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# MESSAGE FROM THE PRESIDENT

As an institution shaped by a series of mergers and acquisitions, National Bank has developed a strong capacity to adapt over the course of its history. The Bank is now leveraging this strength to address the challenges currently facing society. Today more than ever, the Bank is relying on its teams and activities being adaptable in order to meet the expectations of its stakeholders in a changing environment and be a responsible corporate citizen. In 2015, the Bank again contributed to economic and social growth across the country by drawing on its ability to bring about change in four main ways.

## Innovating for business and society

In today's fast-changing world, economic and social growth hinges on innovation. National Bank continues to use leading-edge technology and new models to offer its clients top-notch service, whether through its various mobile apps, advanced features on its direct brokerage site, or the diverse investment solutions possible with its open architecture platform. Similarly, in order to forge closer bonds between universities and private businesses and encourage innovation, the Bank supports various business incubators, research centres, urban neighbourhood projects and idea labs. Moreover, through a historical impact investment initiative with the First Nations Finance Authority, the Bank helped this organization raise \$140 million to finance infrastructure and economic development projects in First Nations communities throughout Canada.

## Being carbon responsible

Climate change is a priority worldwide. By taking an eco-responsible approach to the design and upkeep of its buildings and maintaining its carbon neutral status, the Bank stands as a leader in energy efficiency. Last year, the Bank received LEED® Canada Gold certification (Existing Buildings: Operations and Maintenance) for its National Bank Tower head office, adding to the LEED certifications it has already been awarded. Our active role in financing clean energy has also been recognized, with Bloomberg New Energy Finance (BNEF) including us in its Clean Energy & Energy Smart Technology League Tables.

## Supporting the next generation of entrepreneurs

Because our economy needs entrepreneurs and small and medium-sized businesses, National Bank has developed partnerships with multiple organizations to promote entrepreneurship. As part of the *Devenir entrepreneur* program, the Bank joined forces with other industry players

to foster entrepreneurial culture. We also helped Ulule, a world leader in crowdfunding, bring its platform to Canada. Last but not least, we maintained strong relationships with our long-standing partners, notably the *École d'Entrepreneurship de Beauce*.

## Championing diversity and inclusion: two fundamental values

At National Bank, diversity is seen as both a strength and an advantage. As a way to showcase the richness of our social fabric, we have presented events that celebrate the heritage of cultural communities and the dynamism of the LGBT community, to name a couple of examples. The benefits of gender diversity are also increasingly recognized. With the high proportion of women on its management team and Board of Directors, the Bank can be proud of its leadership in this area.

Over the past fiscal year, National Bank paid \$565 million in income and other taxes, spent \$1 billion on goods and services, invested \$117 million in its facilities and, with the help of its employees, retired employees and clients, gave over \$25 million to the community. These numbers illustrate the Bank's contribution to the wealth of our society and the engagement of its teams in our communities. As this overview of our achievements in terms of environmental, social and governance responsibility shows, National Bank is constantly evolving and deeply committed to all of its stakeholders. I encourage you to read on and discover all the ways we are contributing to an ever-changing world.

Louis Vachon  
President and Chief Executive Officer

# ABOUT US

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National Bank of Canada offers integrated financial services to consumers, small and medium-sized enterprises and large corporations. It operates three key lines of business—Personal and Commercial Banking, Wealth Management and Financial Markets—with total assets in excess of \$216 billion as at October 31, 2015.

Through its team of close to 20,000 employees, National Bank provides a complete range of services, including banking and investment solutions for individual and corporate clients, securities brokerage, insurance and wealth management.

National Bank is the leading bank in Quebec and the partner of choice for small and medium-sized enterprises. It is also the sixth largest bank in Canada, with branches in almost every province. Clients in the United States, Europe and other parts of the world are served through a network of representative offices, subsidiaries and partnerships. Its head office is located in Montreal and its securities are listed on the Toronto Stock Exchange.

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## Acting responsibly

National Bank is committed to effectively meeting the expectations of its stakeholders and building lasting relationships with them.

Our corporate social responsibility strategy rests on six pillars: our clients, our employees, the community, the environment, governance and our contribution to the economy. This Social Responsibility Report summarizes our achievements in relation to these six pillars.

## Ranking among the best

National Bank distinguished itself in 2015, placing among the top companies in a number of prestigious lists. For example, National Bank received four Best Banking Awards in Canada from Ipsos Reid for the quality of its customer service.

What's more, it was once again ranked among the Best Employers in Canada (Aon Hewitt) and named for a fifth consecutive year as one of Canada's Best Diversity Employers (Mediacorp Canada). The Bank was also recognized as one of the Best Corporate Citizens in Canada by *Corporate Knights magazine*.

[www.nbc.ca](http://www.nbc.ca) > [About Us](#) > [Our organization](#) > [Portrait of the Bank](#) > [Awards, Distinctions and Honours](#)

## NATIONAL BANK AT A GLANCE

**19,764**

Employees

**452**

Branches

**930**

Banking  
machines

**2.3**

**MILLION**  
Individual  
clients

**\$ 216**

**BILLION**  
Assets

**\$ 358**

**BILLION**  
Assets under  
management  
and administration

**\$ 14.6**

**BILLION**  
Stock market  
capitalization

(as at October 31, 2015)



# SERVING OUR CLIENTS BETTER

At National Bank, our clients are at the heart of our activities. That's why we strive to continuously improve our work methods, services, networks and infrastructures to better meet their needs.

We are deeply committed to fostering close relationships with our clients and assisting them at every stage of their life with their various projects, both business-related and personal. Our employees across the country are dedicated to providing outstanding service to all clients regardless of their point of entry to the Bank.

## Our pledge: to roll out the red carpet for all our clients

In 2015, the Bank continued to implement initiatives aimed at delivering on its Client Promise. This promise reflects our belief that a superior client experience hinges on being accessible, convenient and proactive.

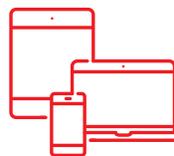
Going forward, we intend to keep making tangible improvements in all our sectors of activity. We plan to be more proactive in serving our clients, while continuing to develop convenient multi-channel services that are accessible in branches, by telephone and via our digital banking solutions (Internet, tablet or smartphone).

