

Report

**on Environmental,
Social and
Governance
(ESG) Advances**

2023

**Take action
for a sustainable future
today**



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Important Notice and Caution Regarding Forward-Looking Statements

Certain statements made in this report are forward-looking statements. All such statements are made in accordance with applicable securities legislation in Canada and the United States. Forward-looking statements in this document may include, but are not limited to, statements set out in the messages from executives and other statements with respect to the objectives, priorities and strategies of National Bank of Canada and its subsidiaries (the Bank), the Bank's environmental, social and governance targets and commitments (including with respect to reducing greenhouse gas emissions related to the Bank's own activities and its energy consumption, reaching net-zero greenhouse gas emissions for its operating and financing activities by 2050, its inclusion, diversity and equity commitments and the measures it will take to achieve them, its climate strategy and all objectives related to transitioning to a low-carbon economy and supporting clients in this transition), the regulatory environment in which it operates, the causes and potential impacts of climate change globally, its approach to identifying and managing climate-related risks and opportunities, and certain risks it faces. These forward-looking statements are typically identified by verbs or words such as "outlook," "believe," "foresee," "forecast," "anticipate," "estimate," "project," "expect," "intend," and "plan," in their future or conditional forms, notably verbs such as "will," "may," "should," "could," or "would" as well as similar terms and expressions.

Such forward-looking statements are made for the purpose of assisting the holders of the Bank's securities in understanding the Bank's environmental, social and governance vision, strategy, and objectives, and may not be appropriate for other purposes. These forward-looking statements are based on our current expectations, estimates, and intentions and are subject to inherent risks and uncertainties, many of which are beyond the Bank's control. There is a strong possibility that the Bank's express or implied predictions, targets, projections, expectations or conclusions will not prove to be accurate, that its assumptions may not be confirmed and that its vision, strategic objectives and performance targets will not be achieved. The Bank cautions investors that such forward-looking statements are not guarantees of future performance and that actual events or results may differ materially from these statements due to a number of factors. The Bank therefore recommends that readers not place undue reliance on forward-looking statements, as a number of factors could cause actual results to differ significantly from the expectations, estimates or intentions expressed in these forward-looking statements. Investors and others who rely on the Bank's forward-looking statements should carefully consider the factors set out below as well as the uncertainties they represent and the risks they entail. Except as required by law, the Bank does not undertake to update any forward-looking statements, whether written or oral, that may be made from time to time, by it or on its behalf.

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

The foregoing list of risk factors is not exhaustive, and the forward-looking statements contained in this document are also subject to credit risk, market risk, liquidity and funding risk, operational risk, regulatory compliance risk, reputational risk, strategic risk, environmental and social risk, and certain emerging risks or risks deemed significant. Additional information about these risk factors is provided in the Risk Management section starting on page 62 of the Bank's 2023 Annual Report and may be updated in the quarterly shareholders' reports subsequently published.

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



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Take Action for a Sustainable Future Today



Message from the President and Chief Executive Officer and the Senior Vice-President, Communications, Public Affairs and ESG

2023 was another year marked by many social, environmental and economic challenges, once again illustrating the importance of everyone taking action and contributing to the health of our communities.

At the Bank, our commitment to change continues to be driven by our mission to make a positive impact. We believe that it is through concrete, concerted action and open dialogue with our stakeholders that we can make a lasting contribution to the economic and social vitality of our society, which requires ongoing decarbonization initiatives.

A Fair and Pragmatic Energy Transition

We are now at the heart of the energy, economic and social transition. As a leading player in Quebec and Canada, we play an important role in supporting a just transition, which we believe must also promote the energy independence and security required to create wealth and economic strength that will secure our social fabric for future generations.

While we recognize that much remains to be done, we believe that a pragmatic approach and a concrete commitment to action are the best ways forward and we are focused on both fronts within our reach: managing the impact of our own operations and actively supporting our clients in their own transition.

With humility and commitment, we are making progress in achieving our operating and financing objectives. At the same time, we have continued to grow our loan portfolio related to renewable energy for several years. In this respect, the Bank ranks 4th among all banks in North America in renewable energy financing, a position that is supported by the talent and expertise of our teams and that gives us great pride.

As a founding signatory of the United Nations Principles for Responsible Banking, the Bank is also proud to stand out for its 5th consecutive year of membership. Beyond our climate commitments, we have identified financial health as the second area where the Bank can have a significant positive impact on society by enabling more people to build a resilient financial future. This includes a good understanding of personal finances and savings.

A Governance Framework that Fully Integrates Our ESG Approach

At the Bank, we view ESG as a major driver of value creation, a conviction that must be felt throughout our organization in order to maximize our positive impact on our clients, our teams and the communities in which we do business. With this in mind, we have evolved our ESG governance framework so that the business objectives of the Bank's various sectors are fully aligned with the Bank's strategy, organizational structure and internal practices.

To ensure that each employee can achieve their full potential while contributing to the achievement of the Bank's ESG objectives, we are also pursuing our initiatives, training and awareness efforts at all levels of the organization as well as with our external partners.

In addition, this new governance of ESG provides us with greater agility to effectively respond to growing external expectations in terms of sustainability, and regulatory requirements characterized by increased demand for data.



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Contributing to the Well-Being of Our Communities

As a high street bank, we attach fundamental importance to the development of the communities in which we are present. Through our generalist philanthropic approach, we want to contribute to the well-being of society, and the commitment of our employees is an indispensable pillar of this approach. This is all the more essential at a time when the difficult economic conditions of recent years have accentuated needs, particularly among the most disadvantaged members of our society. The annual fundraising campaign ran by our teams for the United Way Centraide broke a new record this year. In the face of need, our teams are always present.

This year, we published the management’s commitment to relations with Indigenous peoples and we also obtained the first level of certification to develop progressive relationships with Indigenous peoples at the Canadian Council for Aboriginal Business. We are committed to adopting an approach that takes into account Indigenous specificities and issues, and we intend to continue learning to strengthen our relations with the various nations and partner with them on promising projects.

The Bank firmly believes that it is important for the community to benefit fully from the contribution of each of its members. We are honoured to have been named Best Bank for Newcomers to Canada by MoneySense magazine in 2023, thanks to the quality of our offers, initiatives and service. The Bank also supports a number of organizations working to promote inclusion, and actively supports several initiatives that foster the development and growth of women, visible minorities, people with disabilities, Indigenous peoples and members of LGBTQ2+ communities.

It is important that our values are reflected and realized with our current and future clients. In this respect, this year we are proud to have granted our first loan with the “social mission” designation to a company with a social vocation, which employs people with disabilities. Our ambition is to go even further in supporting organizations working to achieve ESG objectives, and we have implemented a financing framework dedicated to companies whose activities include an environmental and social value creation component.

With a growing number of Canadians and newcomers, affordable housing is an important societal issue that will continue to require leadership and dialogue with the various levels of government and the private sector to address it. As a Bank, we remain responsive and committed to action, maintaining our position as one of Canada’s leading lenders for affordable housing, energy efficiency and accessibility. In this regard, we exceeded our financing objectives for green real estate projects this year.

Working for a Sustainable and Wealth-Building Canadian Economy

While many challenges remain, we are fully committed to contributing to the collective effort and achieving our ESG objectives. Backed by a determined Board of Directors and strong governance, our management and teams can build on a solid foundation to move forward with conviction and humility, while supporting our clients through the major transitions of our time.

By working with all of our stakeholders, we are contributing to a sustainable, wealth-creating Canadian economy for all. Today and tomorrow.

Laurent Ferreira
President and Chief Executive Officer

Debby Cordeiro
Senior Vice-President – Communications, Public Affairs and ESG



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Why do we need a One Mission?

Our One Mission is aligned with our continued efforts to remain a key driver of social and economic development. It is the result of a collective need to change industry trends, steering them towards a more humane mission that will allow us to achieve our objectives and better collaborate with all our stakeholders.

How is our One Mission put into practice?

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

OUR ONE MISSION

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

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

People first.





About Us

Founded in 1859, National Bank of Canada offers financial services to individuals, businesses, institutional clients and governments across Canada. We are one of Canada's six systemically important banks and among the most profitable banks globally by return on equity.¹

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

We are a leading bank in our core Quebec market, where most of our branches are located, and also hold leadership positions across the country in selected activities.

We strive to meet the highest standards of social responsibility while creating value for our shareholders. We are proud to be recognized as an employer of choice and for promoting diversity and inclusion.² We are headquartered in Montreal, and our securities are listed on the Toronto Stock Exchange (TSX: NA).

National Bank at a glance

(as of October 31, 2023)

2.8 million Clients³

31,243 Employees⁴

458  Branches⁵

2,339 Banking machines⁶



Our financial performance⁷

\$10.2B Total revenue

\$3.3B Net income

\$424B Total assets

\$29.2B Stock market capitalization



Our contribution to economic activity

\$3.4B Compensation and employee benefits⁷

\$1.6B Spent on goods and services in Canada^{7,8}

\$1.09B Income taxes and other taxes in Canada⁹

1 Source: RBC Capital Markets' Canadian Financials Weekly report

2 [Women in Governance](#).

3 Personal and Commercial Banking clients.

4 Worldwide.

5 368 in Canada, 87 in Cambodia and 3 in the United States (Florida).

6 944 in Canada and 1,395 in Cambodia.

7 Indicators taken from the Bank's Annual Report for the fiscal year ended October 31, 2023.

8 This amount includes occupancy costs, technology (excluding depreciation), communications, professional fees, advertising and other goods and services.

9 Includes income taxes, capital taxes and other taxes. For more information, see page 11 of the 2023 Corporate Social Responsibility Statement.

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About This Report

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

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

Scope

Unless otherwise indicated, this report presents relevant content associated with the activities of the Bank and its main subsidiaries in Canada;¹ it refers to fiscal 2023 (November 1, 2022 to October 31, 2023) and all amounts are expressed in Canadian dollars.

Stakeholders

This report is part of the Bank's ongoing dialogue with various stakeholders, including clients, employees, communities, shareholders, suppliers, interest groups, international organizations and regulatory authorities. Our commitment to constructive, open and transparent dialogue enables us to include stakeholders in our strategic decisions, enhance our practices and adopt the latest disclosure standards.

Reference framework

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

External certification and accounting

Certain indicators are extracted from Management's Discussion and Analysis and the Audited Annual Consolidated Financial Statements of the 2023 Annual Report. Unless extracted from the Audited Annual Consolidated Financial Statements of the [2023 Annual Report](#), the information contained in this report is unaudited. Groupe AGÉCO, an independent third party, calculated our greenhouse gas emissions.



For more information, please refer to the [Stakeholder engagement Guidelines](#) and the 2024 Management Proxy Circular, available in the [Investors](#) section of [nbc.ca](#).

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



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Additional publications

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



[Commitments and impact](#)

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

[Investors](#)

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

[Governance](#)

Corporate governance and governance practices, including codes and commitments.

Unless otherwise indicated, when this report refers to publications, the following versions are intended:



[2023 Annual Report](#)



[2023 Climate Report](#)



[2024 Circular](#)



[2023 Corporate Social Responsibility Statement](#)

@ Contact us

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



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How We Support Sustainable Development

Our relative importance matrix

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

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

In 2022, we carried out an initial assessment of the relative importance of the various ESG priorities to fuel our discussions and better understand the changing expectations of our stakeholders.

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

At the end of this consultation process, we tallied the results and ranked the ESG issues to illustrate their importance for our stakeholders and for the organization.

All the ESG issues identified in the matrix are important to us and our stakeholders.

The responses received allowed us to prioritize them according to their level of importance and impact. These results, which have been presented to the Senior Leadership Team and to the ESG Committee, are a valuable resource for the Bank. They contribute to our dialogue with stakeholders and help us take action where we can have the greatest impact.

The exercise was enhanced in 2023 to include efforts to analyze and prioritize issues where the Bank could have a positive impact, while understanding the scope of our potential impact. This involved setting out a non-exhaustive list of the Bank's actions in targeted domains.

Fighting climate change and promoting sustainable finance

In particular, the Bank has positioned itself as an actor of change in the fight against climate change, aware of its potential impact in this area. For example, the Bank can have a positive impact on decarbonization and the transition to a low-carbon economy by stimulating green financing and offering adapted products (sustainable finance).



Inclusion and financial literacy

Given its positioning and the concrete impact it wants to have on the financial health of its clients, the Bank also prioritizes the inclusion of vulnerable clients as specified in its Report on the Principles for Responsible Banking.

Also, to contribute to the financial health of its clients and the community, the Bank clearly states in its principles its desire to promote financial literacy and support education, among others.

Inclusion, diversity and equity

Promoting inclusion, diversity and equity is also an integral part of the Bank's guiding principles. As an employer and a member of the community, the Bank's influence can have a positive impact on the lives of people from all communities.

Protecting personal information

The Bank's commitments also include protecting its clients' personal information in order to build and maintain a relationship of trust with them. This topic is very important to our stakeholders.

This assessment of issues and their impact is an evolving activity, which allows us to identify certain trends and prioritize our actions. We will reconduct the exercise next year, in order to monitor the evolving expectations of our stakeholders.



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Relative importance matrix according to our stakeholders



Environment Social Governance



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Our ESG principles

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

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

Key UN Sustainable Development Goals covered by our principles



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Our Commitments

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

Environment

- › Grow the portfolio of loans related to renewable energy at a faster pace than the portfolio of loans related to non-renewable energy.
- › Not to offer or grant new financing related to oil and gas exploration, exploitation or production in the Arctic.
- › Not to finance new thermal coal mining and processing activities.
- › Not provide financing for extraction activities or for the processing of thermal coal for existing clients in the mining and power generation sectors, unless they have committed to achieve net zero emissions by 2050 or to progressively retract from their activities linked to thermal coal.

Social

- › Facilitate access to banking services for underbanked people.
- › Promote the development and success of women, visible minorities, persons with disabilities, Indigenous Peoples and members of LGBTQ2+ communities.
- › Promote financial literacy as a means to improve financial knowledge and achieve financial security.

Governance

- › Ensure the protection of our clients' personal information to build and maintain a relationship of trust with them.
- › Aim for parity and maintain a minimum representation of 40% women and 40% men among independent directors.

OUR TARGETS

Reach **parity between men and women** and have more than a **quarter of our workforce made up of people from visible minority groups** by the end of 2026

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

Reduce the intensity of the **Commercial Real Estate** sector portfolio by **50% by 2030**



Reduce portfolio intensity for the **Canadian Oil and Gas Producers** subsector by **31% by 2030**

Reduce the intensity of the **Power Generation** sector portfolio by **33% by 2030**

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

In 2023, the Bank also pursued its commitment to the following initiatives:





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United Nations Principles for Responsible Banking

The Bank became a founding signatory of the Principles for Responsible Banking (PRB) in 2019. The PRBs represent a unique reference framework which aims to align the strategies and practices of signatory banks with the UN Sustainable Development Goals and the Paris Agreement relating to climate. Through their collective activities, banks collectively have the power to accelerate the transition to a sustainable economy for people and the planet.

As part of its commitment, the Bank publishes an annual report that presents its progress. In 2023, we carried out an impact analysis of our product portfolio, according to the PRB methodology, which identified two areas where the Bank could have a significant positive impact on society: climate stability and financial health.

The first area is aligned with our climate strategy, which aims to achieve net-zero emissions by 2050 for our operating and financing activities. In terms of financial health, for many years the Bank has been deploying strategies to increase the financial literacy of the population, in particular for students and newcomers to Canada. Improvements are also being made to our product and service offering in response to evolving needs. Supporting our clients by providing quality advice remains central to our approach.

The PRB are a key milestone in our transition to a sustainable economy, since they allow us to identify and follow concrete actions.



For more information on the Bank's advances, consult the PRB Report, available in the [Codes and commitments](#) section of [nbc.ca](#).





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Our Impact



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new interim reduction targets for financed GHG emissions.

\$11B

in capital made available for renewable energy projects in North America since 2019, as at October 31, 2023.



SOCIAL

87

With 87 branches in Cambodia, the Bank serves as a driver of economic and social development for individuals and businesses across the country.



Year 1

The Bank completed the first year of certification for the Progressive Aboriginal Relations program rolled out by the Canadian Council for Aboriginal Business.

10

employee resource groups (ERGs) that bring together hundreds of employees representing various diversity segments.



GOVERNANCE

ESG governance

Changes to the governance structure: ESG committee and working groups made up of leaders from various sectors responsible for ESG strategy.

ESG at the Board

ESG responsibilities integrated into the mandate of the Board of Directors and all of its committees.

Accountability

ESG criteria integrated into executive compensation.



SUSTAINABLE FINANCE

One dedicated team

that supports clients during their transition.

\$3.3B

sustainability bonds in circulation, the proceeds of which were used to finance sustainable development projects, as at October 31, 2023.

\$4.1B

volume in assets under management in National Bank Investments' sustainable investments as at October 31, 2023.

98%

of NBI assets under management managed by United Nations Principles for Responsible Investment (PRI) signatories as at October 31, 2023.



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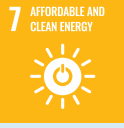
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Our Contribution to the UN Sustainable Development Goals

In 2023, our initiatives and commitments contributed to 12 of the 17 [UN Sustainable Development Goals](#).

Objective	Our contribution
 <p>1 NO POVERTY</p>	<ul style="list-style-type: none"> › Partnership with the Canadian Foundation for Economic Education › \$4.1M donated to United Way Centraide from employees, retirees and the Bank › Supported the Lise Watier Foundation’s Let’s Start Up program to foster women’s financial independence › Supported La rue des Femmes and Chez Doris in the fight against female homelessness › Supported the Canadian Red Cross to help communities affected by emergency situations in Canada and abroad
 <p>2 ZERO HUNGER</p>	<ul style="list-style-type: none"> › Supported La Tablee des chefs in fighting food insecurity and promoting food self-sufficiency › Supported the Supermarket Recovery Program of the Food Banks of Quebec
 <p>3 GOOD HEALTH AND WELL-BEING</p>	<ul style="list-style-type: none"> › \$250,000 donated to the Fondation Santa Cabrini to promote access to even more advanced and effective surgical services › \$150,000 donated to the Dr. Clown Foundation to support therapeutic clowns in bringing joy to the most vulnerable people in our community › \$1.7M donated to fuel ground-breaking health research at the RI-MUHC › \$130,000 donated to 37 student athletes as part of the National Bank Bursary Program › \$202,000 raised for the JDRF as part of the Ride to Defeat Diabetes › \$200,000 raised for 12 organizations that work with young people as part of the NB Grand Tour sporting challenge › \$125,000 raised for the Breakfast Club of Canada as part of the NB Classic hockey tournament
 <p>4 QUALITY EDUCATION</p>	<ul style="list-style-type: none"> › \$100,000 donated to the Université de l’Ontario français to support university-level education in French in Ontario › \$100,000 donated to Université de Saint-Boniface to support the creation of a science laboratory › \$300,000 donated to the Fondation Cité de la Santé to accelerate the integration and adoption of cutting-edge practices and health innovations › Partnerships with the École de technologie supérieure (ÉTS) and Polytechnique Montréal › Partnership with Quatre95, which aims to demystify personal finance for young adults
 <p>5 GENDER EQUALITY</p>	<ul style="list-style-type: none"> › Partnership with the A Effect, an organization dedicated to powering women’s professional engagement, since its creation in 2015 › Game.Set.Equity. program in collaboration with Tennis Canada to advance gender equity at all levels of the tennis ecosystem in Canada, in particular by offering equal prize money for women and men by 2027 › Supported ESPACE GO to promote women’s voices in the arts
 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	<ul style="list-style-type: none"> › Our renewable energy industry loan portfolio is growing more rapidly than our non-renewable energy loan portfolio › Supported a number of cleantech companies › \$11B in financing authorized in the renewable energy sector since 2019 as of October 31, 2023 › \$6.9B in sustainability-linked loans authorized as of October 31, 2023



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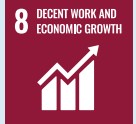





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Objective	Our contribution (cont.)
	<ul style="list-style-type: none"> › \$161B in debt financing granted to Canadian businesses of all sizes › Provided financial support for Accelia Capital, a \$60 million fund that invests in innovative companies with high technological potential › Supported some 15 incubators and accelerators across Canada › Supported various training programs specifically for entrepreneurs
	<ul style="list-style-type: none"> › Head office designed to obtain LEED v4 Gold and WELL certification › \$1.6B spent on goods and services in Canada › Partnership with the Institute for Data Valorization (IVADO) to accelerate innovation in the fields of data and artificial intelligence › Partnership with Platform Calgary, an initiative focused on improving the connections between investors and technology startups
	<ul style="list-style-type: none"> › Contributed to a \$60 million financing envelope to support Evol, an organization dedicated to developing inclusive entrepreneurship › Participated in numerous initiatives to actively support women, visible minorities, LGBTQ2+ communities, persons with disabilities and Indigenous Peoples › Committed to the Progressive Aboriginal Relations program rolled out by the Canadian Council for Aboriginal Business › Promoted employee resource groups working to create an inclusive work environment › Supported the Canadian Centre for Architecture to stimulate links with Indigenous youth for the benefit of the built environment across Canada › Supported the Right To Play program to help Indigenous youth reach their full potential through the power of play › Collaborated with the Montreal Canadiens on the Goal is Green Program, which aims to implement various initiatives with a social or environmental impact, especially in underprivileged communities › Opened a new point of service to welcome asylum seekers, who are a vulnerable client segment › Loan to support the mission of AFFI, a key player in social entrepreneurship in Quebec
	<ul style="list-style-type: none"> › Net-zero target for GHG emissions by 2050, with interim targets › Commitment to protect the Arctic and position on thermal coal › National Bank Investments OP4+ process: 98% of assets under management managed by PRI signatories › Published a report on progress made for the Task Force on Climate-related Financial Disclosures, which included two new interim reduction targets for financed emissions › Provided financial support for businesses involved in sustainable development projects
	<ul style="list-style-type: none"> › ESG responsibilities integrated into the mandate of the Board of Directors and all of its committees › Succession planning for directors takes into account the Board's diversity policy (gender, age, designated groups, sexual orientation, ethno-cultural groups and geographic origins) › Succession planning for senior executives › Diversity targets for executives
	<ul style="list-style-type: none"> › Fifth year implementing the United Nations Principles for Responsible Banking (PRB) › Continued to participate in the Partnership for Carbon Accounting Financials (PCAF) › Continued to participate in the United Nations Net Zero Banking Alliance (NZBA) › Ongoing support for a number of national and international initiatives: <ul style="list-style-type: none"> – United Nations Environment Programme – Finance Initiative – United Nations Principles for Responsible Investment (PRI) – United Nations Women's Empowerment Principles – UN Global Business Standards of Conduct for Tackling Discrimination Against Lesbian, Gay, Bi, Trans and Intersex People › Worked with Circular Economy Leadership Canada (CELC) to draw up an orientation document that can be used to identify projects and economic activities that contribute to the circular economy

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	2023	2022	2021
Environment			
Total GHG emissions (in tonnes of CO ₂ equivalent) ¹	21,392	17,994	13,964
GHG emissions in line with our reduction target ²	9,052	8,996	6,848
Energy consumption from renewable sources	72%	71%	70%
FSC paper consumption per full-time employee ^{3,4}	5.96 kg	6.80 kg ⁹	7.96 kg ⁹
LEED certified buildings ³	5	5	5
Carbon-related assets in loan portfolio	19%	19%	17%
Carbon neutrality	Yes	Yes	Yes
Social			
Clients			
Assets under management managed by PRI signatories ⁵	98.2%	98.2%	98.1%
Value of sustainable bonds issued ⁶	\$3.3B	\$3.2B ⁹	\$3.1B ⁹
Growth of digitally active clients ⁷	108%	106%	102%
Personal bank accounts with eStatements	76.1%	74.9%	71.9%
Chequing accounts with no fixed monthly fees (no minimum balance) ⁸ (SASB CB-240a.3)	226,264	242,110	230,553
Employees			
Women at the Bank ^{3,9}	51.7%	52.9%	53.8%
Women executives and officers ^{3,9}	36.4%	33.1%	31.4%
Visible minorities at the Bank ^{3,9,10}	26%	23.6%	23.1%
Persons with disabilities at the Bank ^{3,9,10}	4.1%	2.6%	2.6%
Indigenous persons at the Bank ^{3,9,10}	0.7%	0.6%	0.6%

1 An independent service provider calculates our GHG emissions data using the methodology described in the Greenhouse Gas Protocol Initiative (GHG Protocol) (WRI and WBCSD, 2015; 2022; 2004). The 2020 and 2021 data have been adjusted. For more information, consult our 2023 Climate Report, available in the [Commitments and Impact](#) section of [nbc.ca](#).

