and/or dependencies on biodiversity
<Not Applicable>

Please explain how the tools and methods are implemented and provide an indication of the associated outcome(s)
<Not Applicable>

C15.4

(C15.4) Does your organization have activities located in or near to biodiversity- sensitive areas in the reporting year?
Not assessed

C15.5

(C15.5) What actions has your organization taken in the reporting year to progress your biodiversity-related commitments?

	Have you taken any actions in the reporting period to progress your biodiversity-related commitments?	Type of action taken to progress biodiversity- related commitments
Row 1	No, we are not taking any actions to progress our biodiversity-related commitments, but we plan to within the next two years	<Not Applicable>

C15.6

(C15.6) Does your organization use biodiversity indicators to monitor performance across its activities?

	Does your organization use indicators to monitor biodiversity performance?	Indicators used to monitor biodiversity performance
Row 1	No	Please select

C15.7

(C15.7) Have you published information about your organization's response to biodiversity-related issues for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Report type	Content elements	Attach the document and indicate where in the document the relevant biodiversity information is located

C16. Signoff

C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

C16.1

(C16.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1		Please select

SC. Supply chain module

SC0.0

(SC0.0) If you would like to do so, please provide a separate introduction to this module.

In line with its commitment to reduce its environmental and social impact and seize opportunities related to sustainable development, the Bank aims to analyze its entire value chain. In light of our ESG principles, our responsible sourcing strategy aims to: › Maintain an ongoing dialogue with our suppliers and › Work with them to transition towards a more sustainable approach. The Bank prioritizes suppliers of goods and services that have adopted sustainability into their policies, practices and processes.

SC0.1

(SC0.1) What is your company's annual revenue for the stated reporting period?

	Annual Revenue
Row 1	

SC1.1

(SC1.1) Allocate your emissions to your customers listed below according to the goods or services you have sold them in this reporting period.

Requesting member
Canada Post Corporation

Scope of emissions
Scope 1

Scope 2 accounting method
<Not Applicable>

Scope 3 category(ies)
<Not Applicable>

Allocation level
Commodity

Allocation level detail
<Not Applicable>

Emissions in metric tonnes of CO2e

Uncertainty (±%)

Major sources of emissions

Verified
Please select

Allocation method
Please select

Market value or quantity of goods/services supplied to the requesting member

Unit for market value or quantity of goods/services supplied
Please select

Please explain how you have identified the GHG source, including major limitations to this process and assumptions made

SC1.2

(SC1.2) Where published information has been used in completing SC1.1, please provide a reference(s).

The scope 1 and scope 2 emissions inventory used in the allocation calculation is quantified annually by the Bank and disclosed to the CDP as well as in the Bank's ESG report and TCFD report (which are public). The inventory conforms to the GHG Protocol.

SC1.3

(SC1.3) What are the challenges in allocating emissions to different customers, and what would help you to overcome these challenges?

Allocation challenges	Please explain what would help you overcome these challenges
We face no challenges	So far, we have received only one request and we were able to use an allocation method that is representative of the equity share of the requested member. This approach is one of the methods suggested by the GHG Protocol.

SC1.4

(SC1.4) Do you plan to develop your capabilities to allocate emissions to your customers in the future?
No

SC1.4b

(SC1.4b) Explain why you do not plan to develop capabilities to allocate emissions to your customers.

The Bank is not currently working on this matter, and we first need to establish our responsible sourcing program and collect more data to eventually be able to allocate emissions to our customers.

SC2.1

(SC2.1) Please propose any mutually beneficial climate-related projects you could collaborate on with specific CDP Supply Chain members.

SC2.2

(SC2.2) Have requests or initiatives by CDP Supply Chain members prompted your organization to take organizational-level emissions reduction initiatives?

SC4.1

(SC4.1) Are you providing product level data for your organization's goods or services?

FW-FS Forests and Water Security (FS only)

FW-FS1.1

(FW-FS1.1) Is there board-level oversight of forests- and/or water-related issues within your organization?