## Investing in technology

This year, National Bank kept working on the most extensive IT system upgrade in its history. All Bank sectors are pooling their efforts to review systems and processes with the goal of simplifying them and bringing them more in line with clients' needs. Our goal is to serve clients when and how they want through high-performance digital and traditional channels.

Here are some of the improvements made in the past year to enhance the client experience, make our services more accessible, and develop our digital banking solutions.

### Tablet app



National Bank expanded its mobile app solutions by launching a version of NBC mobile banking for Android® tablets. In 2015, new functions were added to enhance the application, which is also available for iPad®.

### Smartphone app

The Bank pursued its mobile shift with a new generation of the NBC mobile banking app for smartphones (iPhone® and Android®). Developed and designed specially for smartphones, this state-of-the-art app with its ergonomic interface offers users an intuitive experience, streamlined functions, and all the tools they need to carry out their transactions easily with just a few taps, when and where they want.

### Mortgage platform

Rollout of the Bank's leading-edge mortgage origination platform continued throughout the past fiscal year. In 2015, emphasis was placed on multi-channel development, with new functions such as verbal consent being developed specifically to allow for remote mortgage origination. As a result, close to 3,000 employees across Canada can now present financing options to their clients and give them a mortgage financing decision after a single hour-long meeting in most cases.

® iPad and iPhone are trademarks of Apple Inc., registered in the U.S. and other countries.  
® Android is a registered trademark of Google Inc.

## Consolidating our presence coast to coast

National Bank Financial – Wealth Management (NBFWM) stepped up its cross-country expansion by setting up retail banking resources in close proximity to its Vancouver, Calgary and Quebec City offices following the successful launch of this strategy in White Rock, British Columbia in 2014. With this new approach, clients can benefit from a complete offer of banking and investment services, all under one roof.

National Bank Private Banking 1859 is also establishing a national footprint by opening storefront locations in Western Canada. Its branches, slated to open in Calgary, Vancouver and other markets, will cater to all the banking, investment, credit and foreign exchange needs of high-net-worth clients.

In addition, the Bank launched a new Canada-wide trading platform to make it easier for mutual fund representatives to sell exchange-traded funds (ETFs). Thanks to the platform, which was set up by National Bank Correspondent Network (NBCN), trades can be executed and subsequently confirmed with the mutual fund representatives.

## Leading edge solutions and advice

We want to build close relationships with all our clients and help them make the best possible financial decisions. In 2015, we developed new tools and services to that end.

- ▶ Our wealth management subsidiary National Bank Investments continued to innovate throughout the past fiscal year, taking full advantage of its open architecture platform. It concluded agreements with such major players as Goldman Sachs Asset Management L.P. and Rothschild Asset Management Inc. to offer its clients the type of new products they are looking for, notably smart beta funds.
- ▶ To address investors' environmental, social and governance concerns, the Bank launched a new product: the Socially Responsible GIC – Canadian Market. This investment solution is a concrete example of National Bank's commitment to social responsibility.

- ▶ The Bank now also makes it possible to contribute to a Registered Disability Savings Plan (RDSP), which can be used to save for the long-term financial security of a person who has a severe disability or prolonged illness. RDSPs can be opened at National Bank Financial with the help of an Investment Advisor or at National Bank Direct Brokerage for do-it-yourself investors. As with all other registered accounts, clients can choose from a multitude of investment options.
- ▶ The Bank introduced low-cost accounts for designated client groups.
- ▶ With its financial literacy site [clearfacts.ca](http://clearfacts.ca), National Bank gives people of all ages the tools they need to understand their personal finances. The site includes some 2,000 articles, reports, videos and webinars that provide information on a wide variety of topics and boasts 3 million visits since its launch in 2010. In 2015, the Bank published an exclusive series of articles on financial independence to mark Financial Literacy Month.

[www.clearfacts.ca](http://www.clearfacts.ca)

## Improving and expanding our services for newcomers

In order to better meet the specific needs of newcomers to Canada, the Bank enhanced its service offer.

- ▶ Temporary residents are now eligible for the Welcome Offer for Newcomers.
- ▶ The criteria for granting credit cards have been eased.
- ▶ Bank accounts can now be opened from abroad.

Through partnerships with various non-profit organizations, the Bank also helps newcomers get acquainted with the Canadian banking system. In addition, it administers the Canada and Quebec Immigrant Investor Programs, through which it helps foreign entrepreneurs and their families get established. The National Bank and National Bank Financial websites provide detailed information on these services and valuable advice for immigrant clients.

[www.nbc.ca/immigrate](http://www.nbc.ca/immigrate)  
[www.clearfacts.ca](http://www.clearfacts.ca)  
[www.nbf-gocanada.com](http://www.nbf-gocanada.com)

## New services and tools for do-it-yourself investors

In 2015, National Bank Direct Brokerage (NBDB) was named “Highest in Investor Satisfaction With Discount Brokerage Firms” by J.D. Power in the Canadian Discount Brokerage Investor Satisfaction Study<sup>1</sup>.

To further enhance its service offering, last year NBDB made its InvestCube service more widely accessible by reducing the minimum initial investment from \$25,000 to \$10,000. This solution gives investors access to five different exchange-traded fund (ETF) portfolios that are reviewed monthly and automatically rebalanced, as needed.

NBDB also made improvements to its ETF Centre to make it easier than ever to research ETFs. Do-it-yourself investors can now benefit from more powerful filters and view the day’s top ETF performers as well as more detailed charts.

[www.nbdb.ca](http://www.nbdb.ca)

Twitter: [#NBDirectBrokerage](https://twitter.com/NBDirectBrokerage)

LinkedIn: [National Bank Direct Brokerage](#)

## Active support for retirement planning

In 2015, National Bank continued to offer an impressive range of retirement planning resources to its clients. A variety of publications and interactive tools are available online or in branches to help clients assess and plan their financial needs for retirement. The MyIdea app, for instance, helps users accurately determine how much they need to save up and also provides tips on retirement and project planning. Over the year, our experts also offered many retirement-themed seminars to thousands of clients across Canada.