2 Data on greenhouse gas (GHG) emissions are calculated according to the methodology described in the Greenhouse Gas Protocol Initiative (GHG Protocol) (WRI and WBCSD, 2015; 2011; 2015; 2011; 2004) by an independent third party. The scope of the target cover the Bank's activities in Canada and the United States, as well as the activities of our subsidiary in Dublin, our branch in London and our representative offices abroad. For more information, see the 2023 Climate Report on [nbc.ca](#).

3 In Canada.

4 Paper from certified forests. Data as of December 31.

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

6 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.

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

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

9 Data as of December 31.

10 As defined under the *Employment Equity Act*.



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	2023	2022	2021
Social (continued)			
Employees (continued)			
Employee engagement index ¹	86%	89%	87%
Turnover rate ²	14.6%	17%	16.1%
Voluntary turnover rate (excluding retirements) ²	10.0%	12.7%	11.9%
Amount invested in employee development ^{1,3}	\$56M ⁴	\$44M	\$37M
Compensation and employee benefits ⁵	\$3.5B	\$3.3B	\$3.0B
Bank's contribution to the Employee Share Ownership Plan ⁵	\$16M	\$15M	\$14M
Community			
Visitors to the Advice page on nbc.ca	2.9M	1.9M	2.1M
Goods and services suppliers with contracts	1,267	1,263	1,010
Spending on goods and services in Canada	\$1.6B	\$1.4B	\$1.3B ⁶
Governance			
Income taxes and other taxes in Canada ⁷	\$1.1B	\$1.4B	\$1.3B
Income tax outside of Canada	\$280.1M	\$162.1M	\$123.8M
Total effective tax rate ⁸	30.2%	31.8%	31.5% ⁹
Members of the Bank's Board of Directors	14	15	15 ¹⁰
Independent directors	13 (92.9%)	14 (93.3%)	14 (93.3%)
Women on the Board	42.9%	40.0%	40.0%
Board committees that have ESG oversight in their mandates	100%	100%	100%
Employees who completed the annual compliance training	99.3%	99.0%	97.9%



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

1 In Canada.

2 Represents the workforce included in our human resources management tool, which covers nearly 70% of the Bank's employees. For 2021 and 2022 data, our human resources management tool covered nearly 75% of the Bank's employees.

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

4 The increased training investment in 2023 results from the addition of on-the-job learning hours to the training hours already counted for independent study courses and virtual classes in the training plans for employees in new positions.

5 Indicators taken from the Bank's Annual Report for the fiscal year ended October 31, 2023.

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

7 Includes income taxes, capital taxes and other taxes. For more information, see page 11 of the 2023 Corporate Social Responsibility Statement.

8 Percentage is equal to total taxes paid divided by pre-tax income. The statutory income tax rate was 28.0% in 2023. For more information on income taxes, see Note 24 in the Annual Report.

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

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



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We are working to develop a green economy



Our ESG principles

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





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OUR APPROACH

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

Our climate ambition and priorities

Our ambition

To be a key player in the fight against climate change and to support the transition of Canada's real economy to a low-carbon economy.

The Bank achieved its ambition by formalizing three climate priorities:

1. Achieve net-zero by 2050

Reduce greenhouse gas (GHG) emissions from our financing and operations activities.

2. Support our clients

Actively support and advise our clients in their transition to a low-carbon economy and support the development of the renewable energy sector.

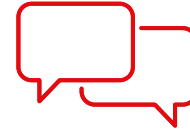
3. Exercise our leadership influence

Engage with our clients and collaborate with our peers, banking organizations and the public sector.



For more information about our climate priorities, our implementation plan and our 2023 achievements, consult the Climate Report, available in the [Commitments and impact](#) section of [nbc.ca](#).

Maintaining an ongoing dialogue with our stakeholders



In accordance with our [Stakeholder Engagement Guidelines](#), we hold ongoing discussions with our clients, our teams and other stakeholders so we can work together to achieve our climate ambition

Our implementation plan

Our climate ambition and priorities are supported by an implementation plan that includes concrete initiatives aimed at achieving net-zero emissions. Our plan is aligned with our structured financing and investment activities, our decision-making process and our policies and conditions. We're continuing to establish reduction targets for our financed emissions in carbon-intensive sectors, roll out sustainable finance products and services and promote projects linked to renewable energy to support decarbonization efforts in our clients' sectors of activity.

- › Set interim sector-specific targets for the reduction of financed emissions for carbon-intensive sectors and develop decarbonization strategies to achieve those targets.
- › Align our operations and business practices with our net-zero objective through the implementation of a robust decision-making process.
- › Increase the energy efficiency of our operations to achieve our 25% reduction target by 2025.
- › Deploy sustainable finance products and services to support our clients in their transition.
- › Support the development of the renewable energy sector to support decarbonization efforts in our clients' various business sectors.
- › Refine our commitment strategy with our clients to better advise them on their climate transition, and with the banking and public sectors to accelerate sustainable finance.



Reducing our carbon footprint

The Bank took its first step toward managing its carbon footprint in 2007–2008 by quantifying its GHG emissions and sending the data to the CDP, a key global initiative that promotes environmental disclosure. Since then, the Bank has been repeating the exercise every year, in close collaboration with a number of recognized expert firms. Our goal is to align our methods with current best practices. The Bank uses the methodology described in the Greenhouse Gas Protocol Initiative (GHG Protocol) (WRI and WBCSD, 2015; 2011; 2004). Data concerning GHG emissions resulting from our activities are disclosed in the Climate Report.



Carbon neutrality

In 2011, the Bank reported neutral carbon emissions for the first time thanks to an innovative agreement with Sobeys supermarkets. Under the agreement, the Bank committed to buy 15,000 tonnes of certified carbon credits every year until 2015 to completely offset its emissions. Since 2019, the Bank has renewed its commitment to achieving carbon neutrality for its own activities by reducing its carbon footprint and working with a number of organizations to offset its GHG emissions. For instance, in 2024, the Bank purchased 21,392 carbon credits from Will Solutions and as part of forestry projects

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.¹

This absolute, science-based target aims to help limit global warming to 1.5° C. This target 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 this target:

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



For more information on the Bank's GHG reduction target, consult the Climate Report available in the [Commitments and impact](#) section of [nbc.ca](https://www.nbc.ca).

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

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Our new eco-friendly head office

National Bank's new head office will be located in the heart of Montreal's Quartier de l'innovation at 800 Saint-Jacques. This address is particularly meaningful since the Bank had its head office on that same street over a century ago. Standing at nearly 200 metres, the 40-storey building is one of the tallest office towers in Montreal. Construction has spanned four years and should be completed in 2024.

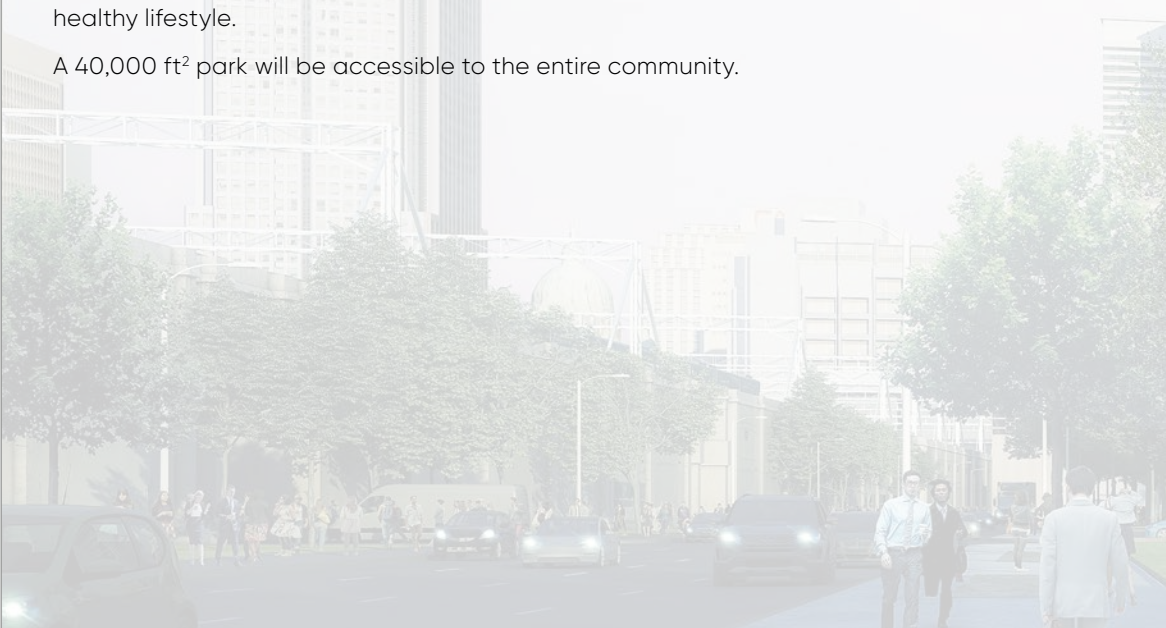
Our goal is to meet LEED v4 Gold and WELL standards. The construction of the tower will have an economic impact of more than \$1.2 billion. It includes 400 bicycle parking spots and 100 charging stations for electric vehicles. This number could increase, since the Bank's new head office facilities allow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

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

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

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

A 40,000 ft² park will be accessible to the entire community.





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Built on best practices

The Bank’s eco-friendly practices are reflected in the features of its buildings. It has rolled out standards inspired by LEED assessment criteria, which are automatically applied to its major investment projects. For example, the Bank purchases low-flow plumbing fixtures, LED lighting, and finishing products, furniture and equipment from local or Canadian suppliers. This practice applies to all of its buildings in Canada.

The Bank also follows best practices in workspace design. For example, many features of the WELL building standards have been integrated into plans for the floors of the new head office, which are set up as dynamic workspaces. Administered by the International WELL Building Institute, the WELL standards recognize built environments that promote the health and wellness of their occupants.

For more information on our responsible sourcing practices, consult the *Responsible sourcing* section on page 88 of this report.

Built on energy efficiency

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

In order to achieve our reduction target, each year we analyze emission rates and the availability of various energy sources 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 the start of this initiative, we’ve installed 43 charging stations across 23 sites. We plan to continue installing more stations over the coming years to increase their availability in the communities we serve. We’ve also installed 100 charging stations in the new head office’s parking garage. We will be able to add to this number, as the facilities allow for the installation of additional portable charging stations.



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A community of environmentally conscious employees

The Bank's community of eco-ambassadors brings together many employees from all sectors, regions and positions.

They all have one thing in common: they are committed to having a positive impact on the environment through their habits, behaviours and actions and their influence on others.

In 2023, the community undertook a number of initiatives to raise employees' awareness of the importance of adopting environmentally conscious behaviour.

These include the Eco Minutes, a series of videos that share fast, easy ways for employees to adopt eco-friendly behaviours. The topics covered over the course of the year included understanding how labels can help you make greener choices and tips on preparing healthy, environmentally-conscious snacks.



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





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We Enrich Communities



Our ESG Principles

- › We maximize the potential of individuals and the community
- › We promote inclusion, diversity and equity
- › We foster entrepreneurship, financial literacy, philanthropy and support for health and education





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Offering a responsible client experience

OUR APPROACH

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

Our approach focuses on supporting clients during key moments of their lives, providing sound advice based on the expertise of our advisors and ensuring our services are accessible. The Board of Directors Conduct Review and Corporate Governance Committee takes steps to ensure the Bank’s management implements mechanisms to monitor client-facing initiatives. It is also responsible for reviewing the effectiveness of these mechanisms. The economic situation in recent years has once again allowed us to demonstrate our commitment to supporting clients and working with them to find solutions. We have been proactive in implementing adapted solutions for the clients most severely affected by inflation and interest rate hikes.

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

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

(SASB AC-270 a.3)

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

No-pressure sales

To deliver an outstanding experience, we need to know our clients: their priorities, their financial situations and their changing needs. This knowledge enables us to offer personalized advice and recommend the products and services best suited to each client. To provide appropriate advice, we also need to know our products and services. By communicating clear, complete and accurate information, we help our clients make informed decisions without any pressure. We put our clients’ interests first, regardless of our objectives under our performance and compensation programs. When we know that a product or service is not suitable for a client, we are required to mention it so they can make an informed decision. The Bank also ensures all of its employees comply with the requirements of the law prohibiting coercive tied selling through its Code of Conduct and the communications, tools and training it provides. Clients can see explanations and examples in our booklet [What you need to know about prohibited conduct](#).

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



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

Promoting our products and services honestly

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



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Developing our advisors' expertise to better serve our clients

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

Our advisors also receive ongoing training via a gamified micro-learning platform that proposes personalized activities based on the learner's needs. This approach makes it possible to provide training that reinforces knowledge and behaviours related to business strategies and the client experience. Managers can access a dashboard to track the progress of learners in real time and provide coaching on the knowledge and competencies they need to work on.

In 2023, 8,100 employees used this ongoing learning solution, answering over 3 million questions on a wide range of topics: inflation and interest rate hikes, estate planning, digital engagement, insurance coverage, market volatility, etc.

Furthermore, all newly hired employees receive training about our Code of Conduct, which highlights the importance of acting in our clients' interests. The Code contains provisions intended to build authentic, lasting relationships based on trust, integrity and honesty. Each year, employees renew their commitment to the Code.

For more information, consult the *Contributing to development and career advancement* section on page 51 of this report.

Directory for advisors

Bank advisors can access an internal directory of more than 750 bilingual documents, tools and articles to help them increase their knowledge and provide informed advice to clients. Information is organized based on different objectives and life events, enabling advisors to adopt a personalized approach tailored to each client's situation and needs. Financial literacy articles are also published for our teams to share with clients in order to address relevant topics and answer clients' questions.



2023 highlights

(sample of over 4,600 users)

94%

of employees say that the content is relevant to their work

94%

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





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Transforming the role of branch advisors

In 2023, the Bank continued to transform its Banking Advisor model. This has enabled us to keep upgrading employees' advisory skills while having a direct impact on the client experience. Each Banking Advisor benefits from a personalized training plan to help them identify learning opportunities so they can advance their career at their own pace, in line with their development objectives. Thanks to this model, which is integrated into initiatives such as the new branch experience, clients can benefit from end-to-end support with their financial needs, receive sound advice and easily access various specialists at the branch.

For more information on the impact of personalized training plans, consult the *Employees* section on page 54.

Putting people first at our branches

In 2023, the Bank continued to deploy the new branch experience for its clients. More than 90% of our branches now offer this approach based on welcoming clients when they arrive at the branch and taking charge of all their financial needs. The key components of the experience are enhanced advisory service and increased digital engagement. Given the situation over the past few years, we've focused on improving the remote experience by allowing clients to meet with their advisors from the comfort of their own homes. Our clients' transaction habits are evolving and the use of digital channels is growing, year after year. Clients visit their branch to carry out cash transactions less frequently. In response to this change, the Bank has rolled out a new cashless concept in 48 branches, while on advice as part of its new branch experience. The combined remote and cashless approach allows us to provide a better client experience, centred on advice.

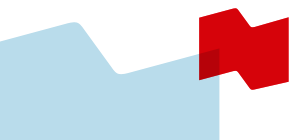


Personalized advice to help clients achieve their financial goals

The role of an advisor makes all the difference when it comes to retirement planning or setting goals to achieve financial independence. The Exclusive Remote Advisory Service team offers personalized advice and regular follow-up over the phone or via videoconference. It provides tailored-made service in over 15 languages and assigns a specific team member to each client. In addition, working in synergy with various Bank specialists, the Exclusive Remote Advisory Service team serves as a single point of contact for its clients' financial, investment and wealth management needs.



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





Enhancing the digital experience to better meet clients' needs

Our clients want to carry out their daily transactions simply, quickly and independently—like many of their other day-to-day actions. That's why offering a high-quality digital experience is among the Bank's priorities. By adopting digital solutions, we can greatly increase client autonomy while having a positive environmental, social and governance impact.

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


Tax slips	<p>Since January 31, 2023, clients have been able to access their tax slips for a given year via the mobile app and online banking. As of March 31, 2023, over 370,000 tax slips were uploaded to our digital platforms, representing 72% of all tax slips issued. This represents:</p> <ul style="list-style-type: none"> › Nearly 400,000 envelopes and sheets of paper saved › Over 505,000 client visits to the tax slips page › Over 366,000 documents downloaded
Change of address	<p>Since August 2023, clients who change their address via online or mobile banking have benefited from three improvements to the experience:</p> <ol style="list-style-type: none"> 1. Change immediately reflected in their account 2. Ability to schedule the address change ahead of time 3. Address fields autocompleted to ensure they are standardized and compliant <p>These changes help reduce visits to the branch and the need to reprint documents featuring an incorrect address.</p>
Advice for newcomers on nbc.ca	<p>The Bank has created the My immigration to Canada page on its website to support newcomers to Canada. This page provides a wealth of advice to help newcomers during their transition.</p>
Security page on nbc.ca redesigned	<p>This year, we redesigned the content of the Security section of our website to highlight the self-service tools and advice available on the Bank's mobile app to prevent fraud and improve clients' online security (e.g., alerts, notifications, two-factor authentication).</p>

From November 1, 2022, to October 31, 2023, we observed an increase in the use of our digital platforms:

92% of Personal Banking client transactions involving transfers of funds¹ were carried out in self-service mode via our digital platforms (web or mobile).

We observed an increase in the percentage of clients who carried out at least one core transaction² on one of our digital platforms (web or mobile).



 The number of visits to the Help Centre on [nbc.ca](#) increased to around 1.8 million³ in 2023.

The number of chatbot conversations doubled in one year.



1 Transactions involving transfers of funds initiated by the client, including bill payments, transfers (*Interac*[®], international or to another financial institution), receipt of transfers (*Interac* or between National Bank clients), requests for funds via *Interac*, deposits (via cheque or cash to a National Bank account), transfers to a Mastercard[®] or personal account, and additional payments (on a mortgage or personal loan).

2 Based on a list of core transactions carried out on a digital platform, such as bill payments, *Interac*[®] e-Transfers, international transfers and cheque deposits.

3 Further to the application of Quebec's Law 25 on protecting personal information and requiring consent to the use of cookies and other similar technology allowing behaviour to be tracked, data analyzed may not be fully comparable to 2022.



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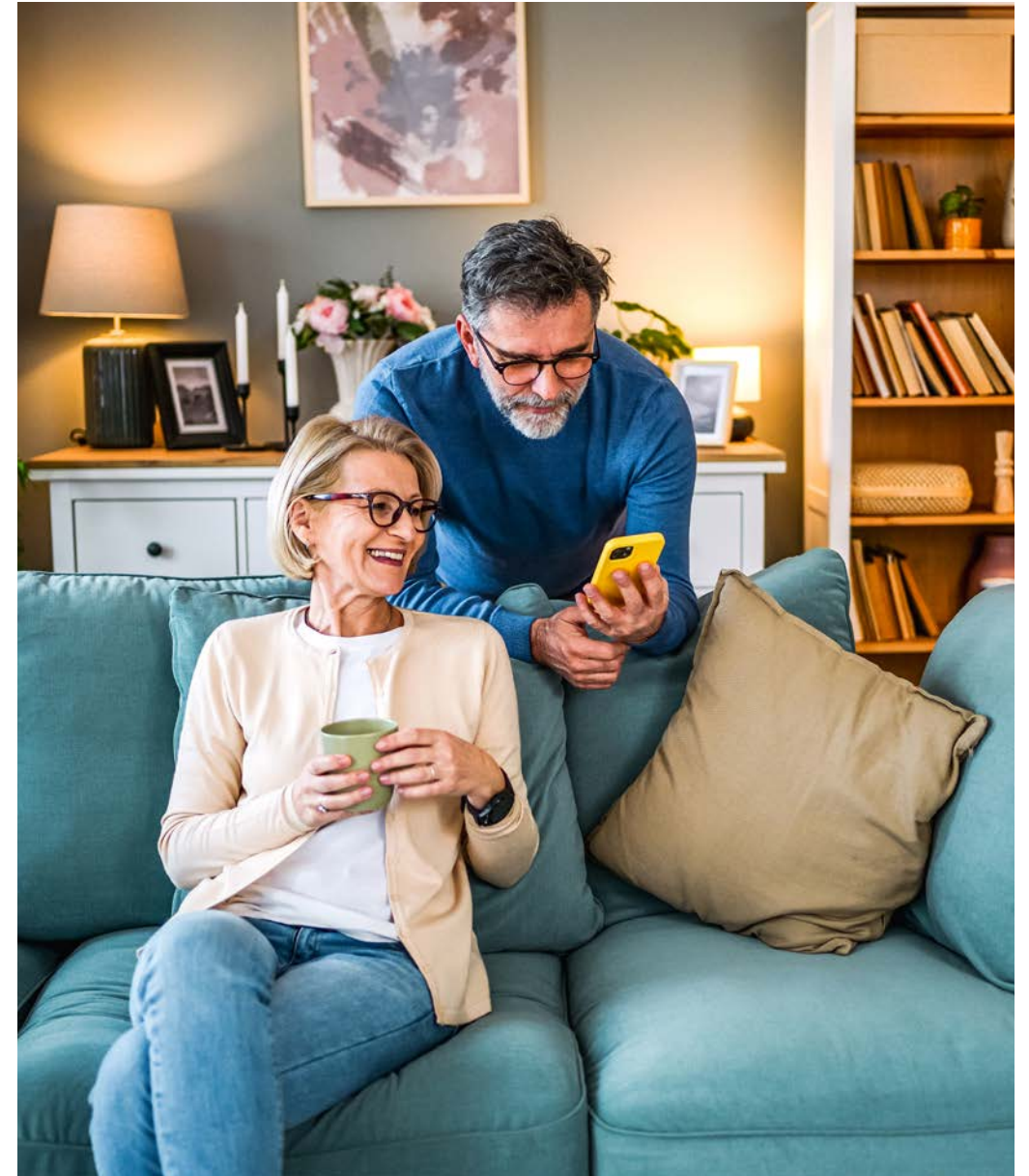
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Using open banking to ensure secure data sharing

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

Managing performance with a focus on lasting client engagement

The Bank relies on a consistent shared approach to managing the performance of employees in branches. This approach focuses on building lasting client engagement. As such, it recognizes behaviours that foster proactivity and relevant advice while improving client satisfaction. Our program, focused on quality execution, rewards the efforts of employees who work collaboratively on a daily basis to deliver a distinctive National Bank client experience. Our collective regional objectives align the total compensation of our employees with our business strategy and performance.





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

For many years, the Bank and some of its subsidiaries have been assessing the effectiveness of their products and services as well as the quality of the client experience. In 2023, more than 260,000 individual and business clients were surveyed by an external firm to measure the client experience. The Bank has a client experience platform that allows for active management of satisfaction and provides instant access to survey results. Client-facing employees can gain deeper insight into the needs expressed by the clients surveyed and take action accordingly. The platform can generate alerts when clients express that they want to be contacted about an issue, a complaint or a new need.

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

In 2023, we carried out 354 coaching sessions in order to promote the voice of clients in their daily work.