	Board-level oversight of this issue area	Explain why your organization does not have board-level oversight of this issue area and any plans to address this in the future
Forests	No, and we do not plan to in the next two years	There is ESG board-level oversight at the Bank but not specific to forests. We consider forests to be an important issue, but we must prioritize other actions in line with our climate-related commitments to international frameworks and agreements, due to limited capacity. These include the Net Zero Banking Alliance, the Principles for Responsible Banking, the Principles for Responsible Investment and the recommendations of the Task Force on Climate-related Financial Disclosures, all of which are aligned with the goals of the Paris Agreement on climate. The Bank's activities are conducted in accordance with Canadian applicable laws, such as our Forest Funding Program guaranteed under the Sustainable Forest Development Act of the Province of Quebec where the majority of the Bank's activities take place.
Water	No, and we do not plan to in the next two years	The Bank acknowledges water as a valuable resource and conducts its activities in accordance with Canadian applicable laws. We consider water security to be an important issue, but we must prioritize other actions in line with our climate-related commitments to international frameworks and agreements, due to limited capacity.

FW-FS1.1c

(FW-FS1.1c) Does your organization have at least one board member with competence on forests- and/or water-related issues?

Forests

Board member(s) have competence on this issue area

Yes

Criteria used to assess competence of board member(s) on this issue area

Pierre Thabet has been a member of the Board of Directors of the Bank since March 2011 and President of Boa-Franc Inc., a manufacturer of pre-finished hardwood floors, since September 1983. He has skills and expertise in social responsibility, environment and sustainable development.

Primary reason for no board-level competence on this issue area

<Not Applicable>

Explain why your organization does not have at least one board member with competence on this issue area and any plans to address this in the future

<Not Applicable>

Water

Board member(s) have competence on this issue area

Criteria used to assess competence of board member(s) on this issue area

<Not Applicable>

Primary reason for no board-level competence on this issue area

<Not Applicable>

Explain why your organization does not have at least one board member with competence on this issue area and any plans to address this in the future

<Not Applicable>

FW-FS1.2

(FW-FS1.2) Provide the highest management-level position(s) or committee(s) with responsibility for forests- and/or water-related issues.

FW-FS2.1

(FW-FS2.1) Do you assess your portfolio's exposure to forests- and/or water-related risks and opportunities?

	We assess our portfolio's exposure to this issue area	Explain why your portfolio's exposure is not assessed for this issue area and any plans to address this in the future
Banking – Forests exposure	No, and we do not plan to in the next two years	We consider forests to be an important issue, but we must prioritize other actions in line with our climate-related commitments to international frameworks and agreements, due to limited capacity. These include the Net Zero Banking Alliance, the Principles for Responsible Banking, the Principles for Responsible Investment and the recommendations of the Task Force on Climate-related Financial Disclosures, all of which are aligned with the goals of the Paris Agreement on climate. The Bank's activities are conducted in accordance with Canadian applicable laws, such as our Forest Funding Program guaranteed under the Sustainable Forest Development Act of the Province of Quebec where the majority of the Bank's activities take place.
Banking – Water exposure	No, and we do not plan to in the next two years	The Bank acknowledges water as a valuable resource and conducts its activities in accordance with Canadian applicable laws. We consider water security to be an important issue, but we must prioritize other actions in line with our climate-related commitments to international frameworks and agreements, due to limited capacity.
Investing (Asset manager) – Forests exposure	No, and we do not plan to in the next two years	We consider forests to be an important issue, but we must prioritize other actions in line with our climate-related commitments to international frameworks and agreements, due to limited capacity. These include the Net Zero Banking Alliance, the Principles for Responsible Banking, the Principles for Responsible Investment and the recommendations of the Task Force on Climate-related Financial Disclosures, all of which are aligned with the goals of the Paris Agreement on climate. The Bank's activities are conducted in accordance with Canadian applicable laws, such as our Forest Funding Program guaranteed under the Sustainable Forest Development Act of the Province of Quebec where the majority of the Bank's activities take place.
Investing (Asset manager) – Water exposure	No, and we do not plan to in the next two years	The Bank acknowledges water as a valuable resource and conducts its activities in accordance with Canadian applicable laws. We consider water security to be an important issue, but we must prioritize other actions in line with our climate-related commitments to international frameworks and agreements, due to limited capacity.
Investing (Asset owner) – Forests exposure	No, and we do not plan to in the next two years	We consider forests to be an important issue, but we must prioritize other actions in line with our climate-related commitments to international frameworks and agreements, due to limited capacity. These include the Net Zero Banking Alliance, the Principles for Responsible Banking, the Principles for Responsible Investment and the recommendations of the Task Force on Climate-related Financial Disclosures, all of which are aligned with the goals of the Paris Agreement on climate. The Bank's activities are conducted in accordance with Canadian applicable laws, such as our Forest Funding Program guaranteed under the Sustainable Forest Development Act of the Province of Quebec where the majority of the Bank's activities take place.
Investing (Asset owner) – Water exposure	No, and we do not plan to in the next two years	The Bank acknowledges water as a valuable resource and conducts its activities in accordance with Canadian applicable laws. We consider water security to be an important issue, but we must prioritize other actions in line with our climate-related commitments to international frameworks and agreements, due to limited capacity.
Insurance underwriting – Forests exposure	<Not Applicable>	<Not Applicable>
Insurance underwriting – Water exposure	<Not Applicable>	<Not Applicable>