[www.nbc.ca](http://www.nbc.ca) > [Personal](#) > [Investing](#) > [Plan your retirement](#)

<sup>1</sup> National Bank Direct Brokerage received the highest numerical score among discount brokerage firms in the proprietary J.D. Power 2015 Canadian Discount Brokerage Investor Satisfaction Study<sup>SM</sup>. The study was based on 2,734 responses measuring investor satisfaction across 10 firms. Proprietary study results are based on experiences and perceptions of consumers surveyed in May-June 2015. Experiences may vary. Visit [jdpower.com](http://jdpower.com).

## Maintaining close ties with our business clients

National Bank is well-known for the strong ties it has forged over the years with its business clients. Whatever their sector of activity, entrepreneurs can count on our highly qualified advisors to guide them through every stage of their development.

The products and services proposed by our experts focus on five main areas: operating efficiency, financing, risk management, investments and the sustainability of the business. In all cases, National Bank specialists always strive to find the most suitable solutions for each client.

In a business world where international trade, cash management, human resources management and risk management are becoming increasingly complex, our personalized approach takes into consideration our clients’ goals and projects to help them achieve optimal growth now and in the future.

One of the most noteworthy initiatives in 2015 was the My Business Model tool, which the Bank launched to help clients turn their business ideas into reality. This online tool provides a simple way for entrepreneurs to design agile, innovative businesses. In addition, in order to better serve its SME clients, the Bank pooled the different types of expertise it offers to create Business Central, an advisory service that gives clients remote access to the support of specialists and to a complete line of banking solutions.

The Bank also continued to lend support to Quebec-based businesses seeking to set up a Voluntary Retirement Savings Plan (VRSP) for their employees.

## Offering specialized services

Over the past fiscal year, the Bank further tailored its selection of financial solutions to its clients’ specific fields of activity. Our experts can offer specialized support and solutions to businesses in a wide range of sectors, such as agriculture, health, television and film, to name but a few.

National Bank also serves a number of not-for-profit organizations, offering them preferred rates on financial solutions and a variety of support services, including assistance with planned giving development.

[www.nbc.ca](http://www.nbc.ca) > [Business](#) > [Financing](#) > [Specialized financing](#)

## The changing face of our branch network

The Bank pursued its branch improvement projects in 2015, with investments approaching \$10 million. Four major upgrade projects were carried out in all. Work was also carried out to meet specific needs in over 180 branches.

- ▶ After analyzing client traffic in branches, the Bank adjusted business hours in certain regions to better meet clients' needs.
- ▶ The Bank continued planning for the upgrade of all its banking machines. The new-generation ABMs will feature an intuitive interface for easier navigation and a wider range of functions. These ABMs will gradually be deployed throughout the branch network in 2016.
- ▶ Our new branch in the heart of Montreal's entertainment district was designed to blend in with neighbouring Place des Arts and provide a showcase for some of the works in our corporate art collection.
- ▶ Natbank, National Bank's subsidiary in Florida, opened its third branch—this one in Boynton Beach.
- ▶ Several of our branches celebrated their centennial this year, including our branches in Alma, Laval (on Samson), Métabetchouan—Lac-à-la-Croix, Saint-Gabriel-de-Brandon, Saint-Damien, Saint-Joseph-de-Beauce, Saint-Prosper, Témiscouata-sur-le-Lac, and Montreal (on Masson).
- ▶ The National Bank network now has 452 branches and 930 banking machines. We also provide access to some 3,300 ABMs across Canada through THE EXCHANGE® network.

## The branch of tomorrow

The growing use of technology in financial services together with easier access to financial information are transforming clients' needs and expectations. National Bank is therefore currently working on designing the branch of the future, which will leverage technology and focus on service excellence through employee training and skills development. A series of initiatives to maximize our distribution model will be gradually rolled out, such as a certification program for sales force

employees and the development of new branch concepts. These will be tested in pilot branches in a number of cities, including Saint-Jean-sur-Richelieu and Montreal.



The Bank is reinventing its branches to better help its clients power their ideas.

## Engaging conversation on social networks

In 2015, National Bank clients were more connected than ever to a variety of web-based platforms and social media. The Bank's daily presence on social networking sites has meant increased opportunities for interaction with clients and interest groups alike.

### Connecting with us via social networks



#### LinkedIn

To view the hundreds of jobs posted each year.



#### Twitter

To follow National Bank news in real time and receive investment and savings advice as well as information about seminars presented by National Bank Direct Brokerage and philanthropic initiatives.



#### Facebook

To check out photo albums, advice and articles on personal finance, personalized contests and job offers.



#### Google Maps

To find the nearest National Bank branch.



#### YouTube

To view dozens of video clips for a better understanding of personal finance and learn more about our services and promotional offers.



#### Google+

To find a variety of ads and web content on personal finance and social responsibility.



#### Instagram

To view photos of events supported by the Bank.

For a list of our web addresses on social networks, go to [www.nbc.ca/socialnetworks](http://www.nbc.ca/socialnetworks).

## Supporting entrepreneurship

Founded by a group of entrepreneurs more than 150 years ago, National Bank knows all too well the importance of small and medium-sized businesses in the country's economy and regional development. That is why it supports so many initiatives and organizations that are dedicated to engaging, training and coaching entrepreneurs.

In 2015, the Bank launched *Devenir entrepreneur*, a program undertaken in partnership with the *Caisse de dépôt et placement du Québec* and *Mouvement Desjardins* to encourage entrepreneurship. This three-year program will help create favourable conditions for nurturing a new generation of entrepreneurs just as an unprecedented number of businesses are slated to change hands.

[www.devenirentrepreneur.com](http://www.devenirentrepreneur.com)

National Bank also recognizes the major role that educational institutions play in fuelling entrepreneurship. Numerous partnerships were announced in recent years, including one with *Campus Montréal*, which saw the Bank make a historic \$10 million donation toward the creation and development of the National Bank | HEC Montréal Institute for Entrepreneurship. The Bank supports other institutions as well, namely McGill University, Concordia University, Wilfrid Laurier University, Bishop's University, University of Toronto, University of New Brunswick, *Université du Québec à Chicoutimi*, *Université du Québec à Trois-Rivières* and *Université du Québec à Montréal*. In all, the Bank gave more than \$2 million in 2015 to help fund entrepreneurship programs at post-secondary establishments in Canada.