We also rely on other approaches, such as focus groups, interviews, user testing, monitoring social media and actively tracking complaints, to help us make decisions centred on client feedback and expectations. Over the past year, following up on this feedback has allowed the Bank to:

- › Resolve issues linked to certain bank fees
- › Optimize the use of debit cards
- › Improve communication about the transition to electronic tax slips
- › Promote the use of travel notices to prevent payment methods being blocked when used abroad and educate clients on best practices

The Bank continues to roll out measures to improve how complaints are documented, take action in response to client feedback and easily share this information internally. We also use a survey to track client satisfaction after a complaint is settled and train employees on an ongoing basis.



A TRIPLE POSITIVE IMPACT: clients, employees and the community

Having a positive impact based on client feedback

The Our Impact program, launched in 2021, aims to recognize, based on a positive or constructive comment received from a client, all Bank employees who contributed directly or indirectly to the client's experience. To thank clients for taking the time to share their feedback, we invite them to choose an organization that is close to their heart so that we can make a donation to that organization. Employees, for their part, receive a gift from a business client of the Bank. This year, more than 650 employees were recognized across all sectors of the Bank and a total of \$12,000 was donated to various organizations.

Social media

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





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Ensuring client satisfaction

The Bank offers a complaint settlement process that is intended to be simple, accessible via our various channels, and focused on finding solutions. It encourages employees to handle and resolve client complaints promptly. All client-facing employees are required to complete training on handling client dissatisfaction. Since September 2021, surveys have been sent to clients following the handling of their complaints. Results are analyzed and monitored to improve the Bank’s processes. Proactive coaching is offered to Branch Managers to enhance their complaint management skills. The complaints and dissatisfactions expressed by clients enable the Bank to keep improving its products and services and its business practices.

Client Complaint Appeal Office

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

The Board of Directors Conduct Review and Corporate Governance Committee is mandated to:

- › Oversee the application of mechanisms and procedures for examining complaints from clients and from anyone who applies for a product or service
- › Ensure employees (executives or other agents) are designated to apply these mechanisms and procedures and handle these complaints
- › Review periodic reports on complaint handling prepared by the Client Complaint Appeal Office

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

Indicators	2023	2022	2021
Complaints received by the Client Complaint Appeal Office	2,872	2,556	3,086
Files processed and closed ¹	682	326	179
Settlement rate ²	38%	29%	44%
Average number of days to settle a complaint ³	45 days	60 days	67 days

¹ The provisions of Bill C-86 modified the complaint settlement process and affected the volume of complaint files processed and closed. 2023 was the first full year under the new provisions. A total of 1,002 complaint files were opened, of which 682 were subject to a full investigation. 320 files were processed and settled as soon as they were received.

² Settlement rate: Final decision rendered in favour of the client for the entire file or via a settlement agreement. The rate is based on the number of full investigations.

³ Bill C-86, which came into effect on July 1, 2022, reduced the maximum timeframe for processing a client complaint from 90 days to 56 days. The 45-day timeframe shown is based on the 12 months of the Bank’s fiscal year.



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





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Promoting financial health and inclusion

Our commitment to accessibility

The Bank aims to keep enhancing accessibility as set out in its [plan](#) and is fully invested in improving its practices. We need to reinforce our accessibility measures so we can offer a better experience to our clients, our teams and our partners.

The Bank is a learning organization that leverages its expertise in inclusivity and diversity to keep improving its accessibility. As such, the Bank plans to:

- › Maintain and promote the visibility of its culture of inclusion and diversity.
- › Maintain its zero-tolerance policy with regard to discrimination and keep raising awareness among its employees.
- › Keep learning about accessibility.
- › Continue to raise awareness about accessibility standards throughout the organization.
- › Include accessibility standards in its new initiatives.

Branches and points of service

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

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

- › We've opened, renovated or relocated some 15 branches to offer modern, technologically enhanced spaces. All projects are carried out in compliance with sustainable development and universal accessibility standards.
- › We've gradually updated our bank branches to meet new inclusivity and universal accessibility standards for people with cognitive and physical limitations and to comply with the Code of Conduct for the Delivery of Banking Services to Seniors.



ABMs

To increase the accessibility of our self-service solutions, ABMs throughout the Bank's network allow clients to choose from six display languages: French, English, traditional Chinese, Spanish, Arabic and Punjabi. By providing access in these languages and making its products and services accessible to a greater number of communities, the Bank continues to position itself as an active player in the promotion of inclusion and diversity.



For more information on the measures the Bank has put in place to offer accessible services, consult our [Accessibility Plan](#) on [nbc.ca](#).



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Underbanked, unbanked and underserved clients

(SASB CB-240a.4)

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

- › Bank accounts with no fixed monthly fees offered to certain client segments identified by the Government of Canada as financially vulnerable (seniors,¹ persons who have been determined to be disabled,² persons aged 24 or younger), if linked to a specific package.
- › Monthly discount on most banking packages offered to certain client segments, such as persons aged 24 or younger and persons aged 60 or older.
- › [Banking Offer for Newcomers to Canada](#), which includes a chequing account with no fixed monthly fees for the first 12 months, with no obligation to take out any other products; this fee waiver can be extended to the second and third years under certain conditions. Eligible clients who sign up for this offer also have access to a credit card even if they have no credit history in Canada³ and a free legal support service⁴ during their first year to help them get settled in Canada.
- › The Bank has opened two points of service in Montreal to support asylum seekers. The goal is to assist them in opening accounts, issue them debit cards, help them use our digital solutions and provide advice. Documentation is available in French, English, Spanish, Turkish, Punjabi, Arabic and Haitian Creole to help clients understand the services offered.



226,264

Number of chequing accounts with no fixed monthly fees⁵ in Canada (no minimum balance)



Communicating proactively with vulnerable clients

To adequately support our clients during this period of economic uncertainty and rising interest rates, our teams have developed tools to enable effective, proactive communication with more vulnerable clients so we can offer personalized financial advice and solutions. Furthermore, videos and articles prepared by our specialists have been made available to help clients understand how the economic situation affects their personal finances and offer them advice based on their changing needs.

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

² Beneficiaries of a Registered Disability Savings Plan (RDSP) aged 18 or older on presentation of proof of eligibility for an RDSP.

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

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

⁵ No-fee chequing accounts are defined as bank accounts that provide basic services with no additional fees, no monthly or annual maintenance fees and no minimum balance requirements.

In 2023, National Bank of Canada has been named the best bank for newcomers to Canada by MoneySense. To determine this annual ranking, MoneySense selects some of the largest financial institutions and benchmark their fees, access to credit and the services offered to newcomers.



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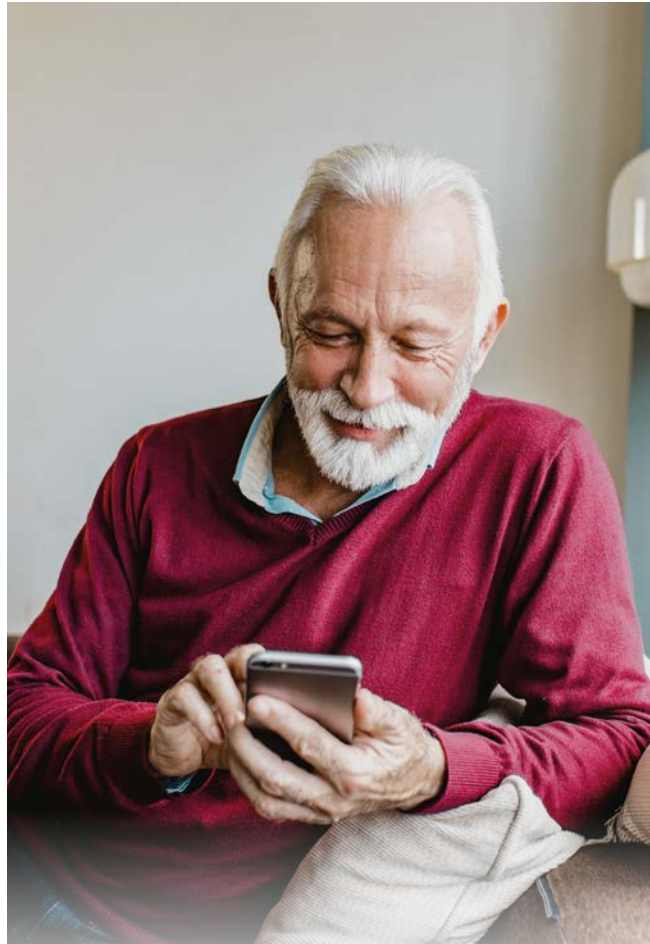
Senior clients

As the elderly population increases, the banking industry is taking measures to meet the specific needs of clients aged 60 and over, including protecting them from financial abuse. The Code of Conduct for the Delivery of Banking Services to Seniors, to which the Bank is a party to, sets out the guiding principles on which our protective measures are based. The Financial Consumer Agency of Canada (FCAC) is responsible for ensuring banks comply with this Code.


The Bank is committed to:

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

To ensure all of the Bank’s sectors apply the code, we offer all employees ongoing training on this topic and access to resources to help them take charge of these clients effectively. The content of the training is adapted to the reality of each sector. We’ve also created an internal framework to help us deliver on our commitments by improving our processes and the measures we use to protect our clients.



To support and assist our clients, we provide a section on [Protecting our clients aged 60 and over](#) on [nbc.ca](#). We’ve also set up a dedicated phone line for clients aged 70 and over. In 2023, this line received 17,262 calls.

17,262 calls to the dedicated line for seniors 

Collaborating with organizations to improve banking services

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

- › Is a member of the Canadian Bankers Association (CBA), which allows the industry to maintain a dialogue with government on various issues and policies that affect financial institutions. We participate in several of this organization’s working committees, including several that discuss issues related to clients.
- › Regularly meets with the Financial Consumer Agency of Canada (FCAC) and the Office of the Superintendent of Financial Institutions (OSFI) to discuss specific cases and industry issues.



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



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Supporting businesses

OUR APPROACH

As the Bank for entrepreneurs and a partner of choice for businesses, the Bank stands out for the close ties it has forged with its clients over the years. We support businesses, which are central to the growth of Quebec and Canadian economies. We give entrepreneurs the means to acquire a small or medium-sized enterprise (SME), start up their own business or grow an existing business. We also support larger businesses with their specific needs. Furthermore, the merger of Commercial Banking and Private Banking 1859 has allowed the Bank to integrate its support for the business and personal needs of entrepreneurs and their families. In 2023, we approved more than \$161 billion in loans for businesses of all sizes across Canada.



For more information about the debt financing made available to companies in Canada, consult the 2023 Corporate Social Responsibility Statement, available in the [Codes and Commitments](#) section of [nbc.ca](#).

Simplifying business management for entrepreneurs

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

Here are a few of our partnerships:



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



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

Large companies receive support from a dedicated team of specialists, including account managers specialized in various sectors such as technology, agriculture, health and real estate. Our approach is based on providing advice, helping companies deal with the economic situation and supporting them in their energy transition. Furthermore, account managers in the real estate sector have been provided with training and tools to develop their expertise in financing “green buildings” and enable them to better support clients in their transition.

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

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



Supporting entrepreneurship

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

Incubators and accelerators

The Bank supports some 15 incubators and accelerators across Canada, including:

- › **The Institut d'entrepreneuriat Banque Nationale at HEC Montréal** – The Creative Destruction Lab (CDL-Montréal).
- › **The Espace entrepreneurial** at Université Laval.
- › **The Accélérateur de création d'entreprises technologiques (ACET)** at Université de Sherbrooke.
- › **The McGill Dobson Centre for Entrepreneurship** at McGill University, including the Dobson Cup.
- › **The Centre national intégré du manufacturier intelligent (CNIMI)** powered by Université du Québec à Trois-Rivières and CEGEP de Drummondville.
- › **The Clinical Innovation Platform**, a unique incubator at the Montreal General Hospital.
- › **Zù**, an organization dedicated to developing entrepreneurship in Montreal's and Quebec City's cultural and creative industries.
- › **Platform Calgary**, a tech incubator recognized as one of the top 100 worldwide.
- › **New Ventures BC**, a tech incubator offering more than \$250,000 in awards as part of the New Ventures BC Competition.
- › **Centech** at the École de technologie supérieure (ÉTS) – grants totalling \$200,000 are awarded each year to companies participating in the Propulsion Program.
- › **L-SPARK**, a tech accelerator in Ottawa.
- › **The OSMO Foundation's Notman House** – the Bank is supporting a new program focusing on social and environmental innovation via the Pitch4Good platform. This initiative is intended to support entrepreneurs in developing products and services with a positive impact on society.

Training programs

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

- › **The École d'Entrepreneurship de Beauce**, a school that supports entrepreneurs from all industries in developing their businesses, from incubation to transformation, thanks to ongoing training programs, intensive sessions at the school and a variety of training offered in person and online.
- › **La Factory**, a school of creative sciences.
- › **Entrepreneuriat Québec**, a network of over 50 schools for entrepreneurs in Quebec that prepares more than 5,000 entrepreneurs per year. The network manages 60 training centres across Quebec and offers two programs on starting a business and managing a business effectively. As a partner, the Bank offers a \$350 bursary to graduates of these programs when they open a business account.
- › **Réseau Mentorat**: In addition to regular mentoring programs, the Bank is actively involved in a business transfer program that helps entrepreneurs prepare to buy or sell a business.

PITCH4GOOD

Solutions for a better world

Presented by the Bank in partnership with Notman House, the Pitch4Good competition fosters innovative ideas that will help build a better, more sustainable future, in line with the UN Sustainable Development Goals.

In 2023, the following themes were addressed:

- › Education and talent
- › Women, science and technology
- › Preservation of biodiversity and natural resources
- › Sustainable urban mobility and living

In each edition, the start-up with the best pitch wins a \$5,000 grant.



Patrick Lapierre of National Bank and Cédric Bourdelais of EVsimple



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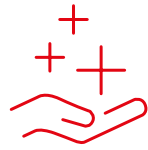
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Enhancing our financing offer for small businesses

The Bank continues to enhance its financing offer for small businesses. Here are some examples:

- › Together with other investors and business partners, the Bank is financially supporting Accelia Capital, a \$60 million fund that invests in innovative companies with high technological potential across Quebec. Accelia Capital aims for diversity, performance and impact by fostering businesses owned or led by women.
- › The Bank will contribute \$3 million to The51's Food and AgTech Fund, which supports underrepresented entrepreneurs. The51 is an organization that works to improve access to capital for women and gender-diverse founders while advancing gender equality through economic empowerment. The Bank's contribution will assist in funding the advancement of agriculture biotechnology, farm innovation, automation and food innovation businesses.
- › Together with the Government of Quebec and other financial institutions, we are continuing to contribute to a financing impact envelope of \$60 million to support Evol, an organization dedicated to developing inclusive entrepreneurship across Quebec. This financing will be used to provide conventional loans to support diversified and inclusive businesses that generate positive social and environmental impacts in line with the UN Sustainable Development Goals.



Since the *Act Respecting Childcare Centres* was implemented in 1997, the Bank has been a leading player in creating a high-quality environment for the development of children through the financing of infrastructure projects.

Starting in 2004, the Bank has provided nearly \$1 billion in financing for infrastructure projects dedicated to childcare centres across Quebec, and to this day remains actively involved in carrying out these important social projects.

Investing in strategic partnerships

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

To date, the NAventures portfolio, which includes 18 active businesses, consists mainly of fintechs. It also features other companies that play a role in the future of financial institutions. Every company in the portfolio contributes in its own way to its community, and the Bank is proud to be investing in their missions.

NAventures is honoured to support culturally diverse founders and considers diversity an important factor when analyzing investments. Of the 18 active businesses in its portfolio, 50% have at least one founder who is a member of a visible minority.

These are some of the businesses in the NAventures portfolio:

- › **KOHO** offers a smart spending account with no fees. The full-service account comes with a reloadable debit card that earns cash back on every purchase, an integrated app that helps users spend smart and save more and a tool that allows young people and newcomers to Canada to build their credit history.
- › **Workind**'s mission is to empower caring workplaces. Through a smart and intuitive platform, Workind provides a flexible solution allowing employees to access lifestyle and well-being benefits to shape the life balance that suits them while having a positive impact in their community.
- › The **ClearEstate** platform helps executors by streamlining tasks and professional services related to planning and settling estates. The platform provides easy, affordable access to high-quality information and services during a difficult time.
- › **Borrowell** is dedicated to making financial prosperity possible for everyone. By providing access to credit education, innovative digital tools and personalized experiences, Borrowell aims to help all Canadians feel in control and optimistic about their financial future.



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Supporting clients in their energy and social transition

Private capital is playing a critical role in supporting the transition to a low-carbon economy by 2050, in line with the Paris Agreement. By some estimates, US\$1 trillion must be invested in energy infrastructure by 2030 and up to six times more across all sectors annually to mitigate climate change and reduce GHG emissions to well below 2 °C.¹ The banking sector holds a central role in championing private investment through sustainable finance.

OUR APPROACH

Financial institutions have a unique opportunity to support the transition to a low-carbon, equitable economy by supporting their clients in this process. The Bank provides innovative finance solutions to clients looking to raise capital to fund green, transition and social initiatives. In addition to providing them with tailored sustainable finance products, we support our clients in their sustainability mandates as they support communities, businesses and their own clients. We recognize the ability of sustainable finance to catalyze real change and believe in the power of our clients to make it a reality.



Financial Markets

Our teams and services

Our Energy and Infrastructure Sustainability Impact Group along with our Sustainability Advisory and Finance Group represent a centre of expertise for our clients across Corporate and Investment Banking, Debt Capital Markets, Equity Capital Markets, Treasury, Risk Management Solutions and others by offering customized advice on sustainable development and sustainable finance services.

Sustainable Advisory and Finance (SAF) Group

As the sustainable finance market continues to achieve new highs, National Bank Financial Markets is well-positioned to help clients align funding with their ESG strategy. Sustainability factors are becoming a key focus in capital-raising activity as investor criteria evolve.

Our Sustainability Advisory and Finance Group is a dedicated resource for helping clients design efficient sustainable development solutions through an integrated offering that ranges from corporate-level advice on IPO and M&A readiness to sustainable finance product structuring and innovation. With deep knowledge and experience, our SAF team can serve as a single point of contact in providing clients with sustainability advice at every stage of the process.

Energy and Infrastructure Sustainability Impact Group (EiSiG)

The global energy and infrastructure landscape is rapidly evolving to reduce the environmental impact of our energy supply. National Bank Financial Markets' Energy and Infrastructure Sustainability Impact Group provides world-class, coordinated and differentiated advisory services that support clients' efforts to deliver cleaner energy alternatives and advance more sustainable economic models.

National Bank Financial Markets is committed to promoting sustainable development and being at the forefront of the energy transition. We are a proven leader in clean technology, transport electrification, alternative fuels, renewable energy and solutions aimed at achieving carbon neutrality.

¹ International Monetary Fund



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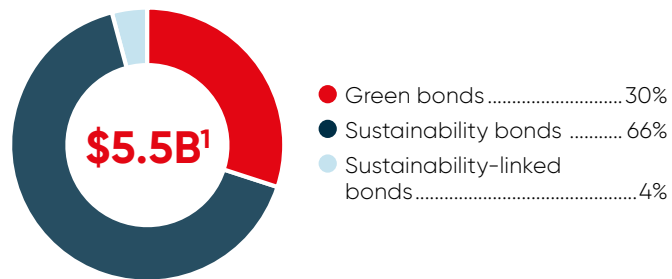
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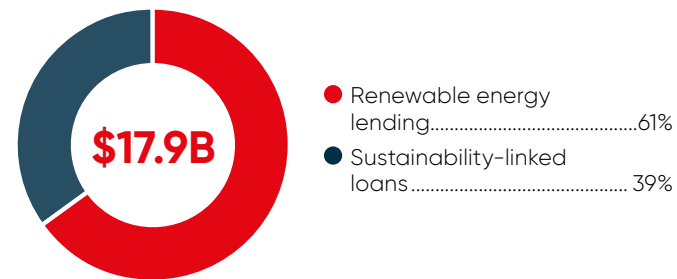
Highlights

We believe that developing sustainable finance in Canada is a key pillar in accelerating the role of private capital in an equitable climate transition and in creating new opportunities for our clients and society. In fiscal 2023, National Bank Financial (NBF) continued to support the sustainable finance market in Canada and abroad through its underwriting and lending services for green, social, sustainability or sustainability-linked bonds.

Green, social, sustainability and sustainability-linked bonds issued by NBF in 2023



Authorized credit towards renewable energy lending and sustainability-linked loans



Sustainable finance performance metrics

	2023	2022
Value of green, social, sustainability and sustainability-linked bonds originated	\$5.5B	\$2.7B
Value of authorized sustainability-linked loans	\$6.9B	\$5.8B
Value of sustainability bonds in circulation	\$3.3B	\$3.2B ²
Value of green, social, sustainability and sustainability-linked bond holdings ³	\$1.0B	\$1.0B
Aggregate capital raised/committed for clean technology sector clients	\$0.9B	–
Capital made available for renewable energy projects in North America since 2019	\$11B	\$10B

1 Across all currencies, converted to CAD.

2 2022 data are as of December 31, 2022.

3 Portfolio invested by our Treasury team in green, social, sustainability and sustainability-linked bonds.

Delivering results via leadership and sustainable development events

- › Our Equity Research team, dedicated to the ESG domain, publishes reports across key themes such as decarbonization, carbon markets, policies and regulation.
- › The Bank held its 4th Annual Clean Tech Conference with engagement from over 20 business and climate policy leaders.
- › The Bank was invited to present a keynote speech at the United Nations Biodiversity Conference (COP 15) on the “Impact of Financial Institution Transformation and Sustainable Development on Biodiversity Conservation,” including a discussion of banking initiatives for nature and climate.
- › The Bank sponsored the Sustainable Finance Summit hosted in 2023 in Montreal, with over 50 speakers on topics including energy, just transition, climate and biodiversity.





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Deal highlights

Credit Capital Markets

Whitecap Resources

Co-Sustainability Structuring Agent to Whitecap Resources on the restructuring of its **Sustainability-Linked Loan** targets following material acquisitions

Whitecap Resources Inc. is a Canadian energy company. Its premium asset base allows it to pair sustainable long-term growth with a disciplined risk management strategy. The company is a world-class CO₂ sequester and takes pride in its active community involvement.

NBF acted as Co-Sustainability Structuring Agent for Whitecap's inaugural sustainability-linked loan in early 2022, which links pricing to the company's environmental targets related to reducing Scope 1 and 2 Greenhouse Gas Emissions Intensity and Methane Emissions Intensity. After undergoing several acquisitions throughout 2022, NBF supported Whitecap in the restructuring of its targets to ensure they remain ambitious.

Debt Capital Markets

South Niagara Hospital

Co-Sustainability Structuring Advisor to South Niagara Hospital's inaugural **Sustainability Bond Framework**

Commissioned by Infrastructure Ontario, the new South Niagara Hospital will be an integral part of Niagara Health's connected healthcare system. The project will centralize services from four existing facilities, making it easier for residents to access the care they need at one location while improving conditions for patients and enabling communities to be healthier.

The framework will support the funding of energy efficiency projects at the hospital and access to essential healthcare services for vulnerable populations.

Risk Management Solutions

Bell Canada

Participated in Bell Canada's inaugural **Sustainability-Linked Derivative (SLD)**

Bell Canada (Bell) delivers a wide range of innovative products and services to consumers, businesses and government clients across Canada by leveraging the power of its world-class wireless and fibre networks.

The bank participated as a sustainability swap provider in Bell's inaugural sustainability-linked derivatives (SLDs). The SLDs leverage Bell's ambitious KPIs designed to measure performance on ESG targets and support Bell in its objective of transforming how Canadians communicate with each other and the world.





Cleantech Investment Banking

Eavor Technologies

Exclusive Financial Advisor to Eavor Technologies on its **Series B Financing Round**

Eavor Technologies (“Eavor”) is a geothermal technology company dedicated to creating a clean, reliable and affordable energy future on a global scale. Eavor’s solution is the Eavor-Loop™, which mitigates or eliminates many of the issues that have traditionally hindered geothermal energy and has the potential to provide a consistent source of clean energy, free from the intermittent limitations of solar and wind power, while also offering a smaller environmental footprint compared to traditional geothermal systems.