FW-FS2.2

(FW-FS2.2) Does your organization consider forests- and/or water-related information about clients/investees as part of its due diligence and/or risk assessment process?

	We consider forests- and/or water-related information	Explain why information related to this issue area is not considered and any plans to address this in the future
Banking – Forests-related information	No, and we do not plan to in the next two years	Assessing and mitigating environmental risks are integral to the Bank's risk management framework. We consider forests to be an important issue, but we must prioritize other actions in line with our climate-related commitments and the recommendations of the Task Force on Climate-related Financial Disclosures.
Banking – Water-related information	No, and we do not plan to in the next two years	Assessing and mitigating environmental risks are integral to the Bank's risk management framework. We consider water security to be an important issue, but we must prioritize other actions in line with our climate-related commitments and the recommendations of the Task Force on Climate-related Financial Disclosures.
Investing (Asset manager) – Forests-related information	No, and we do not plan to in the next two years	We consider forests to be an important issue, but we must prioritize other actions in line with our climate-related commitments such as the Principles for Responsible Investment which are aligned with the Paris Agreement on climate.
Investing (Asset manager) – Water-related information	No, and we do not plan to in the next two years	We consider water security to be an important issue, but we must prioritize other actions in line with our climate-related commitments such as the Principles for Responsible Investment which are aligned with the Paris Agreement on climate.
Investing (Asset owner) – Forests-related information	No, and we do not plan to in the next two years	We consider forests to be an important issue, but we must prioritize other actions.
Investing (Asset owner) – Water-related information	No, and we do not plan to in the next two years	We consider water security to be an important issue, but we must prioritize other actions.
Insurance underwriting – Forests-related information	<Not Applicable>	<Not Applicable>
Insurance underwriting – Water-related information	<Not Applicable>	<Not Applicable>

FW-FS2.3

(FW-FS2.3) Have you identified any inherent forests- and/or water-related risks in your portfolio with the potential to have a substantive financial or strategic impact on your business?