There are many other ways that National Bank supports organizations that help entrepreneurs. Whether they are starting up, expanding or preparing to transfer their business, entrepreneurs can find useful resources supported by the Bank. For example, Ulule, one of the world's biggest crowdfunding players, made its Canadian début with the Bank's help. Thousands of business, creative and community projects owe their start to this crowdfunding platform. Lastly, we continue to partner with the *École d'Entrepreneurship de Beauce* (EEB), notably through the *Fonds EEB Banque Nationale*, and with other organizations, such as *Fondation Montréal inc.*, Notman House and Adrenaly.

## Listening to our clients

For a number of years now, National Bank has used various means to measure clients' satisfaction with the quality and competitiveness of its products and services and gain a better understanding of their expectations.

Over the past year, a specialized external firm surveyed more than 130,000 of the Bank's retail and business clients in many business units. This exercise gives the Bank clearer insight into what clients want so that it can better meet their needs. The results of such surveys are analyzed and integrated into the Bank's business plans, in keeping with the continuous improvement approach adopted by the entire organization.

## Addressing client complaints

National Bank has a simple, accessible and effective complaint settlement process that focuses on finding solutions. It encourages effective handling and resolution of complaints in a neutral, impartial way through the Office of the Ombudsman for Clients, which offers alternative, independent recourse for complaints not settled to the client's satisfaction. It partners with specialists from all areas to promote a collaborative approach among the parties involved and methods adapted to each specific situation. In 2015, the Office of the Ombudsman published its charter, which sets out the mandate of the Ombudsman and the complaint settlement process. Each year, the Office of the Ombudsman publishes data on the complaints handled over the past year on the Bank's website.

[www.nbc.ca](http://www.nbc.ca) > [About Us](#) > [Our Organization](#) > [Complaint Settlement](#)



For 21 years, National Bank has been paying tribute to entrepreneurs who make an outstanding contribution to Quebec's growth and prosperity. This prestigious contest is intended to recognize top-performing local businesses and salute their leaders.

Following a rigorous selection process by an independent jury, businesses were honoured in four Quebec regions. The winners in each category, as well as the Jury's Choice prize for the business most involved in the community, were then announced at the provincial gala evening.

**In 2015, the provincial winners in the five categories and Jury's Choice were:**

**Agribusiness SME:**  
Le Potager Riendeau Inc.  
in Saint-Rémi



**SME with \$5 to \$20 million in sales:**  
TOPRING  
in Granby



**Export SME:**  
Distech Controls  
in Brossard



**SME with \$20 to \$50 million in sales:**  
Ropack Inc.  
in Montreal



**SME with less than \$5 million in sales:**  
MEDIAL Conseil  
Santé Sécurité Inc.  
in Quebec City



**Jury's Choice – Community Involvement:**  
TECSYS Inc.  
in Montreal



# WORKING TOGETHER SUCCEEDING TOGETHER

National Bank is recognized as a top employer in Canada and its best ambassadors are its employees. They are always at the heart of the action and their talent and commitment make them one of our organization's greatest assets.

Listening to our employees and providing a stimulating environment where they can achieve their full potential is therefore a priority for the Bank. We believe that this is the best way to build a team of engaged and knowledgeable employees who are able to deliver a distinctive client experience.

## Taking care of our employees

For National Bank, maintaining a stimulating work environment and a positive employee experience is essential. Listening to our employees, by conducting surveys to measure their engagement and offering programs that support a healthy workplace, is therefore important.

To promote employee wellness, National Bank set up the My Health: My Wealth! Program, which encourages employees to look after their physical and mental well-being by providing them with information, tools and resources to adopt healthy lifestyles. Launched 10 years ago, this program is greatly appreciated by employees.

National Bank also offers confidential professional support to employees and their loved ones who are coping with difficulties in their personal lives through its Employee and Family Assistance Program (EFAP). The EFAP also provides counselling services for managers to help them deal with sensitive and emotionally difficult situations they may face in their management role.

Moreover, in 1980, National Bank became the first company in Quebec to make a workplace daycare available to its employees. In operation for 35 years now, our *Voûte enchantée* daycare continues to offer excellent educational programs to its 175 youngsters, thanks to a dedicated team of more than 50 employees.

## National Tour - Succeeding Together



The National Tour is an annual series of activities first held in 2014 in response to employees' desire to discuss the Bank's vision and strategic orientations with different members of management.

In 2015, the Bank-wide Tour ran over several months and members of management once again travelled to different regions to meet with teams and answer their questions. In all, 45 executives and managers took part in one or more of the numerous initiatives, including branch visits, sector meetings, presentations, recognition events, a Let's Talk Career Day and online chat session.

The National Tour again proved a great success, as evidenced by the nearly 7,000 employees who took part. They highlighted the importance placed on discussion and managers' openness as two Bank values that are particularly well showcased during the Tour.

## Maintaining a dialogue with our employees

Keeping employees well informed and addressing their concerns on the business vision and changes underway in the organization has always been a priority for senior management.

Every year, members of the Office of the President take time to meet with hundreds of employees across all line levels and all regions where the Bank is present.

In 2015, President and Chief Executive Officer Louis Vachon also met with many employees at executive luncheons, branch visits, lunch meetings and other events to talk directly with them and get their opinion on a variety of subjects that affect the organization. Mr. Vachon also holds quarterly conference calls during which he presents the Bank's results and strategic orientations, and participates in many National Tour activities.

We periodically carry out various confidential surveys to help us listen to our employees and managers, foster dialogue with them and gather their comments, concerns and suggestions about different aspects of their work life. Their feedback enables us to continually enhance the Bank's practices and offer a superior employee experience.



Each year, the Bank organizes various meetings that bring employees and members of management together to discuss business priorities.