Eavor Technologies successfully completed its \$182 million financing in October 2023. The proceeds will be used to fund the growth of the business, build out near-term commercial projects (such as Eavor-Europe™) and secure long lead-time items for future projects.

NBF was able to achieve an optimal outcome by reaching out to a global network of financial and strategic investors and through its direct contributions to negotiations. The financing represented Canada Growth Fund’s first investment from its \$15 billion fund.

Lion Electric

Exclusive Financial Advisor to Lion Electric on its **Private Placement of Convertible and Non-Convertible Debentures**

Lion Electric (“Lion”) is a leader in the manufacturing of purpose-built, zero-emission vehicles. It designs, manufactures and distributes all-electric class 5 to class 8 commercial urban trucks and all-electric school buses and minibuses. Lion’s vehicles and technology benefit from more than 30 million kilometres driven by its over 1,600 all-electric vehicles that are on the road today.

Lion Electric announced concurrent financing transactions in July 2023 for proceeds of around \$190 million. The first transaction involved US\$74 million of senior unsecured convertible debentures issued to several Quebec government entities, while the second transaction involved \$90 million of senior secured non-convertible debentures to private investors.

NBF ran parallel processes, receiving multiple offers to provide the company with options. NBF provided Lion with all-in-one advisory services, including Corporate and Investment Banking, Equity Capital Markets, Private Capital Solutions and Credit Capital Markets services. The financing represents the fifth successful Lion transaction where NBF played an advisory role, showcasing NBF’s commitment and support for the growth of its clients.

Xebec Adsorption

Sole Financial Advisor to Xebec on its **Sale and Investment Solicitation Process**

Xebec Adsorption (“Xebec”) was a global provider of clean energy solutions for the distributed generation of renewable and low-carbon gases, with an extensive history of gas purification equipment manufacturing, installation and servicing. Xebec operated manufacturing facilities, cleantech service centres, and R&D facilities across North America, Europe and Asia.

Xebec entered CCAA proceedings on September 29, 2022, with the Sale and Investment Solicitation Process (SISP) launching concurrently. With the support of NBF, around 475 parties were invited to participate in acquiring all or parts of Xebec or recapitalizing the company through an investment in equity or debt. As a result, Xebec’s entities were sold through 11 separate transactions, the last of which closed in April 2023.

In addition to its role on the SISP, in the months prior to the CCAA filing, NBF had been mandated as Sole Financial Advisor to the special committee of the Board of Directors of Xebec to solicit interest in the company in the form of a capital investment or from prospective acquirers.



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Renewable energy lending

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 adapting to better serve the needs of its clients and ensure the depth and quality of coverage of the global energy transition.

As of October 31, 2023, the Bank had disbursed \$11 billion in capital for renewable energy projects in North America since 2019.

Also as of October 31, 2023, we had provided over \$8.7 billion¹ in financing for projects in the wind, solar, battery and hydroelectricity sectors, accounting for 72% of our total authorized financing portfolio for projects related to the energy sector (project finance).

 For more information, consult the Climate Report, available in the [Commitments and impact](#) section of nbc.ca.



¹ Including the amount of authorized derivatives. Derivatives are financial contracts whose value depends on the value of an underlying instrument, which may be related to interest rates, exchange rates, the price of equity securities and commodities, credit or indexes. Derivatives include over-the-counter forwards, futures, swaps and options. The nominal value of the derivative is the reference value based on which payments between parties are calculated. The nominal value itself is not usually subject to payment.

Commodities

Since 2021, the Bank has actively participated in multiple carbon exchanges, including the Western Climate Initiative (WCI), a joint Quebec/California cap-and-trade program that allocates California Climate Allowances (CCAs), the Regional Greenhouse Gas Initiative (RGGI) and the European Union Emissions Trading System (ETS). To better support our clients in their green transition, we have added the capacity to trade CCAs by mutual agreement, which allows us to offer our clients solutions so they can manage risk and reduce their expenses.

We are working to expand our position in carbon markets so we can enhance our over-the-counter trading capacity and offer solutions involving a larger number of carbon exchanges. As part of this expansion, we are launching our participation in Alberta's Technology Innovation and Emissions Reduction (TIER) carbon pricing system. The Bank has previously organized private, customized trades between producers and purchasers of Alberta TIER credits, and we are very pleased to be able to keep supporting participants in the TIER system by offering liquidity and risk management solutions as we enter this market.

Structured solutions

In 2023, our Structured Solutions Group launched the Canadian Sustainable Companies Flex GIC, which offers individual clients exposure to sustainable Canadian companies with principal 100% protected at maturity. Portfolio construction involves filtering out companies in certain sectors, then selecting leading companies with ESG ratings in the top two quartiles as established by Sustainalytics. This GIC provides sector diversification while promoting sustainability, which is of great importance to our clients.

ESG Equity Research team

ESG investing has long been considered a specialized niche, but it is playing an increasingly important role in global capital markets. Investors and businesses are focusing on ESG criteria and sustainability in order to identify risks and opportunities and strike a better balance between them. This is more important than ever given the relative scale of prospects in each industry sector undergoing decarbonization. Our ESG Equity Research analyst at National Bank Financial directs our research in this field, producing relevant, concise, value-added information for clients in financial markets. The main areas of interest are continuously changing and cover a wide scope ranging from policies and regulations governing carbon exchanges (regulatory and voluntary) to financial reporting linked to sustainability and decarbonization initiatives (carbon capture). Recent efforts addressed the following topics:

- › Policies and regulation
- › Financial reporting linked to sustainability
- › Climate change and decarbonization



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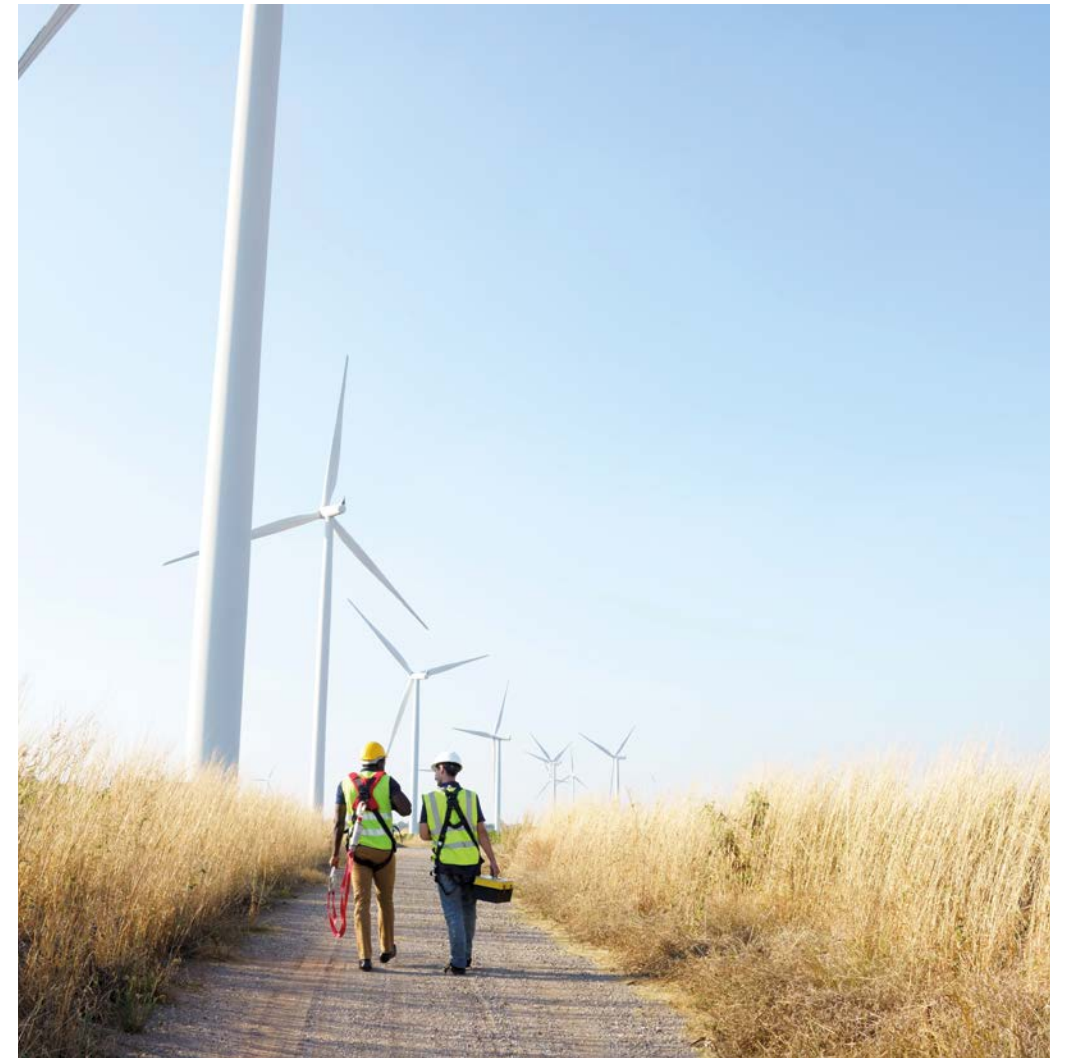
Sustainability bonds for responsible projects and organizations (SASB IB-410a.2)

In 2018, the Bank developed one of the first Canadian reference frameworks for issuing sustainability bonds.¹ As of October 31, 2023, the proceeds of sustainability bonds were used by the Bank to finance over \$3.3 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 Sustainability Bond Committee is responsible for reviewing and making a final decision on the selection of loans and investments that will qualify as eligible businesses or projects. Each year, the Bank publishes a report that presents the reference framework, the use of funds and a few examples of projects financed.



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



¹ 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.



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Wealth Management

National Bank Investments

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

In 2023, NBI once again renewed its commitment to being an agent of change by taking on a number of responsible investment initiatives that support the transition to sustainable finance. For instance, NBI took advantage of advanced responsible investment training offered by Finance Montréal in partnership with Université de Sherbrooke. This training enabled around 50 employees in head office functions at the Bank to enhance their knowledge in this area. NBI has also adopted a new sustainable voting rights policy for internally managed funds. This initiative aims to maximize the positive impact that results from leveraging voting rights and enables NBI to encourage the companies it invests in to adopt sustainable practices.



For more information on initiatives undertaken during the year, consult NBI's Report on Responsible Investment Advances in the [Responsible investment](#) section of nbinvestments.ca.



Unified managed account for sustainable investment portfolios

The myWEALTH – Unified sustainable investment portfolios were created to provide wealth management advisors at National Bank Financial with turnkey solutions that reflect the values of clients who care about sustainable development. We have therefore selected managers with recognized expertise in integrating the UN Sustainable Development Goals into their security selection and their investment process.

These portfolios are designed to achieve high levels of sustainability. They now serve over 2,000 unique clients, for a total of \$85 million in assets invested since December 1, 2020.





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Commercial Banking

Cleantech companies

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

Here are some of the cleantech companies supported by the Group:



› **FLO** is a leading North American electric vehicle (EV) charging company and a smart charging solutions provider. The company’s mission is to “help to overcome climate change and accelerate EV adoption through a vertically integrated business model and delivering EV drivers the most dependable charging experience from curbside to countryside.” FLO focuses on rolling out reliable and accessible EV charging infrastructure in order to contribute to the electrification of the transportation sector and the transition to a low-emission economy.

- › **GreenMantra Technologies** is a global leader in molecular recycling. The company uses its technology to transform plastic waste into specialty polymer additives that can be used in a wide range of industrial applications including construction and infrastructure.
- › **dcbel** is a company that aims to provide clean, efficient, sustainable energy that is accessible to all. Among the solutions offered, a Home Energy Station that gives everyone ownership over their energy supply by using solar power to charge their electric vehicle and home, unlocking their electric vehicle’s battery for backup power, and optimizing the energy flow between their solar panels, electric vehicle, backup battery and the grid.
- › **Sollum Technologies** designed “the only 100% dynamic LED lighting solution that modulates the full spectrum of the Sun’s natural light to illuminate closed environments such as greenhouses, research centres and laboratories.” Sollum’s award-winning turnkey solution provides “unparalleled value in terms of energy savings and, additionally for greenhouse growers, increased productivity and superior produce quality.”
- › **SWTCH Energy** is a pioneer of EV charging solutions for multifamily, commercial and workplace properties across North America. SWTCH employs the latest technology to ensure properties of all types can deploy EV charging at scale by leveraging the building’s existing electrical infrastructure.

Real Estate sector

To support Real Estate sector clients in their transition, the Bank has adopted targets for issuing green loans. In 2023, the Bank granted 10 green loans for a total of \$778 million, exceeding the objective set at \$750 million. By working with the CMHC, we can obtain better terms and conditions for green loans in order to help clients achieve carbon-neutrality while supporting their long-term ESG strategies.

The Bank is proud to have issued a social loan to enable Groupe AFFI to expand the scope of its social mission and offer a stimulating work environment to persons with functional limitations.

In 2023, we developed a range of tools for teams in the Real Estate sector. These teams use the new tools every day to help clients transition to affordable, energy-efficient and accessible buildings. We also defined a Green Real Estate Taxonomy that includes guidelines to identify green buildings. The Bank has developed specific training to help its teams understand these new tools while informing and educating them about the importance of ESG factors.





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Personal Banking

A rewards program that promotes eco-friendly behaviour

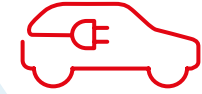
The Bank's credit card rewards program encourages cardholders to adopt eco-friendly habits. Cardholders can use their points on the *Eco-friendly* section of the rewards site. Among other things, they can offset their GHG emissions by purchasing CO² offset units via Coop Carbone. By choosing this option, our individual and business clients contribute to Quebec's Electrification and Climate Change Fund, which provides the resources needed to implement Quebec's provincial climate change plan.

Cardholders can also purchase sustainable products from local businesses. New businesses were added in 2023 to diversify the offer and expand it to over 30 products. To encourage clients to be environmentally conscious, fewer rewards points are needed to purchase an electronic gift card versus a plastic one. Electronic gift cards accounted for 823 million points redeemed in 2023.

National Bank credit card holders can also visit the *Donations* section and redeem their points to make donations to five different organizations in areas such as emergency intervention, health, food assistance and women's financial independence. In 2023, 4.3 million points were redeemed for donations to these organizations.



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



Vehicle loans

To promote the energy transition, the Bank offers interest rate discounts on financing used to purchase green vehicles (electric, plug-in hybrid or hydrogen). This offer is available from all our affiliated merchants and from the entire Personal Banking distribution network (in person or remote), making the program accessible across Canada.

Furthermore, to assist people with reduced mobility who incur additional costs to adapt their vehicles, the Bank has loosened credit approval requirements to enable these clients to access financing more easily.

Lastly, as a priority segment for the organization, newcomers can enjoy reduced interest rates on vehicle financing anywhere in Canada through the Bank's distribution network and our affiliated merchants.





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OUR APPROACH

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

Recruiting and succession planning

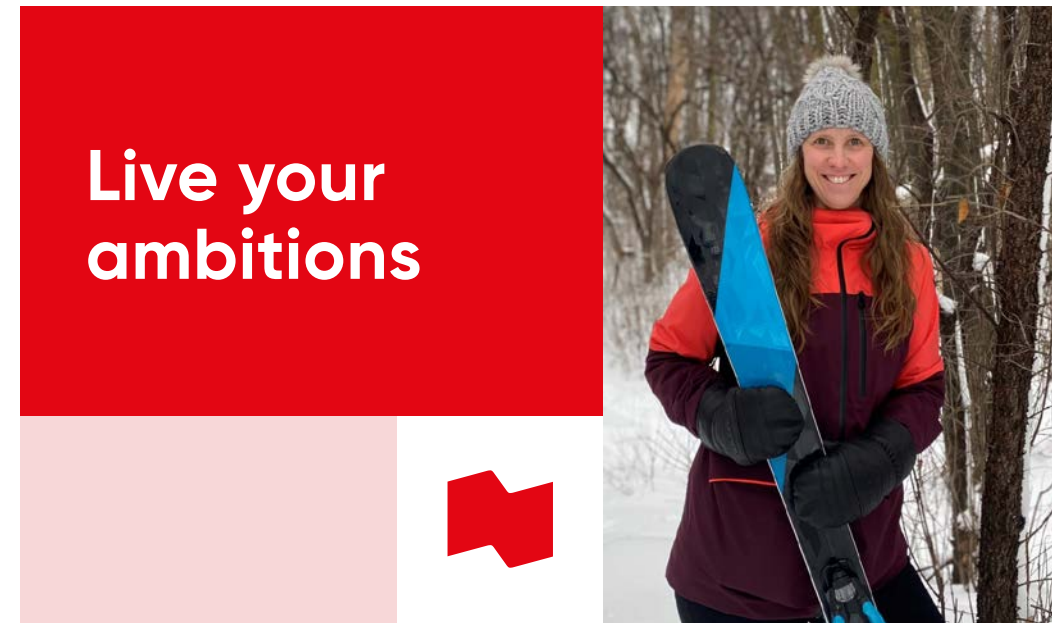
Attracting the best talent

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

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

Our people-centric approach aims to offer stimulating professional challenges while providing flexible working conditions that allow employees to achieve their personal goals. With this balance in mind, we roll out strategies to attract talented candidates from many different backgrounds who share our values. As part of our efforts to promote inclusion, diversity, equity and access to employment opportunities, we are also implementing intentional recruitment initiatives for certain segments of the population. Every individual is different, and we draw on these unique strengths and skills to create diversified talent pools.

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



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



Planning our succession

Every year, managers from different sectors review their talents and their current and future requirements to achieve business objectives. Through a rigorous process, they identify departure risks and critical positions and expertise. They ensure that potential successors have been identified for these roles and that such appointments have been approved in advance by the persons concerned during career discussions. Once management committee discussions are completed, the information is compiled and aggregated in order to establish appropriate development plans with employees. These plans will be monitored continuously throughout the year.

When an executive position becomes free, the persons identified as potential successors are included in the recruitment process. Between November 1, 2022, and November 1, 2023, 94% of positions were filled by successors.

This demonstrates that preparation and development enable executive successors to advance in their career and leverage the competencies needed to support the Bank's business plan.

Furthermore, in its succession management, the Bank makes sure that it has a pool of potential candidates who meet its standards in terms of inclusion, diversity and equity.

In 2023, members of visible minorities were appointed as successors at a higher rate than their representation within the Bank.

In order to ensure our talent pool reflects the communities we serve, we offer internships and rotation programs in various business sectors. Here are a few examples:

Initiative	Description
National Bank Financial – Wealth Management internship program	In order to create a wealth management succession pool, every year, three cohorts of 6 to 14 second- and third-year university students are selected. These students are introduced to how our full-service brokerage firm operates and exposed to different realities in other business lines. They have the opportunity to get involved in portfolio management, participate in rolling out certain projects, bring new ideas to our approaches, etc. Some outstanding talents may also get the chance to continue working part-time during their studies or even obtain a full-time position after they graduate.
Financial markets internship program	This program gives university students the opportunity to spend a few months working in the Financial Markets sector and interact with specialists. This could potentially lead to a permanent position or allow them to join our rotation program—an intensive, months-long program for university graduates which involves a training period followed by rotations at various Sales and Trading business units in Montreal, Toronto and Calgary. The program enables participants to access mentoring throughout the process, improve their knowledge of the various financial markets sectors and potentially be offered a permanent position aligned with their strengths and interests once they complete the program.
Rotation programs – Data science, data engineering and data stewardship	<p>The goal of the Bank's rotation programs is to recruit and onboard data scientists, data engineering analysts and data stewards so they can acquire professional experience and put their knowledge to use to resolve challenges within various Bank sectors. Participants can therefore get acquainted with a variety of realities through a two-year cycle and rotations in various business sectors. At the end of the cycle, participants have the opportunity to join a Bank sector.</p> <p>Data is an essential asset for the Bank that must receive an appropriate level of attention. Rotation programs allow data culture to be disseminated across the entire organization by:</p> <ul style="list-style-type: none"> › Attracting talent from emerging professions such as data scientists, data engineering or artificial intelligence analysts and data stewards and onboarding them across the entire Bank › Enhancing the abilities of teams in place and developing their expertise surrounding data › Facilitating projects with a positive impact for our clients and employees <p>Since programs were created in 2018:</p> <ul style="list-style-type: none"> › 210 rotations have taken place throughout sectors at the Bank › 85 employees have taken part in the programs, including 60 data scientists, 23 data engineering analysts and 2 data stewards › Close to 80% of participants have been placed internally through these programs.



Contributing to development and career advancement

Given the current labour shortage combined with an economic slowdown, we've made a clear commitment to promoting development and career advancement. We aim to make the Bank a career destination of choice by creating an environment that fosters outstanding performance and enables people to achieve their career aspirations. To that end, the Bank is continuing to improve its employee experience and development offer based on employee feedback, in particular by carrying out surveys.

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



In 2023, **80% of our employees agreed that the Bank invests in employee development.**¹

A culture of development

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

Our managers are a key driver for our cultural shift and their development is central to our business strategy.

Changes to the development experience

The Bank puts employees at the heart of the development experience and strives to build long-term relationships with them. As such, it implements favourable conditions to ensure its employees achieve their full potential. The Bank offers a wide range of solutions to support employees along their career path and guide them to relevant resources and development opportunities. Since 2023, our employees have been encouraged to hold career discussions with their managers at least four times a year.

In addition to an initial and ongoing learning offer that supports our values of inclusion, diversity and equity and is adapted to the new regulatory requirements, the Bank provides a personalized development experience and tools tailored to the needs and interests of each team member. In preparation for the succession planning exercise, all employees are encouraged to communicate their career aspirations.

In addition to formal learning activities, informal or social learning opportunities are also offered through practices that help employees acquire and develop new skills and learn by doing. Informal learning can take the form of lunch-and-learns, personal readings, peer coaching, etc. In recent years, the number of hours our employees dedicate to informal development has held steady.

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



In 2023, **we invested \$56 million in developing employees' skills. Employees completed an average of 29 hours of formal training.**²

¹ Results of the Q2/Q4 2023 surveys on employee satisfaction. Over 13,000 employees across the Bank responded to the survey.

² The increased training investment in 2023 results from the addition of on-the-job learning hours to the training hours already counted for independent study courses and virtual classes in the training plans for employees in new positions.



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

Core competencies

We've adopted a strategy that focuses on developing core competencies. This will allow employees to develop skills other than those related to their function and increase their versatility.

In 2023, we reviewed our core competencies to ensure their alignment with our strategic priorities and market trends and set up a portal to enable employees to access development opportunities linked to our 14 core competencies. Content specific to these competencies combined with ongoing multisource feedback is used to support each employee's individual development plan.

Competency profiles

We launched a process to define competency profiles and identify the competencies needed to optimize performance in critical roles at the Bank. In 2023, 90% of profiles for critical roles have been defined. These profiles have been integrated into recruitment processes. They make it easier to prioritize development goals and guide us in designing development strategies for various Bank sectors.

Ongoing feedback and recognition

Our organizational culture promotes peer feedback as a key development factor. Our employees can give and receive feedback and offer recognition on an ongoing basis via the work tools they use every day. This allows them to highlight their colleagues' strengths and help them discover development opportunities.