	Risks identified for this issue area	Primary reason why your organization has not identified any substantive risks for this issue area	Explain why your organization has not identified any substantive risks for this issue area
Forests	No	Not yet evaluated	We consider forests to be an important issue, but we must prioritize other actions in line with our climate-related commitments to international frameworks and agreements, due to limited capacity. These include the Net Zero Banking Alliance, the Principles for Responsible Banking, the Principles for Responsible Investment and the recommendations of the Task Force on Climate-related Financial Disclosures, all of which are aligned with the goals of the Paris Agreement on climate. The Bank's activities are conducted in accordance with Canadian applicable laws, such as our Forest Funding Program guaranteed under the Sustainable Forest Development Act of the Province of Quebec where the majority of the Bank's activities take place.
Water	No	Not yet evaluated	The Bank acknowledges water as a valuable resource and conducts its activities in accordance with Canadian applicable laws. We consider water security to be an important issue, but we must prioritize other actions in line with our climate-related commitments to international frameworks and agreements, due to limited capacity.

FW-FS2.4

(FW-FS2.4) Have you identified any inherent forests- and/or water-related opportunities in your portfolio with the potential to have a substantive financial or strategic impact on your business?

	Opportunities identified for this issue area	Primary reason why your organization has not identified any substantive opportunities for this issue area	Explain why your organization has not identified any substantive opportunities for this issue area
Forests	No	Not yet evaluated	We consider forests to be an important issue, but we must prioritize other actions in line with our climate-related commitments to international frameworks and agreements, due to limited capacity. These include the Net Zero Banking Alliance, the Principles for Responsible Banking, the Principles for Responsible Investment and the recommendations of the Task Force on Climate-related Financial Disclosures, all of which are aligned with the goals of the Paris Agreement on climate. The Bank's activities are conducted in accordance with Canadian applicable laws, such as our Forest Funding Program guaranteed under the Sustainable Forest Development Act of the Province of Quebec where the majority of the Bank's activities take place.
Water	No	Not yet evaluated	The Bank acknowledges water as a valuable resource and conducts its activities in accordance with Canadian applicable laws. We consider water security to be an important issue, but we must prioritize other actions in line with our climate-related commitments to international frameworks and agreements, due to limited capacity.

FW-FS3.1

(FW-FS3.1) Do you take forests- and/or water-related risks and opportunities into consideration in your organization's strategy and/or financial planning?

Forests

Risks and opportunities related to this issue area taken into consideration in strategy and/or financial planning

No, we do not take risks and opportunities into consideration

Description of influence on organization's strategy including own commitments

<Not Applicable>

Financial planning elements that have been influenced

<Not Applicable>

Description of influence on financial planning

<Not Applicable>

Explain why forests- and/or water-related risks and opportunities have not influenced your strategy and/or financial planning

We consider forests and water security to be important issues, but we must prioritize other actions in line with our climate-related commitments to international frameworks and agreements, due to limited capacity. These include the Net Zero Banking Alliance, the Principles for Responsible Banking, the Principles for Responsible Investment and the recommendations of the Task Force on Climate-related Financial Disclosures, all of which are aligned with the goals of the Paris Agreement on climate. The Bank's activities are conducted in accordance with Canadian applicable laws.

Water

Risks and opportunities related to this issue area taken into consideration in strategy and/or financial planning

Description of influence on organization's strategy including own commitments

<Not Applicable>

Financial planning elements that have been influenced

<Not Applicable>

Description of influence on financial planning

<Not Applicable>

Explain why forests- and/or water-related risks and opportunities have not influenced your strategy and/or financial planning

<Not Applicable>

FW-FS3.2

(FW-FS3.2) Has your organization conducted any scenario analysis to identify forests- and/or water-related outcomes?

Forests

Scenario analysis conducted to identify outcomes for this issue area

No, we have not conducted any scenario analysis to identify outcomes for this issue area, and we don't plan to in the next two years

Type of scenario analysis used

<Not Applicable>

Parameters, assumptions, analytical choices

<Not Applicable>

Description of outcomes for this issue area

<Not Applicable>

Explain how the outcomes identified using scenario analysis have influenced your strategy

<Not Applicable>

Explain why your organization has not conducted scenario analysis for this issue area and any plans to address this in the future

We consider forests to be an important issue, but we must prioritize other actions in line with our climate-related commitments to international frameworks and agreements, due to limited capacity. These include the Net Zero Banking Alliance, the Principles for Responsible Banking, the Principles for Responsible Investment and the recommendations of the Task Force on Climate-related Financial Disclosures, all of which are aligned with the goals of the Paris Agreement on climate.