## Settling disputes with respect

National Bank has established an Employee Ombudsman's Office to help settle any disputes employees may experience in their job. The Employee Ombudsman's Office (EOO) is made up of professionals who abide by a strict code of ethics. Their role is to encourage dialogue between parties involved and serve as advisors and facilitators. The EOO reports directly to the President and Chief Executive Officer. In the interest of preserving confidentiality and neutrality, the EOO is located off site.

## One of Canada's top employers

National Bank has received numerous awards over the years for being an outstanding employer. In 2015, we were recognized in several prestigious rankings, including the following:

- **Aon Best Employers – Canada 2016, Gold Level**  
(Aon Hewitt)
- **Montreal's Top Employers**  
(Mediacorp Canada)
- **Canada's Best Diversity Employers**  
(Mediacorp Canada)



According to our employees, the Bank stands out for all of the following:

- The engaging leadership and inspiring vision of its executives
- The opportunities for employee development and a challenging career
- The spirit of camaraderie within teams

## Embracing diversity

National Bank sees diversity as a tremendous source of wealth and is committed to promoting it within all business units. In addition to the four designated groups identified in the *Employment Equity Act* (women, persons with disabilities, visible minorities and aboriginal people), we welcome and value the talents that people of diverse ages, cultures and sexual orientations have to offer.

The key objectives of the Bank's three-year diversity plan are adopting inclusive human resources practices, creating internal networks and establishing partnerships with various organizations to better integrate minority groups into the job market.

To further reinforce its commitment, in 2014 the Bank created a diversity taskforce made up of members of senior management from each of its business sectors. The aim of the taskforce is to discuss the Bank's diversity-related initiatives and gain a better understanding of the specific needs of each sector. Over the past year, the taskforce contributed to a plan for raising awareness about diversity among all employees.

Our diversity objectives:

- ▶ Build a workforce that reflects the clients we serve
- ▶ Make diversity a driver of growth and development for the Bank
- ▶ Get involved and make a difference in a wide range of communities
- ▶ Maintain our position as a diversity leader
- ▶ Act as a role model and share the expertise we have developed over the years with other organizations



In 2015, the Bank held several activities celebrating diversity.

### Representation (as at October 31, 2015)



**40** Number of languages spoken by employees

**French, English, Spanish, Arabic, Italian and Portuguese**  
Most frequently spoken

**60** Number of cultural communities to which employees belong

## SOME OF OUR INITIATIVES

### Women

#### Women in management

For many years, National Bank has been rolling out a wide range of measures to increase the number of women in leadership roles. With 38% of officer or executive officer positions held by women (as at January 31, 2016), National Bank has one of the highest proportions of women in management among Canadian banks.

This year, the President and CEO of National Bank, Louis Vachon, and the President and CEO of Air Canada, Calin Rovinescu, held a breakfast meeting on diversity for company executives and directors at the Bank's head office. The aim of the meeting was to present the many benefits of diversity in the workplace and encourage participants to increase the number of female managers and directors in their respective companies.

#### A few of our partners

- Association of Québec Women in Finance
- Women's Executive Network
- Women in Capital Markets

### Lesbian, gay, bisexual and transgender (LGBT) community

#### Celebrating diversity

National Bank has been a national partner of Pride at Work Canada since 2012. Through this partnership, the Bank is able to show its support for the organization's mission of promoting a workplace culture that is respectful of the LGBT community, to share best practices with other organizations and to encourage employee involvement in the network's activities.

#### The same employee benefits for all

Our pension plan and employee benefits have included same-sex spouses for 20 years now. In fact, National Bank was one of the first financial institutions to put such measures into place.

#### A few of our partners

- International Day Against Homophobia and Transphobia
- *Gala Arc-en-Ciel* run by the *Conseil québécois LGBT*
- *GRIS-Montréal* and *GRIS-Québec*

### Cultural communities

#### Promoting inclusion

To offer its employees an inclusive work environment and remove any obstacles to career advancement for members of minority groups, National Bank has implemented a policy advocating the adoption of reasonable measures for the prevention of discrimination in any form.

#### Diversity Ambassadors

The Diversity Ambassadors program was established to encourage the recruitment of employees from different ethnic and cultural origins and foster business development with newcomers to Canada. Through the program, employees can become ambassadors and play a key role in promoting the Bank within their communities.

#### A few of our partners

- *Service externe de main-d'œuvre* (SEMO) in several Quebec regions
- *Clef pour l'intégration au travail des immigrants* (CITIM)
- *Office français de l'immigration et de l'intégration* (OFII)

### People with functional limitations

#### Welcoming differences

National Bank's Accommodation program presents various measures for meeting the specific needs of people with functional limitations. Such measures include adjusting workstations, improving access to workplaces, providing specialized equipment and adapting duties.

#### A few of our partners

- *Comité d'adaptation de la main-d'œuvre* (CAMO) for persons with disabilities
- *Service externe de main-d'œuvre* (SEMO) in several Quebec regions
- Gold Centre

## Programs to foster new talent and diversity

### *Bursaries for students with functional limitations*

Every year for over 20 years, National Bank has helped people with functional limitations pursue their postsecondary education by offering them financial support and relevant work experience.

In 2015, the Bank awarded a \$5,000 bursary and a 12-week paid summer job to a university student as well as a \$2,500 bursary and a 10-week paid summer job to a college-level student through its Bursary and Summer Employment Program for students with functional limitations.

### *Women in financial markets scholarship program*

This unique initiative in the Canadian banking industry is intended to encourage women seeking to carve out a career in finance to pursue graduate studies and also learn more about our organization.

In 2015, National Bank selected three winners who are currently enrolled in a graduate program at a Canadian university:

- ▶ Sarah Brown is undertaking a Master of Business Administration at the Ivey Business School, Western University
- ▶ Pascale Venne is undertaking a Master's in Mathematical Finance at the University of Toronto
- ▶ Justine Bergeron is undertaking a Master's in Finance at HEC Montreal

In addition to sharing \$30,000 in scholarship money, the three winners were each paired with an experienced female manager in the Financial Markets sector who will mentor them throughout their studies.