Here are our 14 core competencies. We've prioritized five of these competencies, which are central to our cultural shift (*):

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



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Examples of development opportunities offered at the Bank

Initiative	Target employees	Description & key data
IT University	IT employees, teams in related roles and anyone who wants to transition to an IT role	IT University offers development programs organized by speciality and aligned with the competencies of each role. Programs are available for all IT employees and for teams in related roles. The learning offer includes readings, videos, certifications, hands-on exercises, lectures and thousands of online resources accessible on external platforms.
Data Academy	All Bank employees	All our employees have the opportunity to develop their data skills. The Data Academy learning offer meets specific needs while adapting to each person's level of knowledge. In 2023, employees completed 8,685 hours of training on various topics, including Python, data literacy, data discovery and the immersion program. This training is given in a number of forms, including workshops, lunch-and-learns and videos.
Harvard Learning Centre	All Bank employees	All employees have access to a frequently updated library of high-level training and articles, case studies and podcasts provided by Harvard Business Review so they can develop their skills and learn about current topics. Since November 2022, employees have completed over 1,041 training modules and spent more than 4,235 hours on the platform.
Hybrid work kit	All Bank managers	Delivered via an asynchronous learning platform, the hybrid work kit includes a wide range of content to help our managers continue to develop in a flexible, hybrid work environment.
Leadership development program	Leaders, managers and professionals identified	To ensure managers receive targeted training to develop their management and leadership skills, new development programs were offered in 2023: <ul style="list-style-type: none"> › Management basics: Targeted training program that takes place over 6 months, with 30 hours invested in workshops, missions, preparatory activities and co-development. › Knowing yourself: Training program that allows participants to explore various aspects of their personality and personal journey so they can better understand their strengths and opportunities for development. This training takes place over 6 weeks, with 15 hours invested in workshops and reflection activities.
Coaching skills training	All managers and employees in influential roles at the Bank	This training is intended to enhance coaching skills and promote listening and influence strategies aligned with the Bank's leadership profile and competencies. <ul style="list-style-type: none"> › In 2023, 327 people attended one of the 32 workshops held.
Women's leadership	Women leaders at the Bank	This initiative supports women in their development while spotlighting their talents, building their confidence and powering their career at the Bank. <ul style="list-style-type: none"> › In 2023, 100 women from various Bank sectors participated in the A Effect's 100-Day Challenge. <p>Self-promotion is an important skill when it comes to networking and accessing leadership roles. The Association of Quebec Women in Finance in Quebec and the Women's Executive Network in the rest of Canada help women leaders achieve their full potential by offering numerous networking opportunities, training and conferences.</p> <ul style="list-style-type: none"> › In 2023, nearly 30 women from various Bank sectors took part in various initiatives.





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Initiative	Target employees	Description & key data
Coaching, mentorship and sponsorship	All Bank employees	<p>To adapt the development offer to targeted needs and client segments, resources are made available to support certain employees in their professional development. These include personalized coaching, mentorship and sponsorship.</p> <p>These relationships provide tools to complement the support provided by the employee’s manager.</p> <ul style="list-style-type: none"> › In 2023, 62 sponsorships, 32 external coaching relationships and 88 internal coaching relationships were launched.
Banking Advisor training plan	All banking advisors	<p>Via a personalized training plan, our Banking Advisors can develop and acquire new competencies, allowing them to define a motivating career path and continue to upgrade their advisory skills. Managers assess the competencies of Banking Advisors, who then receive a personalized training plan based on the competencies prioritized by the business line.</p> <p>2023 highlights:</p> <ul style="list-style-type: none"> › More than 2,500 of our Banking Advisors have developed their competencies so they can transition to another level of the Banking Advisor role. › External hires reduced by nearly 60% in favour of internal promotion of employees in the Banking Advisor role.
Responsible investment training	All client-facing sales force employees	<p>We believe sharing knowledge is essential to ensure proper understanding and widespread adoption of the principles of sustainable finance. When it comes to responsible investment, one of the priorities of our subsidiary National Bank Investments (NBI) is to “<i>share our expertise to elevate understanding of responsible investment.</i>”</p> <p>After a conclusive first phase in 2023, the <i>Responsible investment: Getting started</i> training was rolled out to all our channels and business lines. In total, more than 1,200 advisory sales force employees completed this training, which improved our service offering by giving them the knowledge and tools they needed to feel confident discussing responsible investment with their clients and answering clients’ questions.</p> <p>A survey of 3,300 clients carried out at the end of the year highlighted the importance of being proactive in addressing this topic. One of the main survey findings was that interest in responsible investment was higher among clients with whom an advisor had discussed responsible investment.</p>



Certificat de qualité des initiatives de formation

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





Promoting employee well-being

Compensation

The Bank stands out for its courage, entrepreneurial culture, and passion for people. We are a people-centric bank with a total compensation policy designed to support strategies for attracting, engaging and retaining skilled and high-performing employees, who are essential in meeting our business objectives. The Bank carries out market research to provide competitive total compensation in all sectors of the organization. It also ensures compliance with the regulations and standards in effect, especially as concerns salary equity and employment equity, through strong governance of compensation programs and practices. Our total compensation offer is guided by the following principles:

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

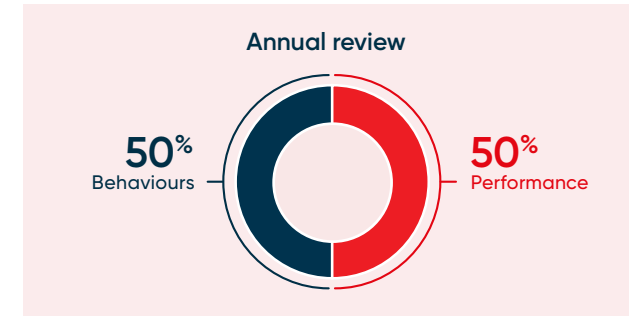


For more information on our commitment to equitable compensation, consult the [Statement on equitable compensation](#) available on [nbc.ca](#).

Performance management

Our teams work together to achieve a common goal. Each year, the Bank establishes shared objectives for all of its employees to promote alignment among teams. Furthermore, all executives, including the members of the Senior Leadership Team, share a single dashboard and are assessed based on common objectives.

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



To promote ongoing discussion, one-on-one meetings with managers are held throughout the year. These meetings give each employee an opportunity to demonstrate their value by discussing the progress of their objectives, the behaviours they have adopted and their achievement of the development plan. They

provide an opportunity for employees to review their performance and development and make adjustments if necessary.

Our employees rely on feedback received throughout the year to take stock of their strengths and explore opportunities for development. We encourage them to take charge of their performance and initiate discussions with their manager to underscore their individual contributions to specific projects and collaborative initiatives. In 2023, nearly 7,000 feedback messages were given. Furthermore, 80% of our employees agreed that they receive meaningful recognition when they do a good job. Some 58,000 recognition badges were given in the past year.



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Employee benefits and wellness

In line with its mission, the Bank offers a range of benefits and working conditions to promote the physical, psychological and financial well-being of its employees and help them balance work and personal life. The Employee Experience team ensures the service offering remains competitive by monitoring the benefits offered on the market and listening to employees. The Bank wants to attract and retain top talent while maintaining a high level of engagement. Management practices that encourage better work-life balance are a determining factor for top employers.

Our range of flexible and innovative employee benefits include:

- › Group insurance: medical and dental care, short-term and long-term disability coverage, occasional sick leave, etc.;
- › A generous and flexible pension plan
- › An attractive employee share ownership plan that the Bank contributes to;
- › A competitive vacation and leave policy, which includes leave for the illness of family members and for other personal events;¹
- › Supplemental Parental Benefits that complement federal and provincial benefits, providing 100% of base salary to all new parents of newly born or adopted children for 12 weeks;^{2,3}
- › Advantages on certain banking and credit services and preferred rates on some financial products;
- › A wellness account that expands on the range of coverage included in the group insurance plan and promotes a holistic approach to health by encouraging employees to take care of themselves. With the wellness account, employees can claim various eligible expenses related to wellness activities and services tailored to their individual situation.

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

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

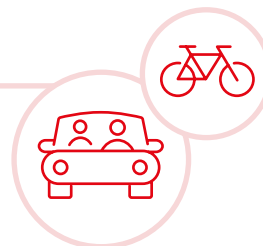
Since January 1, 2023, even more eligible items have been added to the offer, such as:

- Solar and wind energy products
- Composters and rainwater barrels

¹ Rules regarding eligibility and duration apply.

² Certain exclusions apply.

³ Before January 1, 2023, the Supplemental Parental Benefits only applied for 6 weeks.



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

- › An Employee and Family Assistance Program (EFAP) that offers professional support for employees and their family members who are going through difficult times. This allows them to obtain assistance with full confidentiality. In addition to this service, the EFAP provides specialized services to assist managers with emotionally difficult and delicate situations related to their management role.
- › A telemedicine service that allows all employees to quickly access health care professionals online, now enhanced to include a brand new stress management and wellness service.
- › Free, unlimited access to a virtual clinic that treats sleep disorders and provides support from a therapist in treating insomnia and improving sleep quality.
- › A mental health peer helper program that provides employees with additional support and guidance toward available resources, as well as assistance from the first signs of distress. To qualify, peer helpers were evaluated and participated in training given by a psychologist.
- › Access to a daycare, located close to the head office building, for employees' children.
- › Career development and ongoing training.
- › Additional discounts on products and services for employees resulting from Bank agreements with various suppliers and partners.



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Health and safety

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

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

In addition to the programs and policies to ensure health, safety and well-being described above, we have rolled out a number of initiatives, such as:

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

Workplace accidents

as of December 31

	2023	2022	2021
Minor injuries in Canada	27	30	18
Disabling injuries in Canada	5	14	15
Number of fatal workplace accidents in Canada	0	0	0

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

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





Ongoing dialogue with employees

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

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

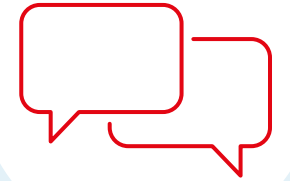
Being attentive to the needs of all employees and addressing their concerns by acting on what really matters is a key practice for the Bank to support our ambition to be the most stimulating work environment in the country. Listening to and providing feedback contributes to employees' professional development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

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

This year, in addition to launching the new My Voice, Our Experience conference calls to discuss team members' concerns, communicate information on recent and upcoming initiatives and answer questions, the Bank has created a personalized portal for managers that recommends actions based on their team's My Voice, Our Experience survey results.

A number of available channels ensure ongoing dialogue:

- › The My Voice, Our Experience survey was sent to all employees twice in 2023. It provides a great opportunity for employees to share their feedback and enables managers and the various teams in charge of developing the Bank's Employee Experience offer to understand the impact of their actions and make adjustments as needed.
- › Survey results are communicated internally during various conference calls with the Senior Leadership Team, including the new My Voice, Our Experience conference calls launched in 2023. The results are also communicated in reports made available to managers and all employees.
- › Times of transition provide unique opportunities that require us to take action quickly. We therefore survey our employees at key moments such as hiring, onboarding and departure.
- › Over 15,000 employees have access to a platform that allows them to talk to their manager about their work situation and climate and share their concerns on a regular basis.
- › All our employees can acknowledge their colleagues and give them feedback via the My Impact application. In 2023, nearly 58,000 recognition badges were received and feedback was given close to 7,000 times.
- › Through the use of a corporate social network, the Bank promotes a culture of transparency and engages employees directly in business decisions and discussions





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A top employer

(My Voice, Our Experience survey)

- › **90% of employees** recommend the Bank as a great place to work.
- › **91% of employees** are proud to work at the Bank.
- › **90% of employees** are extremely satisfied with the Bank as a place to work.

When it comes to ESG principles:

- › The Bank has also rolled out an index to measure employees' feelings regarding our ESG principles.
- › **89% of employees** are proud of the Bank's reputation in the community.
- › **88% of employees** believe the Bank is taking concrete measures to be socially responsible.
- › **80% of employees** say they make a concrete contribution to delivering on our ESG principles.

Settling differences impartially and with respect

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

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

In accordance with the Bank's [Code of Conduct](#), our employees must immediately report any behaviour that contravenes the Code, any of the Bank's other policies, permanent instructions, procedures and standards or any law applicable to the Bank and must watch out for any potential infractions. They are expected to report any potential violation to their manager, their manager's manager or a person responsible for the application of the Code, depending which resource they deem most suited to take action based on the circumstances. Those who want to remain anonymous can do so by contacting the EOO using the form available on the Bank's internal or external site, by telephone or by email. Cases are always kept confidential and anonymous and there are no repercussions for employees who report a potential violation in good faith, even if it proves unfounded.

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

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



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Community

OUR APPROACH

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

The Bank is proud to be involved in the community. As a generalist donor, it has adopted a philanthropic strategy that aims for a large distribution of donations in the community. We support a great variety of organizations in the areas of education, entrepreneurship, health, community outreach, arts and culture, inclusion and diversity and the environment.

Organizations are chosen according to rigorous governing principles, which are used as reference when assessing requests. The Bank ensures to be as equitable as possible and maximize its impact on the community.

Supporting organizations that change lives

In 2023, the amounts given back to the community amount to tens of millions of dollars. Approximately \$15 million in donations were made to organizations across the country to support the growth of communities. Here are some examples of the Bank's donations:



› **\$100,000**

Université de Saint-Boniface

(Winnipeg, Manitoba; 2023–2026)

Support for the creation of a science laboratory.

› **\$150,000**

Dr. Clown Foundation

(Quebec; 2023–2025)

Support therapeutic clowns in bringing joy to the most vulnerable people in our society.

› **\$300,000**

Cité de la Santé Foundation

(Laval, Quebec; 2023–2025)

Accelerate the integration and adoption of leading health practices and innovations.

› **\$100,000**

Fondation Duceppe

(Montreal, Quebec; 2023–2024)

Help ensure the future of activities at the creation centre.

› **\$4.1M**

United Way Centraide campaign

(Canada; 2023)

This amount includes funds collected from Bank employees and retirees across Canada, plus a corporate donation. This Canada-wide campaign has been held annually since 1977.



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



Employees and retirees dedicated to their community

National Bank has thousands of employees and retirees who are committed to having a positive impact on the community. They expressed this commitment in numerous ways over the past year.

Some of our volunteer activities

› CN Cycle for CHEO

(Ottawa; 2023)

For the 9th consecutive year, our teams at National Bank Financial in Ottawa participated in the CN Cycle for CHEO (Children’s Hospital of Eastern Ontario), a fundraiser to help children living with cancer. Since the beginning of this partnership, Bank participants have collected more than \$604,000.

› Support for Interligne

(Montreal; 2023)

Thanks to the participation of our employees, a total of \$3,590 was raised on behalf of Interligne, an organization that supports numerous members of the LGBTQ+ community. The donations collected were matched by the Bank as part of its Community Positive Impact Program, for a total of \$7,180 donated to help finance Interligne’s overnight services.

› Butterfly Run

(Vancouver; 2023)

Twelve Bank participants joined the Butterfly Run to benefit the BC Women’s Health Foundation. \$3,250 was raised and matched by the Bank, for a total \$6,500 donation to support women who have experienced infertility, pregnancy loss, and infant loss.

› 24h Tremblant

(Mont-Tremblant; 2023)

Three Bank teams with 24 participants took up the 24h Tremblant challenge. Our colleagues organized a fundraiser and collected more than \$44,000, including a \$5,000 contribution from the Community Positive Impact Program. These funds will benefit three foundations dedicated to improving children’s health and well-being, notably by advancing research into pediatric cancer.

› Marchethon de la dignité

(Rimouski; 2023)

Twelve Bank employees raised funds as part of the Marchethon de la dignité in the streets of Rimouski. This annual event benefits Maison Marie Élisabeth, which helps terminally ill patients spend their final days in comfort and dignity. Our employees collected a total of \$91,769, including a \$5,000 contribution from the Community Positive Impact Program.





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Some of our philanthropic activities

› **Société de Saint-Vincent de Paul**

(Montréal, Quebec; 2022–2023)

Over the course of the year, a number of Bank teams participated in volunteer days at the Société de Saint-Vincent de Paul in Montreal. These activities foster team spirit and collaboration while having a positive impact on the community.

› **Operation Santa Claus**

(Quebec; 2022)

From November to December 2022, around 15 Bank employees worked as volunteer elves, organizing Operation Santa Claus activities at the Bank. These volunteers recruited colleagues to help purchase personalized gifts for more than 1,200 young people from underprivileged communities.

› **Fitspirit**

(Quebec; 2023)

In September 2023, the Bank hosted one of the closing events of the annual Fitspirit campaign. Representatives of the organization, its partners, campaign leaders and Bank employees came together in the National Bank Tower for a reception to celebrate and raise awareness of the cause.

› **La Tablée des Chefs**

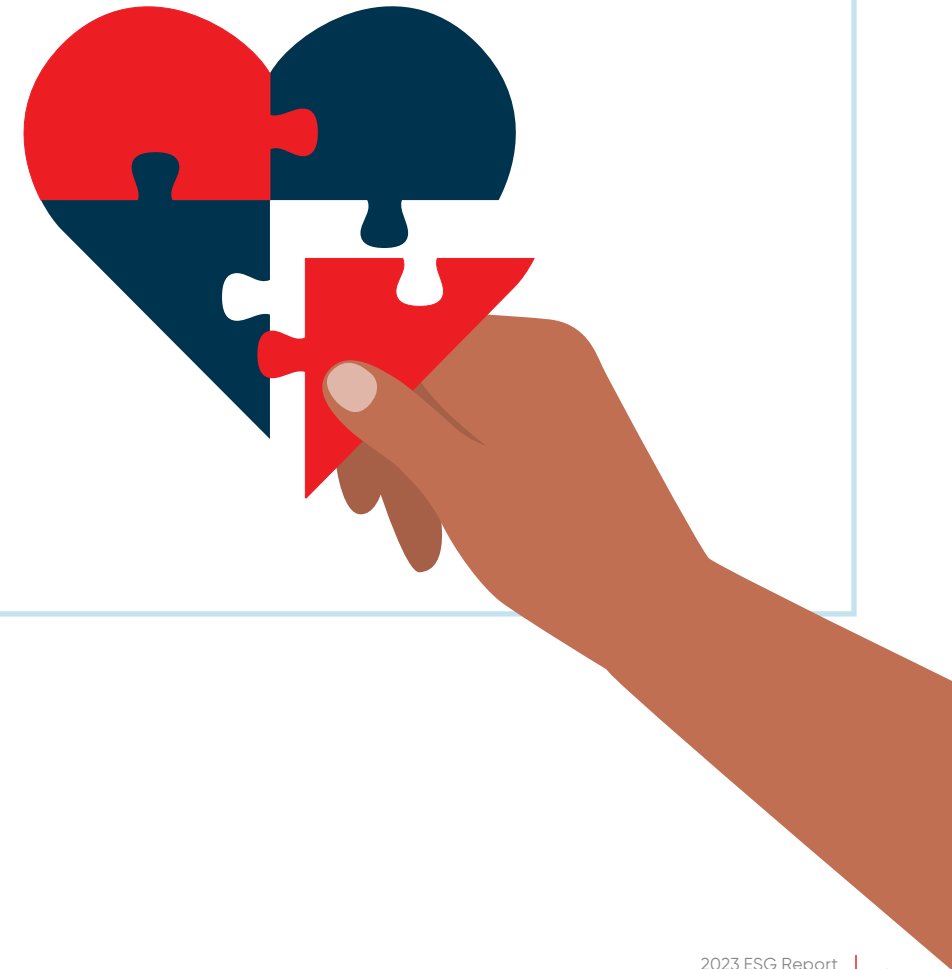
(Montreal, Quebec; 2023)

In March 2023, Aramark’s teams prepared 2,000 meals in the kitchen at the Bank’s head office as part of The Solidarity Kitchens – Next Generation Edition, an activity presented by La Tablée des Chefs. These meals were then distributed to community organizations in Greater Montreal.

› **Make a wish**

(Canada; 2023)

A number of Bank employees set up an organizing committee as part of the Women for Wishes campaign. Various activities, including yoga sessions, a professional photo shoot and a garage sale, took place on Bank premises. These activities raised funds to grant wishes for children with critical illnesses.





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Collaborate with universities

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

To promote the development of careers for young people in the IT sector, the Bank continued its partnership with the École de technologie supérieure in 2023. This partnership includes:

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

In 2023, the Bank also continued its partnership with Polytechnique Montréal. This partnership includes:

- › Three \$5,000 bursaries, including two bursaries to reward excellence and one bursary with internship to recognize women leaders;
- › \$15,000 in financial support for a number of student committees that focus on information technology and on promoting women and members of LGBTQ2+ communities.

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

Partnership with the Institute for Data Valorization (IVADO)

The partnership between the Bank and the Institute for Data Valorization (IVADO) aims to accelerate innovation in the fields of data science and digital intelligence by supporting the development of knowledge in university settings. This knowledge is key to building a workforce that is qualified to tackle future social and economic issues and find solutions that will help us ensure the prosperity of our society. The partnership, now in its seventh year, represents an investment of \$890,000 to date.

In 2023, the Bank made a number of contributions to the development of knowledge in digital intelligence:

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

NBI-HEC Montréal Fund

Created in 2019 by NBI, the NBI-HEC Montréal Fund offers students the opportunity to take on a unique challenge: manage a multi-asset portfolio based on current market conditions, which are more complex than ever. Going beyond traditional security selection, the fund's management comprises the building of this portfolio using a top-down approach, risk budgeting, translating the economic situation into strategic (3 to 5 years) and tactical (monthly) asset allocation strategies, OP4+ analysis and selecting investment vehicles. The NBI team provides ongoing coaching to over 15 student analysts who manage over \$5 million in assets as part of this initiative.

In addition to applying traditional investment practices, the student analysts must also build a responsible investment policy and review it annually. The students took a more in-depth approach to integrating ESG factors into the fund in 2023.

One of their goals was to establish a target ESG rating that the fund must meet or exceed. They researched and tested several approaches to achieve this, looking to avoid any type of bias and ensure the objectivity of the method used. They defined the most fitting strategy, considering the actively managed and passively managed portions of the fund. Once their approach is finalized and approved by NBI, the strategy will be integrated into the fund.

By implementing and applying responsible investment principles to fund management, student analysts acquire essential knowledge about sustainable finance and are able to elevate their practice. The support offered by NBI's responsible investment specialists demonstrates their commitment to helping close the knowledge and expertise gap in the industry.



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Inclusion, Diversity and Equity

OUR APPROACH

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

Promoting everyone's success

Our strong and ongoing commitment to promoting inclusion, diversity and equity has allowed us to complete some key steps over the past few years. In 2020, the Bank published its first booklet entirely dedicated to inclusion and diversity, which presented the strategy, targets and fields of action tied to its 2020–2023 plan. To support future efforts and continue evolving in an inclusive environment, the Bank is reaffirming its commitment to promoting its values through a variety of concrete actions. The Bank remains committed to dialogue, engagement and daily action. As such, we've adopted three guiding principles that will help us align our strategies and our actions while accelerating our impact:

- › Demonstrate curiosity and value **differences**
- › **Adapt** our work methods to ensure that each individual has an equitable and inclusive experience
- › Remove barriers and roll out intentional measures

In line with its commitment to disclosure, the Bank updated the booklet in 2023 to include an assessment of its advances with respect to its three-year plan. These advances reaffirm our dedication to promoting real inclusion and improving our practices.



For more information, consult the 2023 Inclusion, Diversity and Equity Booklet, available on the [Inclusion, Diversity and Equity](#) page of [nbc.ca](#).



Preventing workplace discrimination, harassment and violence



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

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



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

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



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Promoting inclusion in the community

To enable the community to benefit from the full contribution of all its members, the Bank supports many organizations that foster inclusion. In 2023, we contributed to a number of initiatives to promote the development and success of women, visible minorities, persons with disabilities, Indigenous peoples and members of LGBTQ2+ communities.



Segments

Organizations

Women

- › **Lise Watier Foundation:** Support and encourage the economic development and financial independence of Canadian women by providing them with the means to realize their full potential through the Let's Start Up program.
- › **YWCA:** Build a better future for women, girls and their families.
- › **ESPACE GO:** Promote women's voices in the arts.
- › **Fitspirit:** Encourage teenage girls to be active for life.
- › **La rue des Femmes** and **Chez Doris:** Support the fight against female homelessness.