Water

Scenario analysis conducted to identify outcomes for this issue area

No, we have not conducted any scenario analysis to identify outcomes for this issue area, and we don't plan to in the next two years

Type of scenario analysis used

<Not Applicable>

Parameters, assumptions, analytical choices

<Not Applicable>

Description of outcomes for this issue area

<Not Applicable>

Explain how the outcomes identified using scenario analysis have influenced your strategy

<Not Applicable>

Explain why your organization has not conducted scenario analysis for this issue area and any plans to address this in the future

The Bank acknowledges water as a valuable resource and conducts its activities in accordance with Canadian applicable laws. We consider water security to be an important issue, but we must prioritize other actions in line with our climate-related commitments to international frameworks and agreements, due to limited capacity.

FW-FS3.3

(FW-FS3.3) Has your organization set targets for deforestation free and/or water secure lending, investing and/or insuring?

	Targets set	Explain why your organization has not set targets for deforestation free and/or water secure lending, investing and/or insuring and any plans to address this in the future
Forests	Please select	<Not Applicable>
Water Security	Please select	<Not Applicable>

FW-FS3.4

(FW-FS3.4) Do any of your existing products and services enable clients to mitigate deforestation and/or water insecurity?

	Existing products and services that enable clients to mitigate deforestation and/or water insecurity	Explain why your organization does not offer products and services which enable clients to mitigate deforestation and/or water insecurity and any plans to address this in the future
Forests	No, and we do not plan to address this in the next two years	We have internal policies for financing the forest industry that include compliance with the Sustainable Forest Development Act of the Province of Quebec where the majority of the Bank's activities take place. The risk of deforestation is taken into account in the credit risk assessment and a permit is required since 2014.
Water	No, and we do not plan to address this in the next two years	

FW-FS3.5

(FW-FS3.5) Does the policy framework for the portfolio activities of your organization include forests- and/or water-related requirements that clients/investees need to meet?

	Policy framework includes this issue area	Explain why your organization does not include this issue area in the policy framework and any plans to address this in the future
Forests	Yes	<Not Applicable>
Water	No, and we do not plan to include this issue area in the next two years	

FW-FS3.5a

(FW-FS3.5a) Provide details of the policies which include forests- and/or water-related requirements that clients/investees need to meet.

Portfolio
Banking (Bank)

Issue area(s) the policy covers
Forests

Type of policy
Credit/lending policy

Portfolio coverage of policy
100

Policy availability
Not publicly available

Attach documents relevant to your policy

Requirements for clients/investees
Comply with all applicable local, national and international laws and regulations

Value chain stages of client/investee covered by criteria
Direct operations only

Timeframe for compliance with policy criteria
Complying with criteria is a pre-requisite for business

Industry sectors covered by the policy
Materials
Other, please specify (Forestry)

Forest risk commodities covered by the policy
Timber products

Commodities with critical impact on water security covered by the policy
<Not Applicable>

Forest risk commodity supply chain stage covered by the policy
Production

Exceptions to policy based on
<Not Applicable>

Explain how criteria coverage and/or exceptions have been determined

FW-FS3.6

(FW-FS3.6) Does your organization include covenants in financing agreements to reflect and enforce your forests- and/or water-related policies?

	Covenants included in financing agreements to reflect and enforce policies for this issue area	Explain how the covenants included in financing agreements relate to your policies for this issue area	Explain why your organization does not include covenants for this issue area in financing agreements and any plans to address this in the future
Forests	Yes	The Bank is aligned with the law and government financing programs specific to the forest industry such as the Sustainable Forest Development Act of the Province of Quebec where the majority of our activities take place.	<Not Applicable>
Water	Please select	<Not Applicable>	<Not Applicable>

FW-FS4.1

(FW-FS4.1) Do you engage with your clients/investees on forests- and/or water-related issues?