### *Financial Markets programs for students and new graduates*

For several years now, National Bank has offered a summer internship program whereby university students can gain experience working in one of the Financial Markets business units and interact with some of the Bank's industry specialists and professionals. In 2015, 25 interns were hired for the summer.

This year, 11 recent graduates joined the Financial Markets rotation program, 4 of which had completed a summer internship at the Bank. The 12-month program offers new recruits work experience in our trading rooms and different business sectors in Montreal, Toronto and Calgary, enabling them to deepen their knowledge of financial markets and the banking industry. These employees are then offered a permanent assignment in line with their interests and strengths.

## Dynamic internal networks

2015 was another busy year for National Bank's internal networks, namely, the Women's Leadership Network dedicated to the advancement of women, the Young Employees Network for the new generations, the Connexion group for the sales force and the IDEO network for members of the lesbian, gay, bisexual and transgender (LGBT) community. These internal networks organized numerous events that enabled participants to share best practices, expand their personal contacts, and benefit from the experience of members of senior management.

All four of these networks primarily serve to:

- ▶ Promote development and leadership among employees
- ▶ Facilitate networking
- ▶ Encourage mentoring
- ▶ Help their members strengthen community ties

The Executive Vice-President – Financial Markets, Ricardo Pascoe (centre), flanked by members of the Management Committee and Financial Markets employees, Brian Davis, Beata Swist, Susan Monteith, Sean St. John, Sandy Lam and Isabelle Paquet, with the scholarship recipients (seated): Sarah Brown, Pascale Venne and Justine Bergeron.

## Offering competitive total compensation

National Bank offers a total compensation package designed to attract, engage and retain the high-calibre employees needed to meet its business objectives. The following principles form the cornerstone of our total compensation policy:

- ▶ Offer competitive compensation in order to attract, engage and retain talent.
- ▶ Recognize employees' contribution with fair and just compensation based on their roles and responsibilities.
- ▶ Pay competitive variable compensation when results meet expectations, higher compensation when they exceed target objectives and lower compensation when they fall short of expectations.
- ▶ Engage employees to focus on enhancing the Bank's performance and generating added value for shareholders.
- ▶ Contribute to the achievement of the sectors' business objectives.
- ▶ Support employees' needs and ensure their well-being.

The Bank has a broad range of compensation components to meet different needs and ensure competitive total compensation. Our total compensation package consists of:

- ▶ Base salary
- ▶ Variable compensation programs
- ▶ Employee benefits, including:
  - Flexible group insurance plan
  - Defined benefit pension plan
  - Employee share ownership plan
  - Credit and banking privileges
  - Employee and Family Assistance Program

## Contributing to professional development

National Bank continually invests each year in creating an environment that promotes learning and helps employees grow and thrive in their work. By giving employees an opportunity to build their knowledge and skills, our development program helps foster their engagement, loyalty, performance and advancement, and is conducive to creating a distinctive client experience.

For the sixth consecutive year, the Bank was awarded a certificate by *Emploi Québec* in recognition of its quality training initiatives. Our training is geared to the needs of our different groups of employees, with specially-created roadmaps for managers and customized course offerings for professionals and clerical employees. A mentor program is also available to senior managers and employees with strong potential for development within the company to help them strengthen their management and leadership skills.

Each business sector has its own development strategy that reflects the specific market- and transformation-related challenges it faces. In this way, the Bank ensures that its employees continue to build relevant expertise and keep up-to-date with industry trends. In 2015, we invested more than \$24 million in employee skills development. In all, some 96,000 courses were completed, representing approximately 69,000 training days.

In order to promote a client-centric corporate culture, all Bank employees and managers must now complete a new training course introduced this past year on providing a Red Carpet client experience. The goal of this course is to ensure all employees share the same values and consistently adopt the same behaviours needed to deliver outstanding service and be more accessible, convenient and proactive—the three pillars of our Red Carpet client experience.

In a highly competitive market and with the shift in client banking to digital channels, the quality of services offered by advisors is, more than ever, a differentiating factor for our clients. The Bank has therefore implemented a certification process that helps advisors master their professional requirements so they can effectively meet the evolving needs of our clients. The process also enables employees to further their careers by developing in their position and receiving appropriate support from their manager. Our ambition is for employees to be proud of their expertise, develop their skills and use the certification process to advance.

# ENCOURAGING COMMUNITY DEVELOPMENT

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A leading player in the country's economy for over 150 years, National Bank is committed to promoting the well-being of the communities it serves. The Bank is always attentive to its employees, clients and partners in order to understand what they expect of their financial institution in this regard. Their feedback enables us to do even more to meet the needs identified.

The Bank succeeds in doing this through a well-defined donations and sponsorships program, dedicated employees and retirees who are passionate volunteers as well as successful fundraising efforts. At the heart of this commitment is our involvement with youth, where a large proportion of our contributions are concentrated.

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## Helping through giving

Every year, through its donations and sponsorships, the Bank supports the mission of hundreds of Canadian organizations in the sectors of health, sports, education, entrepreneurship, arts and culture, and community outreach. The recipient organizations are selected in accordance with strict guidelines to ensure that each request is given due consideration, with a view to being as equitable as possible and maximizing the benefits of our community giving.

In 2015, the Bank's donations to the community topped \$25 million. This amount included some \$10 million in corporate donations and several million dollars in event sponsorships and fundraising.

*[www.nbc.ca](http://www.nbc.ca) > About Us > Social Responsibility > Request for Financial Support*



## Focusing on youth

At National Bank, we feel it is our duty to help young people develop to their full potential. Through its One for Youth program, National Bank provides financial support to numerous causes dedicated to helping younger generations and encourages its nearly 20,000 employees to volunteer.

As part of this program, the Bank launched the third edition of the One for Youth Regional Committees in October 2015. The 12 regional committees set up coast to coast were mandated to select the best local and regional initiatives that promote entrepreneurial spirit, health and wellness, and education. The committees, made up of a young person under the age of 25, key community members and National Bank executives, selected 186 organizations which will share \$1 million to carry out their inspiring youth projects.