Visible minorities

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

Persons with disabilities

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

Indigenous peoples

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

LGBTQ2+ communities

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



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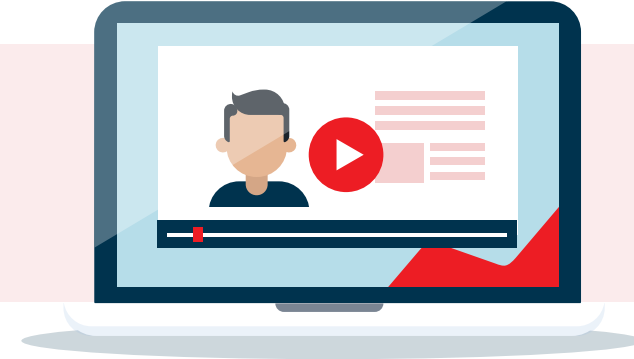
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Financial Literacy

(SASB CB-240a.4)

OUR APPROACH

The Bank makes a vast range of resources and tools available to clients to allow them to carefully plan for their financial needs based on their projects and stages in life. We also provide online or face-to-face access to numerous specialists who can provide advice and answer questions.



Partnership with the Canadian Foundation for Economic Education for Economic Education

The Bank's partnership with the Canadian Foundation for Economic Education (CFEE) has made it possible to develop a number of educational programs focused on managing personal finances. These programs are intended to provide information and advice to specific groups so they can make informed choices, reduce their financial stress and achieve their objectives. Better financial health can improve well-being and help people build a stronger financial future.

Better meeting the needs of students

During the first phase of these programs, CFEE carried out a survey, with support from the Bank, of around 1,400 students at 94 post-secondary institutions to better understand their needs and interests.

The results lead to the creation of two distinct programs for students and newcomers to Canada, which have evolved this year. This has led to the production of a [comprehensive guide](#) on understanding and managing finances in Canada. Topics covered by the guide include opening a bank account in Canada, cybersecurity and fraud, credit reports, saving and investing and the home buying process in Canada.

Partnership programs

Program	Objective	2023 highlights
Managing Your Money in Canada	Free financial literacy workshops at various levels to help newcomers and immigrants to Canada stay in control of their finances and draw up plans to meet their objectives.	More than 20 virtual and face-to-face workshops were held, translated into 6 different languages and attended by over 500 newcomers to Canada.
Financial Literacy 101	Comprehensive financial literacy program, offered via a free and interactive online learning platform. Students can access the program independently or in class.	The online program generated more than 26,000 visits throughout 2023.



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Financial Literacy Month

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

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

Partnership with Quatre95

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

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

- › Sponsored content: 60 regular articles, 9 interactive articles and 42 videos posted
- › 3.5 million unique visitors
- › 8.4 million visits
- › 37,740 social media followers and newsletter subscribers
- › 46% newsletter open rate

The issues published in 2023 covered important current topics such as women and finance and taboos related to money.

Canadian Bankers Association programs

The Bank also participates in the Your Money Students program from the Canadian Bankers Association, which offers free financial education seminars to student groups across Canada.



"It's important for me to help young people develop independence when it comes to their personal finances. We need to equip them to make informed financial decisions and develop their critical thinking skills regarding money. As a corporate citizen, the Bank has a key role to play in developing young people's financial literacy."

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

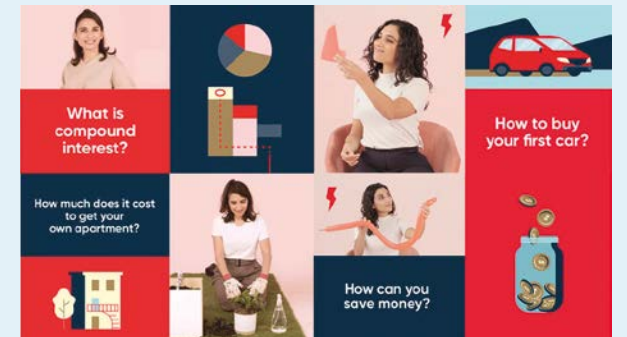
Quick Answers YouTube series

The Bank now has 18 videos explaining topics related to personal finance on its YouTube channel. To extend the videos' reach in 2023, they were also shared through a number of partners targeting Gen Z and newcomers to Canada. They have also been added to more than 30 articles on the Bank's website.



The videos were viewed more than **325,000** times in 2023.

Overall, these videos have been viewed more than **2.6 million** times since the channel was launched!



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



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Advice is just a click away

The [Advice](#) section at [nbc.ca](#) includes some 350 articles, videos and podcasts that explain a wide range of topics related to managing personal and business finances.

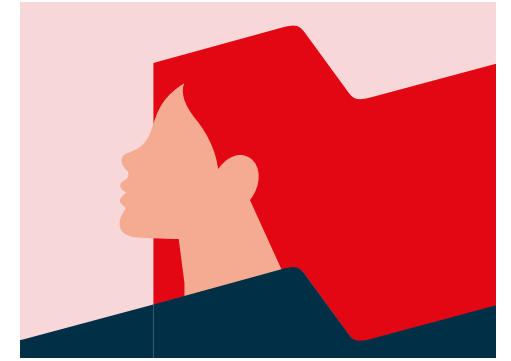
The section also includes a category dedicated to immigration, which presents a wealth of practical information for newcomers to Canada. In 2023, this section had over 3.4 million visits and the content was shared with more than 1.2 million subscribers via monthly newsletters.

Women's finances

The Bank has developed a series of content aimed at encouraging women to take an active role in managing their finances. In 2023, some of this content was highlighted to mark International Women's Day.

Our media campaign, which was viewed 37 million times in Canada, aimed to promote all the tools available to women and increase their financial confidence.

The *Invest in you* virtual conference series was launched in conjunction with the campaign. It aims to make investing more accessible and raise awareness of how important it is for women to actively participate in managing their finances. Over 17,300 people have signed up for these conferences since the series was launched in November 2020.



For more information, consult the [Women's Finances](#) section of [nbc.ca](#).

Partnership with JA Québec's educational programs

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

JA Québec reaches over **8,000 young people** each year and offers nearly **500 programs** in Quebec. In 2023, Bank volunteers visited **29 classrooms**.

- › Virtual or in-person workshops, presented in schools and in the community, that give businesspeople an opportunity to share their professional expertise with young people.
- › The Company Program, offered in schools or as an extracurricular activity, which gives young people aged 14 to 17 a chance to develop and manage their own business under the supervision of their teacher or mentors. This concrete experience develops their leadership skills, helps them learn to collaborate and stimulates creativity.
- › The Junior Entrepreneur program, which allows primary-school students to experience the full business lifecycle under the supervision of their teacher.
- › Online workshops accessible at any time via the JA Campus digital learning platform.

Partnership with ÉducÉpargne

As a founding member, the Bank is proud to support ÉducÉpargne in its mission to raise awareness, provide tools and advise Quebecers on various topics related to saving.



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The Bank complements its Canadian growth with a targeted and disciplined international strategy. Through its subsidiary Advanced Bank of Asia (ABA Bank), it supports individuals as well as micro, small and medium-sized businesses in Cambodia. ABA Bank has experienced one of the highest growth rates on the market. Its assets have grown by 36% on an annualized basis over the past 5 years.¹ ABA Bank's clients operate in various industries that are central to the Cambodian economy, including retail, services and agriculture.

2023 highlights

- › ABA Bank is now the largest bank in Cambodia.
- › 6 new branches were opened, for a total of 87 across the country.
- › ABA Bank now has nearly 2.5 million clients, mainly individuals and micro, small and medium-sized businesses in Cambodia.
- › Around 45% of ABA Bank loans are granted to women or to businesses directed or controlled by women, which supports the advancement of women entrepreneurs in Cambodia.
- › For the ninth and tenth consecutive year, respectively, ABA Bank has been recognized as the Best Bank in Cambodia by Global Finance Magazine and Euromoney. It was also named Bank of the Year by The Banker in 2021, 2022 and 2023.



¹ Period from October 31, 2018 to October 31, 2023, in USD.



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ABA Bank's contribution to the Cambodian economy

- › ABA Bank employs over 9,600 people in the capital city of Phnom Penh as well as in rural areas across the country.
- › ABA Bank is the third largest income tax payer in Cambodia; in 2023, it paid \$54 million (USD) in income taxes.
- › Its loan portfolio represents a total amount of nearly \$7.6 billion (USD).
- › In 2023, ABA Bank was the Exclusive Bank Sponsor of the South East Asia (SEA) Games and Para Games. In addition to contributing \$1.5 million in support, ABA Bank launched an exclusive series of cards and merchandise to promote the Games to the Cambodian public.

Underbanked, unbanked and underserved clients

(SASB CB-240a.4)

Up until a few years ago, many Cambodians did not have access to banking services. Through ABA Bank, the Bank has contributed to increasing the percentage of Cambodians who have access to a bank account. With its 87 branches and 43 self-service banking machines, it now serves nearly 2.5 million clients.

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

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



Number of borrowers at ABA Bank	99,121
Annual increase in average ABA Bank loan volumes¹	23%
Annual increase in ABA Bank deposit volumes	22%
Number of transactions and annual growth – digital payment solutions	176 million (148%)
Volume of transactions and annual growth – digital payment solutions	\$9.8 billion (USD) (118%)

¹ Average volumes represent the average of the daily balances for the fiscal year.



For more information about loans and deposits in Cambodia, consult the Q4 2023 [Analyst and Investor Presentation](#) on [nbc.ca](#).



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Community involvement

As a corporate citizen that is committed to giving back to society, the Bank encourages its subsidiaries to get involved with the communities they serve. In Cambodia, ABA Bank has adopted a corporate responsibility policy that takes into account local realities and the country's development priorities.

In 2023, ABA Bank donated around \$2 million (CAD) to a number of organizations working mainly in three priority areas: health, education and financial literacy.

Health

ABA Bank supports organizations in the humanitarian aid and health sectors, including the local chapter of the Red Cross, hospitals and medical associations. Thanks in part to a financial contribution from ABA Bank, these organizations were able to continue their work in 2023:

- › Support for communities affected by natural disasters
- › Health and preventive care in rural areas
- › Health and preventive care for marginalized persons

Education

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

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



Financial literacy and inclusion

ABA Bank makes financial contributions to a number of initiatives that promote financial literacy and encourages its employees to participate actively. In 2023, ABA Bank participated in a media awareness campaign organized by the Association of Banks in Cambodia.

This campaign aimed to reinforce financial culture by giving economic writers and journalists the tools they need to better understand the country's financial landscape.

In partnership with Angkor Resources, a Canadian company with a presence in Cambodia, ABA Bank pursued its financial literacy program tailored to the needs of Indigenous communities in the rural Ratanakiri province.

The second phase of the program has now been completed:

- › 17 villages covered in 5 districts
- › Workshops offered in 5 local Indigenous languages to promote participation and understanding
- › 473 participants in the second year of the program, more than 50% of whom were women

ABA Bank and Angkor Resources are working to extend the program to more remote areas and villages where financial literacy remains low.



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We Govern According to the Highest Standards

Our ESG Principles

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





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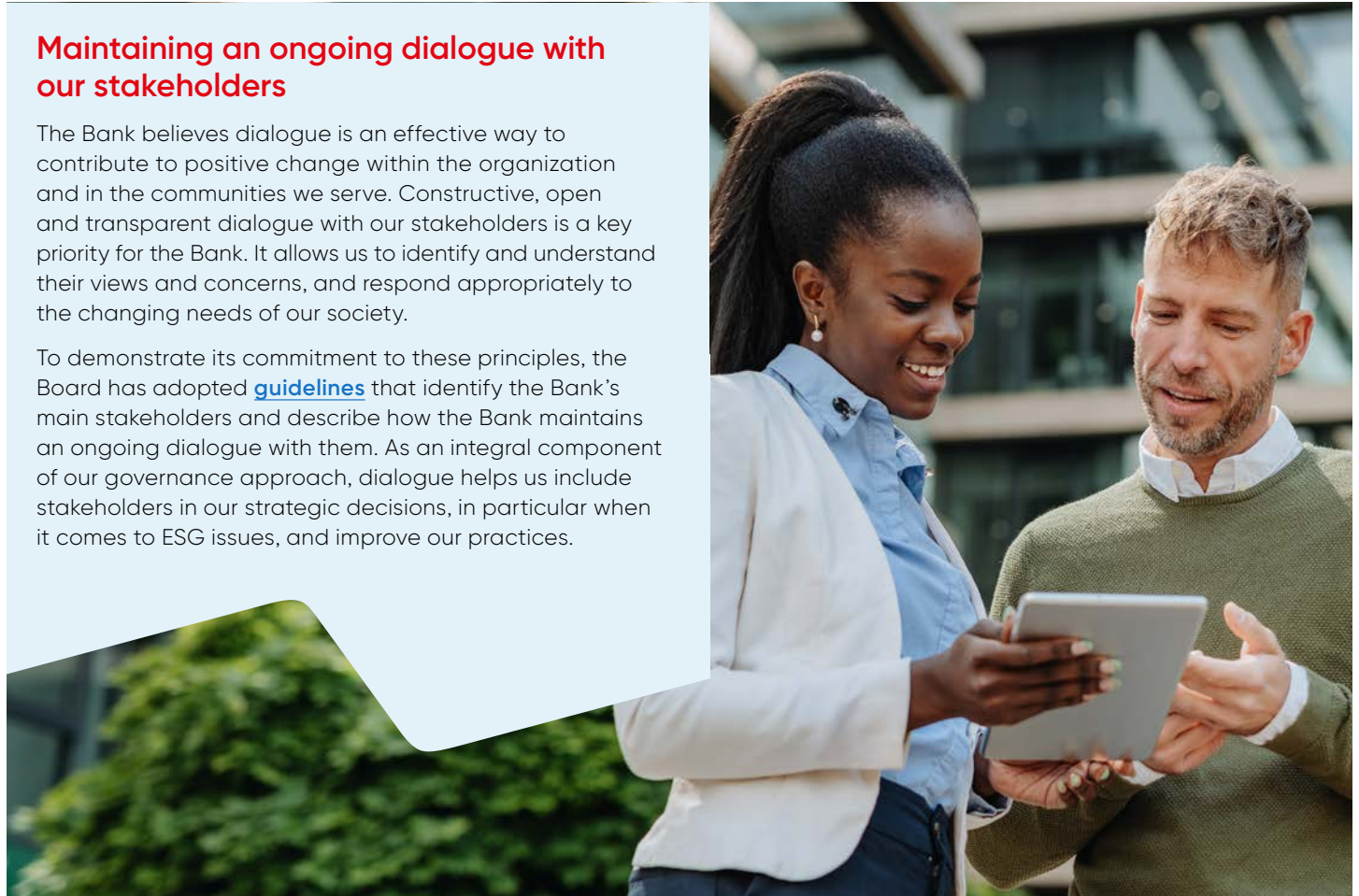
The Bank’s governance is achieved through the collaborative work of the Board of Directors (the Board), senior leadership teams and stakeholders. We believe that, by taking concerted action together with our stakeholders, we can continue to sustainably meet the changing needs of our society. At the Bank,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

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

Maintaining an ongoing dialogue with our stakeholders

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

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





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Here are some examples of how we maintain a dialogue with stakeholders, as well as an outline of the main ESG topics addressed in 2023.

Groups of stakeholders	Main activities	Main ESG topics in 2023
Clients	<ul style="list-style-type: none"> › Conversations via Customer Service and the branch network (in person, over the phone, by email, via social media and digital platforms, etc.) › Surveys and focus groups › Educational content on the nbc.ca website and on social media › Complaint handling process › Client Complaint Appeal Office › Discussions and meetings between management/the Board and consumer associations › Meetings during client events 	<ul style="list-style-type: none"> › Remote banking services and digital platforms › Improving the experience in branches › Financial inclusion and access to financial products and services (newcomers to Canada, students) › Financial literacy › Market trends and economic analyses › Financial stress and mental health › Fraud prevention: protecting personal information and cybersecurity › Sustainable finance › Client satisfaction › Energy transition › Supporting and protecting seniors › Relative importance matrix
Employees	<ul style="list-style-type: none"> › Quarterly conferences with the President and other members of management › Internal communication platforms › Surveys and focus groups on the employee experience › Employee Ombudsman's Office and Office of the Ethics Ombudsman › Inclusion and Diversity Council › Employee resource groups › Team meetings › Visits from executives and members of the Board › Employee Voice platform to discuss ideas that would enhance the employee experience › Employee Assistance Program 	<ul style="list-style-type: none"> › Physical wellbeing and mental health › Inclusion, diversity and equity › Data management, protecting personal information and access management › Safe work environment › Employee engagement › Career advancement and professional development › Talent management › Work/family/personal life balance › Pension plan and employee benefits › Market trends and economic analyses › Community involvement › Move to the new head office › Sustainable mobility › Relative importance matrix



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Groups of stakeholders

Main activities

Main ESG topics in 2023

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

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

- › Areas of education, entrepreneurship, health, sports, community outreach, arts and culture, and inclusion and diversity
- › Regulatory initiatives linked to climate and our environmental commitments, such as the Net-Zero Banking Alliance
- › Climate change and planning for the energy transition
- › Protecting biodiversity
- › Resilience and economic conditions
- › Canadian household debt and socioeconomic inclusion
- › Affordable housing
- › Indigenous relations
- › Climate standards and reference frameworks

Shareholders and investors (and analysts, brokers, etc.)

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

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



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





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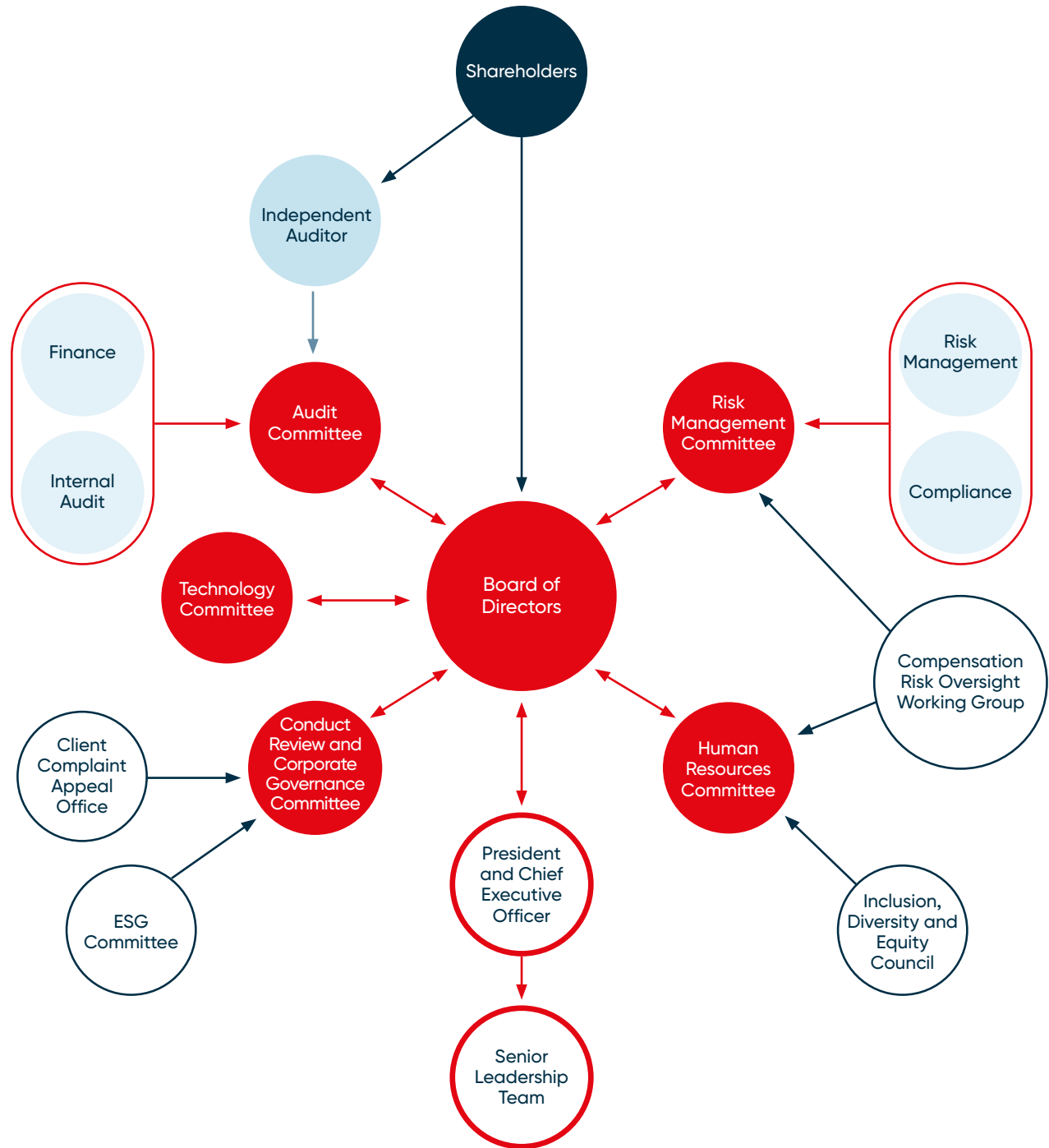
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The Board and its committees

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





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Selection of Board members

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

All our directors demonstrate:

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

Succession planning is fundamental to strong governance. The Board selects candidates who have the Bank values at heart. Each year, the Conduct Review and Corporate Governance Committee is tasked with reviewing the composition of the Board and its committees, thus ensuring complimentary expertise, in addition to compiling a list of potential candidates.

Director independence is assessed regularly. This is a key factor of our governance as we strive to foster independent decision-making. The Board implements a framework and procedures to ensure its independence.

Our key practices

Board	
Number of Board members	14
Average age of members	61
Independent members	13/14
Number of Board meetings in fiscal 2023	15
Number of Board committee meetings in fiscal 2023	36
Representation of women on the Board	43%
Representation of women in management ¹	33%
All committee members are independent	✓
Members elected annually and individually	✓
Formal Board assessment process	✓
All members are financially literate	✓
Meeting attendance requirements met	✓
Chair of the Board and President and Chief Executive Officer are separate roles	✓

¹ Percentage in executive or officer positions (combined).

Board policies	
Majority voting policy for election of Board members	✓
Code of Conduct signed and upheld by all members	✓
Advisory vote on the Board's approach to executive compensation	✓
Guideline on duration of mandates	✓
Orientation and training program for members	✓
Policy on conflicts of interest	✓
Policy on inclusion and diversity on the Board	✓
Subsidiary governance framework	✓



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



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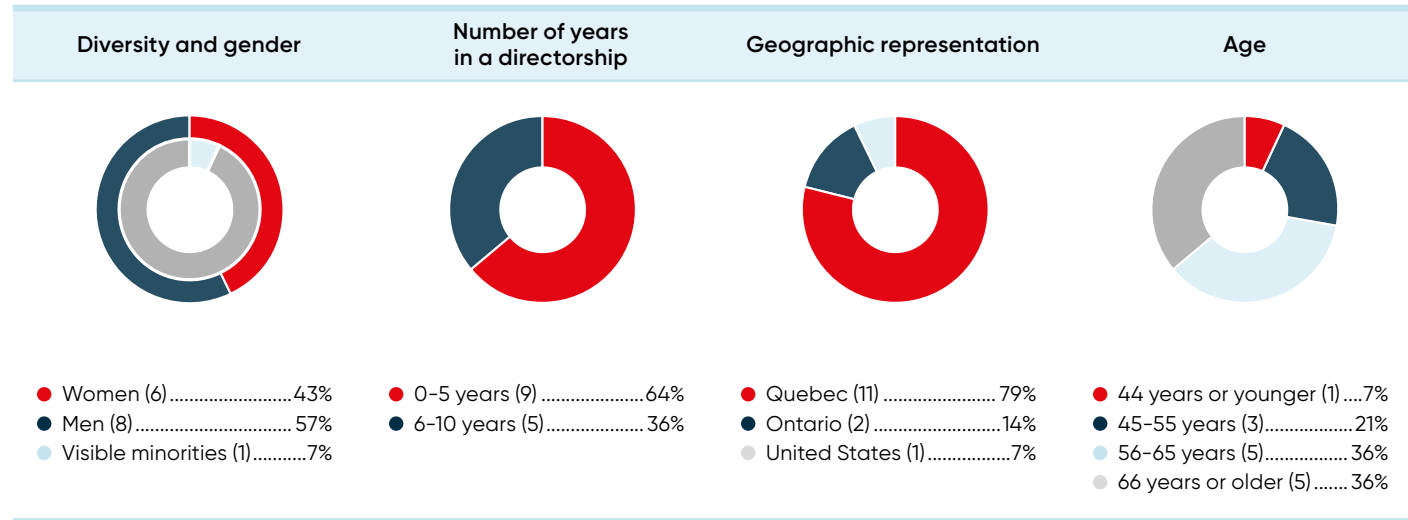
Diversity on the Board

Inclusion and diversity are part of the Bank’s core values. We’re committed to promoting diversity at all levels of our organization, and the composition of the Board is no exception. The Bank believes in the importance of a balanced and diverse Board. As of October 31, 2023, 43% of the members of the Board were women or six of the fourteen members. Furthermore, two of the Board’s five committees are chaired by a woman.