	We engage with clients/investees on this issue area	Explain why you do not engage with your clients/investees on the issue area and any plans to address this in the future
Clients – Forests	No, but we plan to within the next two years	One of the Bank's nine ESG principles is to guide and advise clients in the energy transition. In 2021, we adopted stakeholder engagement guidelines to maintain an ongoing dialogue with our stakeholders. These interactions help us identify and understand their views and concerns and respond appropriately to the changing needs of our society. One of our next key steps will be to create a materiality matrix to identify and prioritize key issues.
Clients – Water	Please select	<Not Applicable>
Investees – Forests	No, but we plan to within the next two years	
Investees – Water	No, but we plan to within the next two years	

FW-FS4.2

(FW-FS4.2) Does your organization exercise its voting rights as a shareholder on forests- and/or water-related issues?

	We exercise voting rights as a shareholder on this issue area	Issues supported in shareholder resolutions	Give details of the impact your voting has had on this issue area	Explain why your organization does not exercise voting rights on this issue area and any plans to address this in the future
Forests	No, and we do not plan to in the next two years	<Not Applicable>	<Not Applicable>	
Water	Please select	<Not Applicable>	<Not Applicable>	<Not Applicable>

FW-FS4.3

(FW-FS4.3) Does your organization provide financing and/or insurance to smallholders in the agricultural commodity supply chain?

	Provide financing and/or insurance to smallholders in the agricultural commodity supply chain	Agricultural commodity	Primary reason for not providing finance and/or insurance to smallholders	Explain why your organization does not provide finance/insurance to smallholders and any plans to change this in the future
Row 1	Yes	Please select	<Not Applicable>	<Not Applicable>

FW-FS4.4

(FW-FS4.4) Does your organization engage in activities that could directly or indirectly influence policy, law, or regulation that may impact forests and/or water security?

	External engagement activities that could directly or indirectly influence policy, law, or regulation that may impact this issue area	Primary reason for not engaging in activities that could directly or indirectly influence policy, law, or regulation that may impact this issue area	Explain why you do not engage in activities that could directly or indirectly influence policy, law, or regulation that may impact this issue area
Forests	Please select	<Not Applicable>	<Not Applicable>
Water	Please select	<Not Applicable>	<Not Applicable>

FW-FS5.1

(FW-FS5.1) Does your organization measure its portfolio impact on forests and/or water security?

	We measure our portfolio impact on this issue area	Explain how your organization measures its portfolio impact on this issue area, including any metrics used to quantify impact	Primary reason for not measuring portfolio impact on this issue area	Explain why your organization does not measure its portfolio impact on this issue area and any plans to change this in the future
Banking – Impact on Forests	No, but we plan to in the next two years	<Not Applicable>	Important but not an immediate priority	In April 2021, the Bank adopted a net zero target for its operating and financing activities by 2050 and in October 2021, we joined the Net-Zero Banking Alliance (NZBA). In alignment with NZBA guidelines and in order to support the Canadian energy transition, the Bank is prioritizing the Oil & Gas (O&G) Producers sub-sector in calculating financed emissions, since these companies will play a key role in reducing the O&G sub-sector's Scope 1, 2 and 3 GHG emissions. Going forward, we plan to expand the Bank's net-zero targets to cover other carbon intensive sectors in accordance with NZBA guidelines.
Banking – Impact on Water	No, and we don't plan to in the next two years	<Not Applicable>	Important but not an immediate priority	
Investing (Asset manager) – Impact on Forests	No, and we don't plan to in the next two years	<Not Applicable>	Important but not an immediate priority	We consider forests to be an important issue, but we must prioritize other actions in line with our climate-related commitments such as the Principles for Responsible Investment which are aligned with the Paris Agreement on climate.
Investing (Asset manager) – Impact on Water	No, and we don't plan to in the next two years	<Not Applicable>	Important but not an immediate priority	
Investing (Asset owner) – Impact on Forests	No, and we don't plan to in the next two years	<Not Applicable>	Important but not an immediate priority	
Investing (Asset owner) – Impact on Water	No, and we don't plan to in the next two years	<Not Applicable>	Important but not an immediate priority	
Insurance underwriting – Impact on Forests	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insurance underwriting – Impact on Water	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