To date, the Bank's One for Youth Regional Committees have given a total of \$3 million to 465 organizations Canada-wide and made a difference in the lives of nearly 105,000 young people.

For more information: [www.youth.nationalbank.ca](http://www.youth.nationalbank.ca)

## SOME OF OUR DONATIONS

### Our commitment to **HEALTH**

- **Centre hospitalier universitaire de Québec (CHU de Québec)** (Quebec City, Quebec; 2015-2021). To set the tone for the CHU de Québec's major fundraising campaign, co-chaired by Louis Vachon, the Bank contributed \$3.3 million for the purchase of a cyclotron that will enable the hospital's research centre to produce its own medical radioisotopes. An additional \$65,000 was raised thanks to business people, honorary guests and employees in the Quebec City region who hiked to the top of Le Massif in Quebec's Charlevoix region.

**\$3,300,000**

- **Montreal Children's Hospital Foundation** (Montreal, Quebec; 2009-2018). Donation for the construction of the Family Resource Library in the new hospital, inaugurated in May 2015, for the benefit of parents and children. Parents who need to spend long hours at the hospital can also use a computer workstation to work or keep in touch with family and friends.

**\$1,500,000**

- **Children's Hospital of Eastern Ontario (CHEO)** (Ottawa, Ontario; 2015). Donation to the Project Stitch fundraising campaign to help with renovations and upgrades to the hospital's Day Surgery Unit. Last year, over 7,700 procedures were performed in the operating rooms at CHEO, and CHEO surgeons spent over 6,400 hours operating on children and youth.

**\$100,000**

### Our commitment to **EDUCATION**

- **YMCA of Regina** (Regina, Saskatchewan; 2015). Support the activities of the Alternative Suspension program, which provides students in difficulty with the tools they need to get through problem situations at school and thereby help reduce the need for disciplinary measures and set the stage for academic success.

**\$15,000**

### Our commitment to **COMMUNITY OUTREACH**

- **Portage Atlantic** (Atlantic Canada; 2015). Support the activities of this substance abuse rehabilitation centre that specializes in programs for adolescents.

**\$10,000**

### Our commitment to **ENTREPRENEURSHIP**

- **Your Ideas Are Good Business contest** (Montreal, Quebec; 2015-2019). Launched by *Fondation Montréal inc.* in association with the Bank, this contest is intended to promote entrepreneurship on Montreal university campuses by identifying young students and graduates with a promising business idea and helping them start up new business ventures.

**\$1,000,000**

- **University of Toronto Rotman School of Management** (Toronto, Ontario; 2014-2018). Support the activities of the Creative Destruction Lab by providing grants to MBA students who aspire to become entrepreneurs.

**\$500,000**

- **Junior Achievement Quebec** (Quebec-wide; 2015-2017). Help young people find their passion by offering them entrepreneurship and financial literacy programs through their school. Thanks to the Company Program in particular, students learn business start-up basics and realize the importance of building positive relationships with their community.

**\$150,000**

### Our commitment to **ARTS and CULTURE**

- **Jeunesses Musicales Canada Foundation** (Canada; 2015). Contribution to the 2015 benefit event to support the efforts of this non-profit organization dedicated to promoting the performance of classical music—especially for young audiences—and helping young artists develop their careers at the national and international levels.

**\$10,000**

## SOME OF OUR SPONSORSHIPS

### Promoting tennis, from beginners to pros

Tennis heads the list of National Bank's sponsorships. Our support for this sport epitomizes the goals of our One for Youth program, which is to help young people—be they accomplished or aspiring athletes—reach their full potential. For years, the Bank has been committed to nurturing up-and-coming tennis talent at every stage, starting with the **National Bank Young Aces** tennis initiation program for children across Canada, to a range of development tournaments, all the way up to the Rogers Cup.

Through its partnership with the **International Junior Tennis Open in Repentigny**, the Bank encourages players ages 14 to 18 to play their first matches at an international tournament. We are also the title sponsor of the **National Bank Challenger events**, organized in collaboration with Tennis Canada, in **Gatineau, Granby, Drummondville** and **Saguenay**, which celebrated 10 years in 2015. We are now expanding this tennis series beyond the borders of Quebec with the addition of the **Winnipeg National Bank Challenger**. The Challenger events foster elite development and serve as a gateway to the professional tour, helping players from Canada and abroad earn International Tennis Federation (ITF) points toward their world ranking.

In Quebec City, we also support the **National Bank Cup**, presented by Videotron, which is now in its 20th year and continues to be the largest indoor tennis event in Canada and one of the most prestigious women's tennis tournaments of its class in the world.

What's more, National Bank's partnership with the **Rogers Cup**, where the world's top players compete, has spanned more than a decade in Montreal and 5 years in Toronto.

### Keeping our On the Ball program rolling

As part of the On the Ball program, the Bank once again joined forces with communities and tennis clubs in Quebec and Ontario to collect used tennis balls and redistribute them to elementary schools, where they are used as chair slippers to reduce classroom noise and create an environment conducive to learning. Since the program was launched in 2006, more than 1,242,000 tennis balls have been collected for the benefit of thousands of school children.

To raise awareness of the program, the Bank relies on the invaluable support of its ambassadors **Françoise Abanda** and **Vasek Pospisil**, two professional tennis players who are proud to encourage the next generation of young hopefuls.



### Employees and retirees devoted to their community

Thousands of National Bank employees and retirees are committed to making a difference in the community. To recognize this engagement and multiply its impact, the Bank revamped its volunteer program in 2014. For each hour volunteered by its employees and retirees, the Bank now donates \$1 to a youth organization, up to a maximum of \$100,000 per year. In 2015, Bank employees and retirees logged enough hours to reach the maximum donation amount of \$100,000. To recognize this achievement, a cheque for that amount was presented to the Children's Wish Foundation, the organization selected by employees, during National Volunteer Week.

## A FEW EXAMPLES OF OUR COMMUNITY ENGAGEMENT

- **United Way/Centraide campaign** (Canada; 2015). Total raised by National Bank employees and retired employees, including a corporate donation, as part of our 38th Canada-wide campaign.