In 2023, the Board reviewed its inclusion and diversity policy in order to clarify its objective to increase inclusion and diversity on the Board, by aiming for parity and ensuring that at least 40% of independent directors are women and 40% are men.

Our [Inclusion and Diversity Policy of the Board of Directors](#), sets out to bring together directors with characteristics—such as gender, age, membership in ethno-cultural groups and designated groups, sexual orientation and geographic origin—that represent the communities in which the Bank is present and conducts its business.

Data points on Board members (as of October 31, 2023)



Board oversight of ESG criteria

The Board pays close attention to social and environmental criteria in order to meet the changing needs of our society. The ESG governance framework relies on the fact that all levels of the organization contribute to our objectives and commitments, including directors, who through the various committees, exercise their role of oversight over ESG criteria. Consequently, in recent years, the Bank has adopted measures enabling it to extend its commitment in this regard, notably through structured ESG governance and by deploying a renewed environmental, social and governance strategy, which continues to be based on the ESG principles adopted by the Board in 2019.

In addition to exercising a strategic oversight role, the Board ensures ESG governance practices are fair, transparent and supported by solid mechanisms, such as dialogue with stakeholders. The Board ensures that ESG criteria are integrated into long-term strategic objectives while monitoring the progress of ESG initiatives and commitments. The Board and its committees—the Conduct Review and Corporate Governance Committee, the Risk Management Committee, the Audit Committee, the Human Resources Committee and the Technology Committee—have all been assigned ESG responsibilities according to their respective roles and the expertise of their members. The objective being to ensure that the Bank’s activities are conducted in accordance with stringent corporate responsibility standards.

The Board and its committees are supported by the Senior Leadership Team in exercising their functions, as well as by various internal committees such as the ESG Committee.



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



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ESG Committee

Led by the Chief Financial Officer and Executive Vice-President – Finance and the Senior Vice-President – Communications, Public Affairs and ESG, the ESG Committee is made up of experts representing the Bank's different sectors and a number of executives, including several members of the Senior Leadership Team. This multidisciplinary team's main role is to establish and support the Bank's ESG strategy. The Committee also serves as an ambassador in promoting a culture that supports the Bank's ESG ambitions. Members meet monthly.

Supported by a management committee, three working groups and a team entirely dedicated to ESG, the Committee oversees the implementation of 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.

The ESG Committee communicates with the Senior Leadership Team as needed and the Conduct Review and Corporate Governance Committee twice a year in order to report on progress with respect to our various commitments and to follow up on our priorities under the strategic ESG plan. It also gives occasional presentations to other Board committees on topics of interest, such as climate commitments, inclusion, diversity and equity and the protection of personal information.

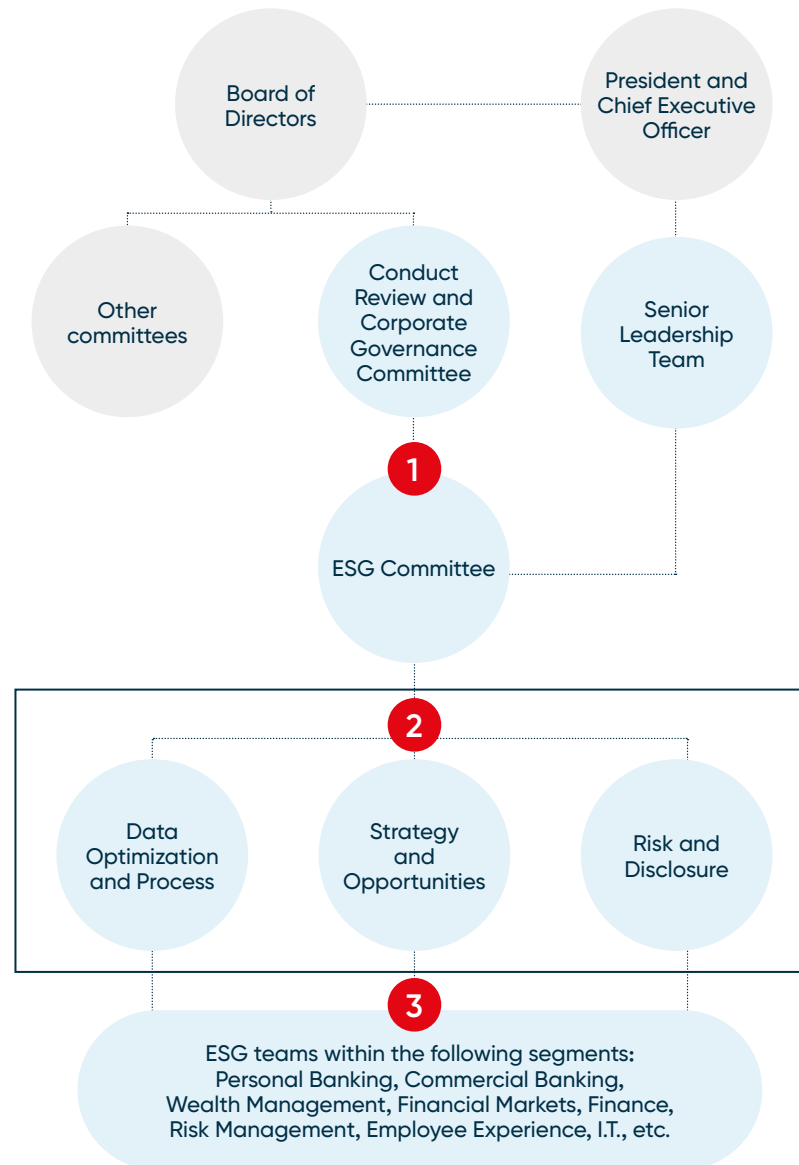
Ongoing constructive dialogue among various internal stakeholders in all the business lines and external stakeholders helps advance the Bank's ESG practices.





Our ESG organizational structure

A revised ESG organizational structure has been implemented in order to accelerate the execution of our ESG initiatives and further progress our achievement of our objectives and commitments with the support of concerted measures. An agile and client-focused approach, in addition to the engagement of the Bank's entire workforce, is essential to maximize our impact.



1. ESG Committee

Establishes and supports the Bank's ESG strategy, and ensures to promote a culture that supports its ESG ambitions. The members meet monthly.

2. Three working groups (new in 2023)

With defined roles and responsibilities, to better advise the ESG Committee, the working groups:

- › Support the elaboration of the ESG strategy and its alignment with business segments;
- › Implement the management strategy of ESG data;
- › Implement new regulatory and disclosure requirements.

3. ESG team

Expert groups in each business sector to support the working groups and collaborate with them to pursue our ESG transformation.



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Risk Management

(SASB CB-410a.2)

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

Risk is rigorously managed. Risks are identified, measured and controlled to achieve an appropriate balance between the returns obtained and the risks assumed. Consequently, our decision-making is guided by risk assessment and management processes aligned with risk appetite as well as with prudent levels of capital and liquidity.

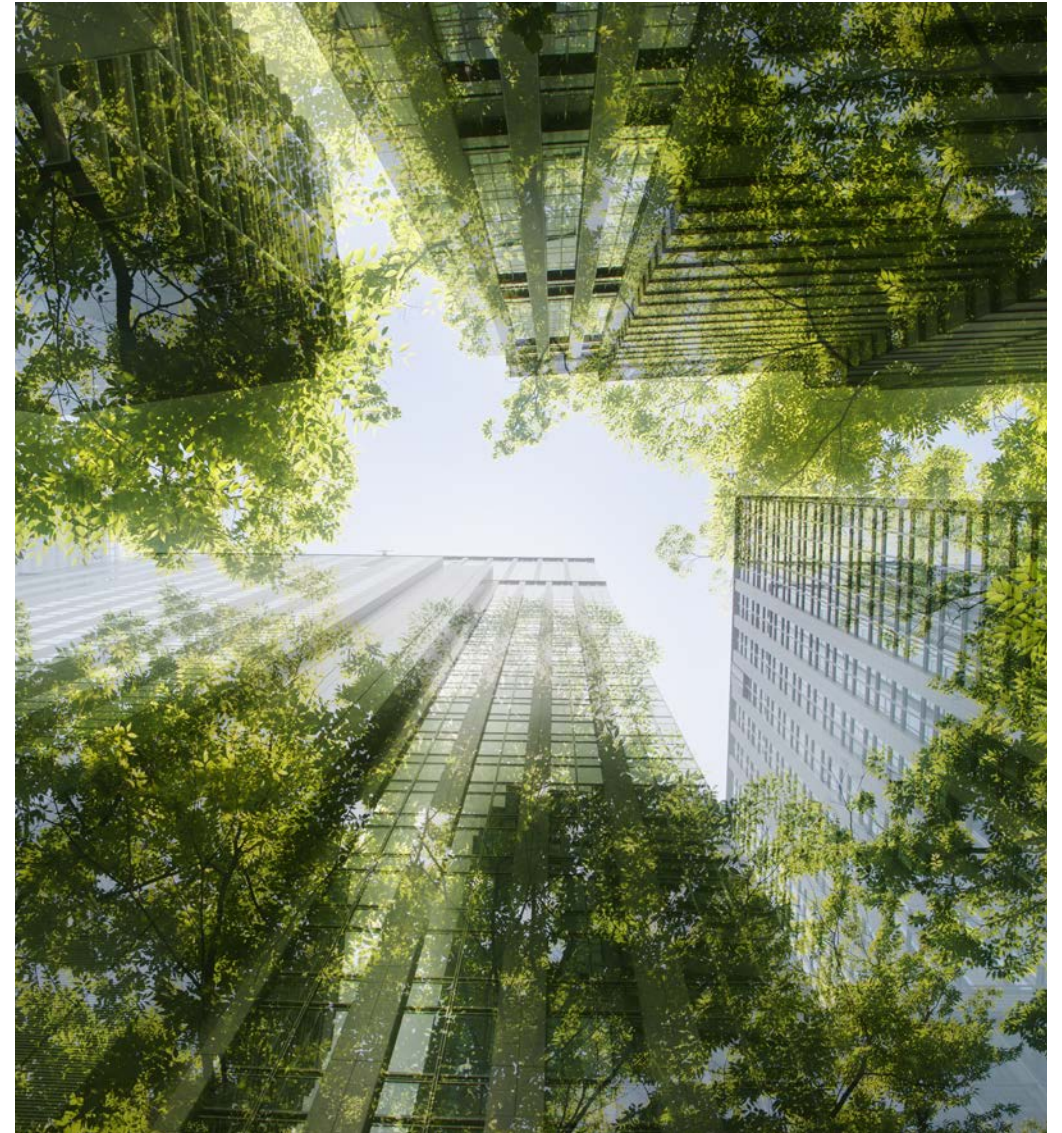


For more information, consult the *Risk Management* section of the [2023 Annual Report](#) on [nbc.ca](#).

Environmental and social risk management

Environmental and social risk denote the possibility that environmental and social matters would result in a financial loss for the Bank or affect its business activities. Environmental risk encompasses many topics, such as the use of energy, water and other resources, climate change and biodiversity. Social risk encompasses considerations linked to human rights, including the rights of Indigenous Peoples, accessibility, inclusion, diversity and equity, as well as considerations linked to human capital management practices, in particular work conditions and the health, safety and wellbeing of our employees. The impact of environmental and social risk could also increase exposure to strategic, reputation and regulatory compliance risks.

Assessing and mitigating environmental and social risk is integral to our risk management and risk appetite framework. We have rolled out an environmental policy that expresses our commitment to protecting the environment from human activities, including our own activities and their impact on the community. Effective management of environmental and social risks can also generate business opportunities for us and our clients.





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ESG criteria are integrated into the credit origination process as part of a due diligence review, starting with the corporate credit portfolio and prioritizing sectors with high GHG emissions. For these clients, the ESG risk analysis framework calls for collecting information on carbon emissions (including reduction targets if they have been set) and the borrower's position as concerns climate risks (transition and physical risks), as well as a classification based on the industry sector. Several other criteria are also taken into consideration, including waste management practices, labour standards, corporate governance, product liability and human rights policies. We plan to gradually expand the collection of such information to clients in other portfolios by adapting the existing process. We have also continued to analyze climate scenarios in order to quantify the expected credit losses in the loan portfolio. More details will be presented in the 2023 Climate Report.

As a key player in the financial industry, we continue to demonstrate our commitment to environmental and social associations and networks, such as the United Nations Principles for Responsible Banking, the Partnership for Carbon Accounting Financials (PCAF) and the Net-Zero Banking Alliance (NZBA). We also work with various industry partners to identify and implement sound management practices that promote the transition to a low-carbon economy. In line with our PCAF and NZBA commitments, we are continuing to quantify our financed GHG emissions and have set interim reduction targets for the Commercial Real Estate and Power Generation sectors.

Lastly, we continue to monitor the activities of regulatory organizations and supervisory bodies and participate in reflection exercises on how to integrate their requirements into our financing, credit origination and investment activities and adapt our processes accordingly.



For more information on climate risk management at the Bank, consult the Climate Report, available in the [Commitments and impact](#) section of [nbc.ca](https://www.nbc.ca)



Biodiversity

In the past few years, a new aspect of environmental risk management has emerged, involving the potential financial repercussions of the impact of climate change on biodiversity, ecosystems and ecosystem services. Since this dimension of environmental risk is in its infancy, we will continue to monitor the development of various initiatives and participate in exercises to reflect on how it can eventually be integrated into investment and credit origination decisions. The Risk Management group closely monitors changing trends and calculation methodologies and actively participates in various industry discussion groups.

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



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Assessment and compensation of executives

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

The SYNERGY – Executives program is summarized as follows:

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

Our ESG priorities drive growth and multiply impacts. Their achievement is taken into consideration when creating the SYNERGY – Executives envelope.



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

Independent assessment by the Internal Audit department

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

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

Raising awareness to promote ESG at the Bank

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

In addition to this content, we provide official training, which has been completed by more than 18,000 employees since it was launched in 2021. This training helps employees understand:

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





Corporate Ethics

Our Code of Conduct

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

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

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

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



Our ethical principles to achieve our One Mission

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



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

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

Creating an ethical work environment by reporting breaches

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

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Human rights

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

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



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

Anticorruption

National Bank of Canada and its centres abroad¹ are committed to complying with Canadian and international legislation prohibiting corruption and influence-peddling, while preserving public trust. That's why the Bank has implemented a robust anticorruption program that reflects its main ethical values and its commitment to acting responsibly, no matter where it does business. The Anticorruption Policy is central to this program.



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

Anti-money laundering and anti-terrorist financing

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

National Bank of Canada and its centres abroad¹ have rigorous regulatory compliance management processes, in particular in regards to the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* and its regulations. Its high standards enable the Bank to earn the trust of its clients, its shareholders, the market and the general public.

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



For more information, consult the [summary of the Anti-Money Laundering/Anti-Terrorist Financing Program](#) and the [Correspondent Banking Due Diligence Questionnaire](#) on [nbc.ca](#).

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



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Lobbying and public policy

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

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

The Bank's anti-corruption policy prohibits involvement in any act that could be perceived as corrupt, such as offering or accepting bribes or being involved in a conflict of interest. The Bank does not allow contributions in its name to federal or provincial political parties or municipal election candidates, or for any other political activities outside Canada.

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

Tax

Tax Governance

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

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

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

The Bank's approach also includes the following elements:

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

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

¹ To the extent required for small banks, as provided in section 285(11) of the *Finance Act*, and the indications published by HM Revenue and Customs (HMRC).



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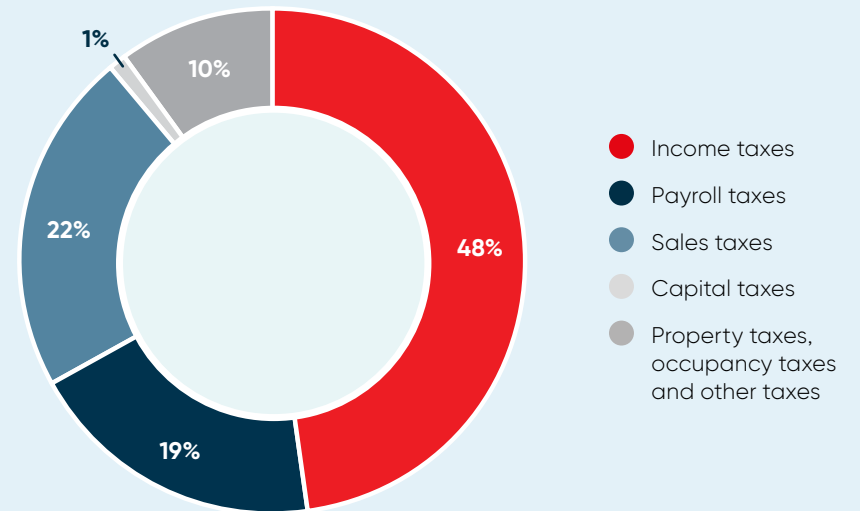
Income tax and other taxes paid or payable

As a corporate citizen, the Bank paid \$1.09 billion in income taxes and other taxes in Canada for the fiscal year ended October 31, 2023. Since Canada is the country where the Bank carries out most of its activities, this is where the majority of its income taxes and other taxes were paid. Since the Bank also ensures that it adheres to the tax laws in every country where it does business, it paid \$280 million in income taxes outside Canada during the fiscal year ended October 31, 2023. For more information on income taxes, please consult the [Annual Report](#).

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

	2023	2022
Income taxes and other taxes in Canada¹	\$1,092,341	\$1,371,248
Income tax outside of Canada	\$280,099	\$162,068
Total effective tax rate²	30.2%	31.8%

Distribution of taxes paid or payable in Canada



¹ Includes income taxes, capital taxes and other taxes. For more information, see page 11 of the 2023 Corporate Social Responsibility Statement.

² Percentage is equal to total taxes paid divided by pre-tax income. The statutory tax rate was 28.0% in 2023 (for more information on income taxes, see Note 24 in the 2023 Annual Report).



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Responsible sourcing

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

In 2023, we pursued our action plan, resulting in the following achievements:

- › Development of the network of responsible sourcing ambassadors at the Bank.
- › Integration of responsible sourcing into the request for proposals template.
- › Rollout of a data collection questionnaire for the Bank's main suppliers: 122 suppliers representing 70% of our annual spend.
- › 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.
- › Development of a training program for teams in targeted business sectors.
- › Rollout of responsible sourcing by means of pilot agreements and requests for proposals in three business sectors.
- › Development of an initial version of a tool that supports the implementation of responsible sourcing criteria for agreements and requests for proposals.
- › In addition to the follow-up indicators associated with the action plan that were implemented in 2022, development of responsible sourcing performance indicators.

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

In line with the Bank's ESG principles, our responsible sourcing strategy aims to:

- › Reinforce governance and align it with the responsible sourcing process in partnership with the business sectors in order to gradually integrate ESG criteria.
- › Establish an ongoing dialogue with our suppliers to anticipate and resolve issues linked to sustainability and collect reliable, high-quality data on their ESG practices.
- › Enhance our partnerships with local, responsible suppliers who represent or advocate diversity.
- › Work with them to transition towards a more sustainable approach by helping to develop a local, circular, socially aware, low-carbon and inclusive economy.

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

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

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



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Responsible marketing

The Bank is concerned about its impact on the environment and society and has therefore integrated many sustainable development practices into its marketing activities. When choosing suppliers, we aim to support local businesses and the next generation of entrepreneurs. We also take various stakeholders into consideration when planning events. Promotional material is stored and reused. 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.

Furthermore, the Bank is proud to present the Goal is Green Program with the Montreal Canadiens. The Canadiens' green initiatives fall into, but are not limited to, five main areas: waste management, sustainable building management, urban biodiversity, sustainable public transport and sustainable communities. These enable the organization to actively contribute to achieving the UN's Sustainable Development Goals.

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.

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

Digitization of documentation

The Bank's external documentation, in the form of brochures and pamphlets, is one of the main channels used to communicate information to clients. Over the past few years, nearly 500 documents have been produced and printed. In 2023, we reviewed our documentation ecosystem in order to transition to an enhanced digital experience. The first phase of this transition is now complete, contributing to more effective management of the information communicated and reducing the environmental impact related to printing.



¹ Paper sourced from certified forests.



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



OUR APPROACH

We're undergoing a digital transition, where sound management of data and personal information is essential to combat increasingly frequent, complex and sophisticated threats. The Bank is making the necessary investments to protect its clients' personal information and assets and ensure the continuity of its activities. The objective behind all of our actions is to maintain our clients', our shareholders' and our employees' highest level of trust in the integrity, confidentiality and availability of the information entrusted to us.

Cybersecurity

Strategic planning

Our cybersecurity strategic plan is aligned with the Bank's business strategy. It relies on the identification and assessment of cyber risk scenarios and is aligned with recognized frameworks such as those established by the National Institute of Standards and Technology (NIST). We continuously assess risks and the Bank's capacity to deal with them, while implementing a culture, processes, technology and monitoring indicators that help protect client and employee data, in line with three main strategic pillars:



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



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



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

Governance model

Our cybersecurity governance model is based on a corporate policy established by the Chief Information Security Officer, who reports to the Executive Vice-President – Technology and Operations.

Our model is supported by clearly defined roles and responsibilities and promotes collaboration among stakeholders.

We are committed to maintaining a holistic view and a complete understanding of our environment and the threats around us to identify and mitigate cybersecurity risks, reinforce a culture of security and quickly adapt our cybersecurity processes and capacities in response to changing threats. We have enhanced our governance model to include new quantitative reports on effectiveness that will better support our strategic decisions while remaining aligned with business priorities. This overview allows for optimal coverage of the security requirements identified through cybersecurity risk assessment and prioritization of action plans. It is facilitated by the implementation of a constantly evolving cybersecurity program. It should be noted that our investment in cybersecurity is comparable to that of other Canadian financial institutions.

The Technology Committee of the Board of Directors is informed of the level of cybersecurity risk on a quarterly basis. We also maintain an independent review structure to optimize our cybersecurity risk management framework, which allows us to ensure continued compliance with the many cybersecurity-related regulatory requirements applicable to the Bank.

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



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Approaches and practices

Under the supervision of the Chief Information Security Office, the Bank's approaches are intended to integrate security into our day-to-day actions and practices while ensuring it remains everyone's responsibility. We have rolled out the following measures:

- › A cybersecurity awareness program covering all Bank employees is in effect. It includes a range of tools such as training, communications, workshops and phishing tests. This program is intended to continuously improve the culture of cybersecurity at the Bank and develop employees' reflexes to effectively protect the organization and its clients' information.
- › The security measures outlined in our cybersecurity frameworks are applied to all IT systems supporting business processes and operational procedures. These measures ensure adequate controls are in place, in particular to safeguard access to confidential information and ensure compliance with standards governing configuration management, technological change and vulnerability management. They are reviewed periodically to ensure they remain relevant to current threats.
- › We have Business Information Security Officers (BISOs) in each sector, representing the Chief Information Security Officer. This structure enables us to incorporate security into our cross-sector business strategies and priorities as part of the culture of each business line, so we can effectively and continuously manage cybersecurity risks.
- › We provide tools and environments to guarantee quality delivery by ensuring that data security measures are integrated into projects right from the start and throughout their IT lifecycle and by significantly reducing existing risks.