FW-FS5.2

(FW-FS5.2) Does your organization provide finance or insurance to companies operating in any stages of the following forest risk commodity supply chains, and are you able to report on the amount of finance/insurance provided?

	Finance or insurance provided to companies operating in the supply chain for this commodity	Amount of finance/insurance provided will be reported	Explain why your organization is unable to report on the amount of finance/insurance provided for this commodity
Lending to companies operating in the timber products supply chain	Please select	<Not Applicable>	<Not Applicable>
Lending to companies operating in the palm oil products supply chain	Please select	<Not Applicable>	<Not Applicable>
Lending to companies operating in the cattle products supply chain	Please select	<Not Applicable>	<Not Applicable>
Lending to companies operating in the soy supply chain	Please select	<Not Applicable>	<Not Applicable>
Lending to companies operating in the rubber supply chain	Please select	<Not Applicable>	<Not Applicable>
Lending to companies operating in the cocoa supply chain	Please select	<Not Applicable>	<Not Applicable>
Lending to companies operating in the coffee supply chain	Please select	<Not Applicable>	<Not Applicable>
Investing (asset manager) to companies operating in the timber products supply chain	Please select	<Not Applicable>	<Not Applicable>
Investing (asset manager) to companies operating in the palm oil products supply chain	Please select	<Not Applicable>	<Not Applicable>
Investing (asset manager) to companies operating in the cattle products supply chain	Please select	<Not Applicable>	<Not Applicable>
Investing (asset manager) to companies operating in the soy supply chain	Please select	<Not Applicable>	<Not Applicable>
Investing (asset manager) to companies operating in the rubber supply chain	Please select	<Not Applicable>	<Not Applicable>
Investing (asset manager) to companies operating in the cocoa supply chain	Please select	<Not Applicable>	<Not Applicable>
Investing (asset manager) to companies operating in the coffee supply chain	Please select	<Not Applicable>	<Not Applicable>
Investing (asset owner) to companies operating in the timber products supply chain	Please select	<Not Applicable>	<Not Applicable>
Investing (asset owner) to companies operating in the palm oil products supply chain	Please select	<Not Applicable>	<Not Applicable>
Investing (asset owner) to companies operating in the cattle products supply chain	Please select	<Not Applicable>	<Not Applicable>
Investing (asset owner) to companies operating in the soy supply chain	Please select	<Not Applicable>	<Not Applicable>
Investing (asset owner) to companies operating in the rubber supply chain	Please select	<Not Applicable>	<Not Applicable>
Investing (asset owner) to companies operating in the cocoa supply chain	Please select	<Not Applicable>	<Not Applicable>
Investing (asset owner) to companies operating in the coffee supply chain	Please select	<Not Applicable>	<Not Applicable>
Insuring companies operating in the timber products supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insuring companies operating in the palm oil products supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insuring companies operating in the cattle products supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insuring companies operating in the soy supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insuring companies operating in the rubber supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insuring companies operating in the cocoa supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insuring companies operating in the coffee supply chain	<Not Applicable>	<Not Applicable>	<Not Applicable>

FW-FS5.3

(FW-FS5.3) Indicate whether you measure the percentage of clients/investees compliant with your forests- and/or water-related requirements stated in question FW-FS3.5, and provide details.

FW-FS6.1

(FW-FS6.1) Have you published information about your organization's response to forests- and/or water-related issues for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I understand that my response will be shared with all requesting stakeholders	Response permission
Please select your submission options	Yes	Public

Please confirm below

I have read and accept the applicable Terms