Monitoring and responding to incidents

Threat readiness is an integral part of the Bank's cybersecurity risk reduction strategy. Our incident response plan complies with regulatory requirements. It is regularly upgraded and tested several times a year in collaboration with stakeholders based on updated threat scenarios.

A team carries out proactive intrusion testing to identify potential vulnerabilities and assess the effectiveness of security measures while supporting all sectors of the organization in contextualizing, prioritizing and correcting vulnerabilities. A case surveillance lifecycle management system is in place to continually improve our detection of potential malicious activities. The practice of threat hunting complements these efforts by searching for signs of malicious activity in the organization's ecosystems. A team specialized in tactical, operational, and strategic intelligence works with various stakeholders to stay informed of the latest threats and cyberattack methods in order to improve our cyber incident response practices.

We raise awareness among our employees and teach them to quickly report security incidents so our cybersecurity teams can respond as soon as possible. In the event of an incident, our teams rapidly assess the threat and take the necessary measures to protect the Bank. We also have expert digital investigation teams, who are responsible for collecting, analyzing and preserving evidence.



2023 highlights

- › We are a founding member and partner of Cybereco. Our commitment helps accelerate the development of a world-class workforce and effective IT solutions for a strong, secure economy. Cybereco focuses on three areas: talent; cybersecurity and cyber resiliency; and innovation and the economy.
- › We are a partner in the launch of the Cyber Hub, a centre for innovation powered by Cybereco.
- › We renewed our commitment to the Chair in Cybercrime Prevention at Université de Montréal and the Alliance Project at Polytechnique Montréal.
- › We are a partner of CyberCap, an organization working to encourage young people to stay in school by providing prevention and support activities that help them find their place in society.
- › We are a partner of the Multidisciplinary Institute for Cybersecurity and Cyber Resilience (IMC²).
- › We are a partner of numerous events that highlight information technology and cybersecurity. For example:
 - We were a key partner of the 3rd edition of the Cybereco Cyberconference, which included involvement and support from our teams of experts and the creation of a day dedicated to students and other people interested in discovering opportunities in the field of cybersecurity.
 - We were a partner of the InCyber Forum, a leading international event on digital trust and cybersecurity. Our experts contributed to sharing best practices.
 - At NorthSec, our leading experts provided high-quality advice to the general public.
 - We participated in the Human-Centric Cybersecurity Partnership (HC2P), which leverages a transdisciplinary group of scholars, government, industry and not-for-profit partners to generate research and mobilize knowledge that will help create a safer, more secure, more democratic and more inclusive digital society.
 - We hosted and organized the launch of quarterly meetings for the Montreal-based members of the Financial Services Information Sharing and Analysis Center (FS-ISAC). This is an international member-driven, not-for-profit organization that advances cybersecurity and resilience in the global financial system. This initiative facilitated sharing of intelligence, knowledge and practices between Montreal-based members for the financial sector’s collective security and defence.
 - We partnered with QT 2023, organized by QueerTech, an organization that strives to make the tech ecosystem more inclusive by breaking down barriers, creating spaces and connecting communities to support and empower 2SLGBTQ+ people to thrive.





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Data management

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

To deliver on this mission, the Chief Data Officer develops a sustainable vision for data exposure, management and valorization, which is regularly presented to the Senior Leadership Team and the Data Council.

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

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

The Bank has developed:

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

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





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Protecting personal information

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

96% of employees took the annual training on the protection of personal information

The Privacy Office, under the leadership of the Chief Privacy Officer, is responsible for designing and implementing a personal information governance program and strategy inspired by best practices. The program encompasses the development and implementation of consent and information sharing policies and practices that meet clients' expectations and comply with the legislation in effect; governance of risks related to the protection of personal information; and the implementation of appropriate risk mitigation measures. Our corporate culture emphasizes responsible use of client and employee information. Employees, executives and clients all play a role in mitigating risks associated with protecting personal information.



In 2023, the Bank pursued initiatives to improve its privacy program and train, inform and raise awareness among various stakeholders:

- ✓ We updated our privacy program, including internal policies and standards.
- ✓ Our client-facing teams and the specialized teams that support them completed training on privacy rights. These rights include the right to access personal information, correct inaccurate or incomplete personal information and make privacy-related complaints.
- ✓ We rolled out a new annual training, completed by 96% of our employees, on the governance framework and individual roles and responsibilities in terms of protecting personal information.
- ✓ We continued our Annual Regulatory Compliance Training, which includes a section on protecting personal information.
- ✓ We continued mandatory training for all new hires on protecting personal information.
- ✓ Each year, all employees sign the [Code of Conduct](#), which sets out our obligations regarding confidential information.



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



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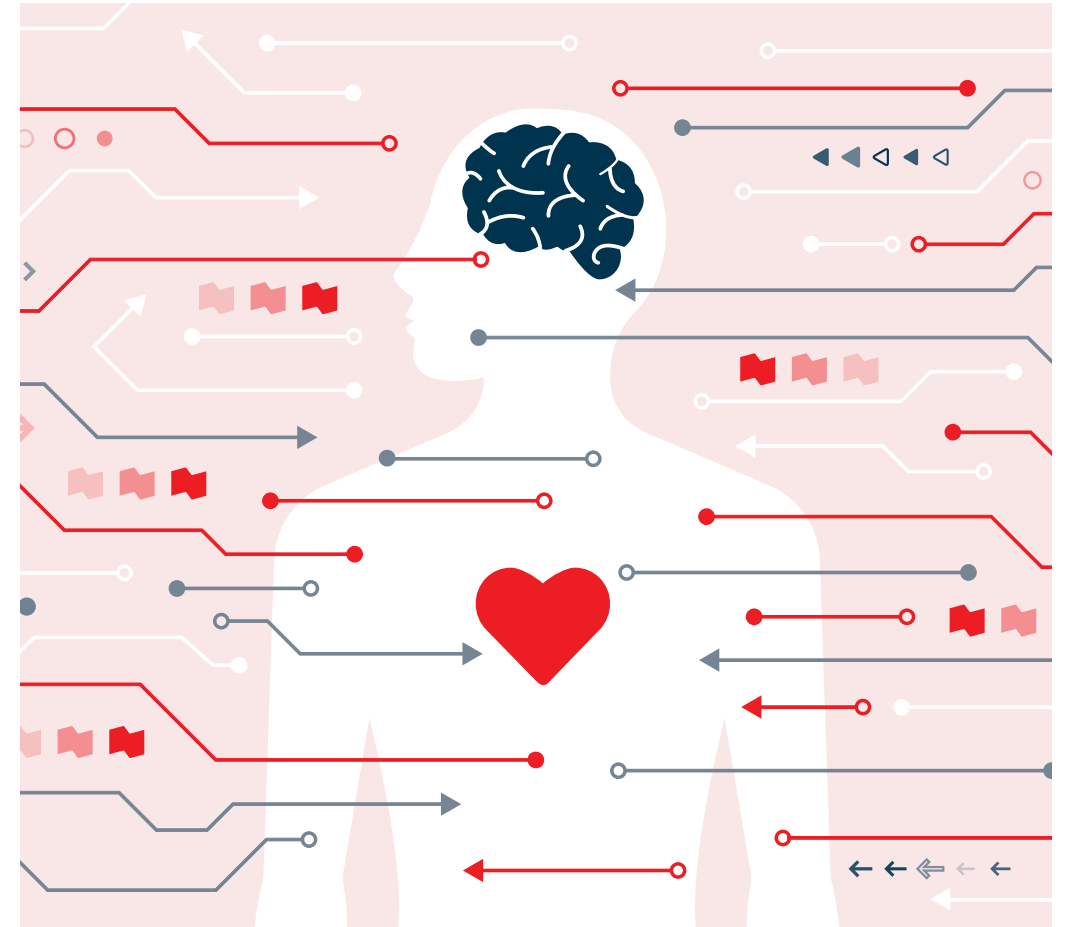
Artificial intelligence

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

The Bank is proactive in monitoring any new legal requirements related to AI, evaluating its practices, implementing risk management measures and enhancing its AI governance by addressing issues of interpretability and fairness. We're continuing our work on these issues, in particular by establishing a program that focuses on fairness by design as part of our model risk management framework. This program includes concrete measures applicable to development and oversight teams. As such, various awareness and training activities have been conducted across the Bank's various sectors, for business development and scientific teams as well as for employees in the second and third lines of defence. Performance indicators have also been established to track our equity practices. For example, each year we track the effective adoption rate of the program through the analytical solutions we rolled out over the previous year. In 2023, the adoption rate stood at 100% (versus the target of 90%).

The Bank also invests in AI to improve the client and employee experience. It has developed an automated AI-based approach that allows clients to access a larger portion of funds deposited by cheque based on their needs. The approach offers greater flexibility in the business process by eliminating manual tasks so we can better adapt to clients' realities. In the current period of economic slowdown, the Bank is dedicated to prioritizing the client experience and making it easier for clients to access funds.

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



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



Our SASB Disclosure

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Our SASB Disclosure

SASB Standard	Accounting Metric	2023 Disclosure
Financial Sector – Commercial Bank		
CB-230a.1	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of account holders affected	Please refer to the Privacy Booklet available in the Codes and commitments in the Governance section on nbc.ca . Please also consult the <i>Top and Emerging Risks</i> section on pages 67 to 73 of the Annual Report . National Bank (the Bank) does not disclose this information.
CB-230a.2	Description of approach to identifying and addressing data security risks	The Bank discloses how it manages information security risks on pages 90 to 92 of this report. Please also consult the <i>Top and Emerging Risks</i> section on pages 67 to 73 of the Annual Report .
CB-240a.1	(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development	The Bank is a key lender for small businesses: 78% of its Canadian business clients received loans under \$250,000 in 2023. The Bank also supports community development by financing some 690 clients that offer social programs, including housing and early childhood development, for an amount of about \$1.2 billion.
CB-240a.3	Number of no-cost retail chequing accounts provided to previously unbanked or underbanked customers	As at October 31, 2023, the Bank had 226,264 chequing accounts with no fixed monthly fees.
CB-240a.4	Number of participants in financial literacy initiatives for unbanked, underbanked or underserved customers	The Bank participates in a number of financial literacy initiatives as part of its activities, from discussing financial health and best practices with clients in branches to holding events to promote financial literacy. Although we don't track the number of participants who are unbanked, underbanked or underserved, we discuss the impact of our initiatives on pages 35, 66 to 68 and 70 of this report.
CB-410a.1	Commercial and industrial credit exposure, by industry	The Bank discloses its exposure to credit risk by industry on page 25 of the Q4 2023 Supplementary Regulatory Capital and Pillar 3 Disclosure document, available on nbc.ca .
CB-410a.2	Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis	In accordance with our TCFD roadmap, we're continuing to optimize our processes for integrating ESG factors into our credit analyses. Our Climate Report is available in the Commitments and impact section of nbc.ca . For more information, please consult page 81 of the <i>Governance – Risk Management</i> section of this report.
CB-510a.1	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behaviour, market manipulation, malpractice or other related financial industry laws or regulations	The Bank does not disclose this information. In the normal course of business, the Bank and its subsidiaries are involved in various claims relating, among other matters, to loan portfolios, investment portfolios and supplier agreements, including court proceedings, investigations or claims of a regulatory nature, class actions or other various types of legal remedies. However, the Bank does not believe that any proceedings it is involved in could have a material negative impact on its consolidated financial position. Please refer to Note 26 (Guarantees, Commitments and Contingent Liabilities) on pages 217 to 219 of the Annual Report .
CB-510a.2	Description of whistleblower policies and procedures	Please refer to the <i>Governance – Our Code of Conduct</i> section on page 84 of this report.



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Our SASB Disclosure

SASB Standard	Accounting Metric	2023 Disclosure
CB-550a.1	Global Systemically Important Bank (G-SIB) score, by category	Although National Bank is a domestic systemically important bank (D-SIB), it is not a G-SIB. We therefore have no G-SIB score.
CB-550a.2	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy and other business activities	The crisis simulation program supports management’s decision-making process by identifying potential vulnerabilities for the Bank as a whole, which are reflected in the limits established and in longer-term business planning. Scenarios and results are reviewed by the Board or its committees. The Bank also performs stress testing and crisis simulations in certain sectors of activity and key portfolios. These tests and simulations primarily cover credit, market and liquidity risk and capital. For more information, see pages 53, 63, 79, 89, 90 and 93 of the Annual Report .
CB-000.A	(1) Number and (2) value of chequing and savings accounts by segment: (a) personal and (b) small business	The Bank had an average deposit volume ¹ of \$40,357 million for its Personal segment and \$47,516 million for its Commercial segment in Q4 2023. For more information, see the Q4 2023 Analyst and Investor Presentation on nbc.ca . As at October 31, 2023, there were over 2 million chequing and savings accounts for the Personal segment and over 190,000 for the Commercial segment.
CB-000.B	(1) Number and (2) value of loans by segment: (a) personal, (b) small business, and (c) corporate	In Q4 2023, the Bank had an average volume ¹ of \$96,282 million in personal loans and bankers’ acceptances ² and \$54,565 million in business loans and bankers’ acceptances. For more information, see the Q4 2023 Analyst and Investor Presentation on nbc.ca . The Bank discloses the amount approved to businesses across Canada as debt financing and the number of businesses to which debt financing was granted. Please refer to page 12 of the Corporate Social Responsibility Statement . The Bank also discloses its average loans and acceptances for corporate banking on page 10 of the Q4 2023 Supplementary Financial Information document on nbc.ca .

Financial Sector – Consumer Finance

CF-220a.2	Total amount of monetary losses as a result of legal proceedings associated with customer privacy	The Bank does not disclose this information. In the normal course of business, the Bank and its subsidiaries are involved in various claims relating, among other matters, to loan portfolios, investment portfolios and supplier agreements, including court proceedings, investigations or claims of a regulatory nature, class actions or other various types of legal remedies. However, the Bank does not believe that any proceedings it is involved in could have a material negative impact on its consolidated financial position. Please refer to Note 26 (Guarantees, Commitments and Contingent Liabilities) on pages 217 to 219 of the Annual Report .
CF-230a.1	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of account holders affected	Please refer to the Privacy Booklet available in the Codes and commitments section on nbc.ca . Please also consult the <i>Top and Emerging Risks</i> section on pages 67 to 73 of the Annual Report . The Bank does not disclose this information.

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



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SASB Standard	Accounting Metric	2023 Disclosure
CF-230a.3	Description of approach to identifying and addressing data security risks	Refer to the answer for standard CB 230a.2 .
CF-270a.2	Approval rate for (1) credit and (2) pre-paid products for applicants with FICO scores above and below 660	Although the Bank does not disclose this data, the average value, loan-to-value ratio ¹ and average credit score for its portfolio of Canadian mortgage loans and home equity lines of credit can be found on page 18 of the Q4 2023 Analyst and Investor Presentation on nbc.ca . Moreover, additional information on the credit quality of our loan portfolio can be found on pages 76 and 77 and in the <i>Credit Quality of Loans</i> section of Note 7 starting on page 174 of the Annual Report .
CF-270a.5	Total amount of monetary losses as a result of legal proceedings associated with selling and servicing of products	The Bank does not disclose this information. In the normal course of business, the Bank and its subsidiaries are involved in various claims relating, among other matters, to loan portfolios, investment portfolios and supplier agreements, including court proceedings, investigations or claims of a regulatory nature, class actions or other various types of legal remedies. However, the Bank does not believe that any proceedings it is involved in could have a material negative impact on its consolidated financial position. Please refer to Note 26 (Guarantees, Commitments and Contingent Liabilities) on pages 217 to 219 of the Annual Report .
CF-000.B	Number of (1) credit card accounts and (2) pre-paid debit card accounts	As at October 31, 2023, we had over 960,000 active credit card accounts for the Personal and SME segment.

Financial Sector – Mortgage Finance

MF-270a.3	Total amount of monetary losses as a result of legal proceedings associated with communications to customers or remuneration of loan originators	The Bank does not disclose this information. In the normal course of business, the Bank and its subsidiaries are involved in various claims relating, among other matters, to loan portfolios, investment portfolios and supplier agreements, including court proceedings, investigations or claims of a regulatory nature, class actions or other various types of legal remedies. However, the Bank does not believe that any proceedings it is involved in could have a material negative impact on its consolidated financial position. Please refer to Note 26 (Guarantees, Commitments and Contingent Liabilities) on pages 217 to 219 of the Annual Report .
MF-270b.1	(1) Number, (2) value and (3) weighted average loan-to-value ratio of mortgages issued to (a) minority and (b) all borrowers, by FICO scores above and below 660	Although the Bank does not disclose this data, the average value, loan-to-value ratio and average credit score for its portfolio of Canadian mortgage loans and home equity lines of credit can be found on page 18 of the Q4 2023 Analyst and Investor Presentation on nbc.ca . For more information on our portfolio of residential mortgage loans, see page 24 of the Q4 2023 Supplementary Financial Information document on nbc.ca .
MF-270b.3	Description of policies and procedures for ensuring non-discriminatory mortgage origination	The Bank complies with all anti-discrimination laws and regulations. In addition, the Bank's Code of Conduct applies to everyone at the Bank (employees, directors and officers). The Code of Conduct establishes a zero-tolerance policy for any type of discrimination.
MF-000.A	(1) Number and (2) value of mortgages originated by category: (a) Residential and (b) commercial	The Bank discloses the value of its commercial and residential mortgages and the value of loans by category on page 30 of the Q4 2023 Analyst and Investor Presentation on nbc.ca . For more information on our portfolio of residential mortgage loans, see page 24 of the Q4 2023 Supplementary Financial Information document on nbc.ca .

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



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MF-000.B	(1) Number and (2) value of mortgages purchased by category: (a) residential and (b) commercial	For more information on our portfolio of residential mortgage loans, see page 24 of the Q4 2023 Supplementary Financial Information document on nbc.ca .
Financial Sector – Investment Banking and Brokerage		
IB-330a.1	Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees	The Bank presents its inclusion and diversity strategy, indicators and targets in its Inclusion, Diversity and Equity Booklet, available on the Inclusion, Diversity and Equity page on nbc.ca .
IB-410a.1	Revenue from (1) underwriting, (2) advisory and (3) securitization transactions incorporating integration of ESG factors, by industry	Of the transactions presented under standard IB-000.A, 55 transactions integrated a sustainability criterion or a specific environmental criterion, for a nominal value of over \$10 billion.
IB-410a.2	(1) Number and (2) total value of investments and loans incorporating integration of ESG factors, by industry	Please refer to the <i>Social – Sustainable bonds for eco-friendly projects and organizations</i> section of this report on page 45 as well as to the Capital and debt section on nbc.ca .
IB-510a.1	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behaviour, market manipulation, malpractice, or other related financial industry laws or regulations	Refer to the answer for standard CB 510a.1 .
IB-510a.2	Description of whistleblower policies and procedures	Refer to the answer for standard CB 510a.2 .
IB-510b.3	Total amount of monetary losses as a result of legal proceedings associated with professional integrity, including duty of care	The Bank does not disclose this information. In the normal course of business, the Bank and its subsidiaries are involved in various claims relating, among other matters, to loan portfolios, investment portfolios and supplier agreements, including court proceedings, investigations or claims of a regulatory nature, class actions or other various types of legal remedies. However, the Bank does not believe that any proceedings it is involved in could have a material negative impact on its consolidated financial position. Please refer to Note 26 (Guarantees, Commitments and Contingent Liabilities) on pages 217 to 219 of the Annual Report .
IB-510b.4	Description of approach to ensuring professional integrity, including duty of care	Every year, all employees, directors and officers of the Bank sign the Code of Conduct , which requires them to demonstrate honesty, trust, integrity and loyalty in all of their actions.
IB-550a.1	Global Systemically Important Bank (G-SIB) score, by category	Refer to the answer for standard CB 550a.1 .
IB-550a.2	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy and other business activities	Refer to the answer for standard CB 550a.2 .



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SASB Standard	Accounting Metric	2023 Disclosure
IB-000.A	(1) Number and (2) value of (a) underwriting, (b) advisory, and (c) securitization transactions	The Bank acted as: a) Underwriter for 156 transactions with a nominal value of over \$110 billion b) Agent for 274 transactions with a nominal value of over \$280 billion c) Agent for 17 securitization transactions with a nominal value of over \$10 billion
Financial Sector – Asset Management and Custody Activities		
AC-270a.2	Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of financial product related information to new and returning customers	The Bank does not disclose this information. In the normal course of business, the Bank and its subsidiaries are involved in various claims relating, among other matters, to loan portfolios, investment portfolios and supplier agreements, including court proceedings, investigations or claims of a regulatory nature, class actions or other various types of legal remedies. However, the Bank does not believe that any proceedings it is involved in could have a material negative impact on its consolidated financial position. Please refer to Note 26 (Guarantees, Commitments and Contingent Liabilities) on pages 217 to 219 of the Annual Report .
AC-270a.3	Description of approach to informing customers about products and services	Employees of the Bank are bound by the principles to protect clients set out on page 10 of the Code of Conduct . Please refer to the <i>Social – Providing our clients with appropriate advice and information on our products and services</i> section on page 27 of this report. The Bank also adheres to regulations that apply to all of its operations, including consumer protection regulations that require us to be transparent with our clients. The Human Resources Committee reviewed the Bank’s compensation practices in 2021 and continues to do so periodically.
AC-330a.1	Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees	Refer to the answer for standard IB 330a.1 .
AC-410a.1	Amount of assets under management, by asset class, that employ (1) integration of environmental, social, and governance (ESG) issues, (2) sustainable investing, and (3) screening	1) Through its open architecture business model, National Bank Investments (NBI) entrusts the management of its funds and investment solutions to external portfolio managers. As at October 31, 2023, 98.2% of NBI’s assets under management (\$74.8 billion, including cash) were managed by signatories of the UN Principles for Responsible Investment. NBI assesses its external managers’ integration of ESG criteria as part of its proprietary OP4+ analysis framework. 2) NBI offers a range of products focused on sustainable development. These products represent \$2.1 billion in actively managed equities and \$1.9 billion in actively managed fixed income securities. 3) NBI supports the exclusions applied by external managers, whether or not they are based on a legal obligation (national/international legislation, prohibitions or treaties) or on minimal requirements for practices under international standards. However, in 2023 we began to introduce normative exclusions that will apply to all NBI products. This transition will continue in 2024. For more information, see the <i>Social – Responsible Investment</i> section on page 46 of this report.
AC-410a.2	Description of approach to incorporation of (ESG) factors in investment and/or wealth management processes and strategies	NBI discloses how it integrates ESG criteria into its OP4+ process. For more information, see the <i>Social – Responsible Investment</i> section on page 46 of this report and nbinvestments.ca .



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SASB Standard	Accounting Metric	2023 Disclosure
AC-410a.3	Description of proxy voting and investee engagement policies and procedures	Our proxy voting and investee engagement policies and procedures are available on nbinvestments.ca .
AC-510a.1	Total amount of monetary losses resulting from legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behaviour, market manipulation, malpractice or other related financial industry laws or regulations	Refer to the answer for standard CB 510a.1 .
AC-510a.2	Description of whistleblower policies and procedures	Refer to the answer for standard CB 510a.2 .
AC-000.A	(1) Total registered and (2) total unregistered assets under management (AUM)	In Q4 2023, the Bank had \$120.9 billion in assets under management. For a breakdown of this data, please refer to page 7 of the Q4 2023 Supplementary Financial Information document on nbc.ca .





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