**\$3,455,000**

- **One for Youth Bicycle Tour** (Eastern Townships and Montérégie regions, Quebec; 2015). More than 200 riders and volunteers from the Bank showed their drive and spirit by taking to the roads in Montérégie and the Eastern Townships to support Quebec organizations working for youth causes. The funds raised from this 5th edition of the Tour were shared by five organizations: *Fondation Tel-jeunes*, *Fondation du Cégep de Granby*, *École secondaire Saint-Joseph* in Saint-Hyacinthe, *Maison Jeunes-Est* in Sherbrooke and Croquarium, a nutrition education organization located in Waterville.

**\$125,000**



Many employees took part in the One for Youth Bicycle Tour to raise funds in support of youth initiatives.

- **Juvenile Diabetes Research Foundation (JDRF)** (Canada; 2015).

For a 12th consecutive year, National Bank participated in the Ride for Diabetes Research. Thanks to the commitment and determination of 982 employees, National Bank won the Denis Pellerin Cup for a 7th straight year. This friendly competition has participating financial institutions vie against each other to see who can raise the most funds.

**\$203,260**

- **Canadian CMV Foundation** (Winnipeg, Manitoba; 2015).

For the 3rd year in a row, Rob Tétrault, a member of National Bank's Wealth Management Group organized "Le Classique," the largest outdoor winter ball hockey tournament in Western Canada. The 2015 edition, which drew more than 2,000 people to historic downtown St. Boniface, benefited the Canadian CMV Foundation.

**\$50,000**

### Addressing urgent needs

When it comes to raising funds to address urgent humanitarian needs, the Bank can always count on its network of 452 branches across Canada to rally for the cause. Since 2010, collective efforts of this type, combined with the Bank's donations, have made it possible to collect nearly \$500,000 in donations.

In 2015, fundraising drives were organized in the Bank's branch network to assist the relief efforts of the Canadian Red Cross in response to the earthquake in Nepal and the Syrian refugee crisis. The support received from National Bank clients and employees for this type of humanitarian aid speaks volumes about their solidarity and compassion.

## A FEW EXAMPLES OF FUNDRAISING INITIATIVES

- ▶ **Loterie du Cœur** (Quebec-wide; 2015). National Bank's approximately 340 branches in Quebec rallied together to sell lottery tickets to benefit the Heart and Stroke Foundation.

**\$320,000**

- ▶ **National Bank Easter Seals Waves Regatta** (Vancouver, British Columbia; 2015). This activity supports Vancouver's Easter Seals House, an affordable and caring place to stay for parents of children being treated at area hospitals.

**\$173,000**

- ▶ **Tour of Hope** (Moncton and Edmundston, New Brunswick; 2015). For a 4th straight year, the Bank presented the Tour of Hope, a bicycle tour to benefit the Tree of Hope campaign. Donations are used to purchase specialized equipment and provide training for the teams at the Dr. Léon-Richard Oncology Centre.

**\$108,000**

## Supporting diversity

National Bank partners with numerous organizations to identify and launch initiatives that put us at the forefront of efforts to promote a proud, inclusive community. The Bank stayed true to this commitment over the past fiscal year through a number of actions.

- ▶ Since 2006, the Bank has hosted the Laurent-McCutcheon Award ceremony, organized by *Fondation Émergence*. In 2015, this award was given to presenter, author, show creator and producer Monique Giroux.
- ▶ Since 2008, the Bank has been the main sponsor of the *Gala Arc-en-Ciel*, organized by the *Conseil québécois LGBT*, which aims to recognize the community involvement of LGBT members.
- ▶ The Bank showed its support for the Montreal Pride festivities by decking out its branch in Montreal's Gay Village in the colours of the rainbow flag.

The Bank is decked out in the colours of the rainbow flag to salute the LGBT community.



## Focusing on younger generations to maintain a vibrant culture

National Bank collaborates with many groups of young professionals on various networking activities intended to promote philanthropy and encourage the next generation to support arts and culture. In 2015, for example, we sponsored events held by the *Jeunes Philanthropes de Québec*; *Cercle 179*, the young associates of the *Fondation du Musée national des beaux-arts du Québec*; the Young McCord Council; the Montreal Museum of Fine Arts' Young Philanthropists' Circle; and the Young Associates of *Opéra de Montréal*.

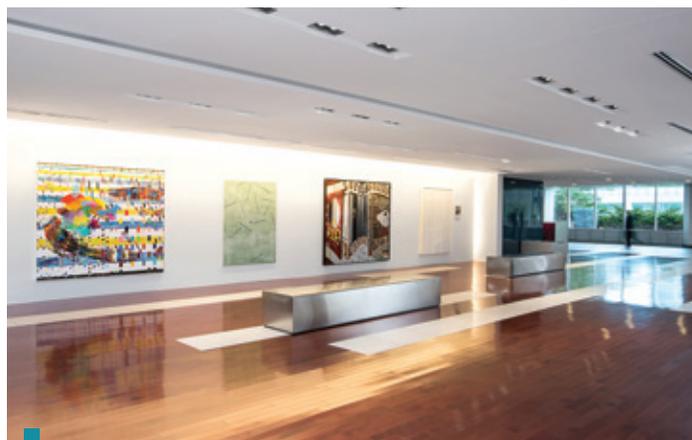
## National Bank Collection

### Over 7,500 works of art to discover

Over the years, National Bank has built up an impressive collection of Canadian art, which it proudly displays in its offices, branches and subsidiaries across the country. With over 7,500 original works of art, the National Bank Collection currently ranks as one of the largest corporate collections in Canada. Every year, the collection is further expanded with the acquisition of 30 or so new pieces of contemporary art. The National Bank Collection reflects the history of Quebec and Canadian art from 1895 to the present and includes paintings, prints, drawings, sculptures and photographs. By acquiring artwork, we directly support artists and creators across Canada and foster a feeling of pride in our collective heritage, while enriching the surroundings for thousands of employees and clients.

In order to bring the works to as many people as possible, National Bank lends several pieces each year to various museums across the country. The Bank also has a permanent art gallery in its Montreal flagship branch. This gallery hosts exhibitions on various themes, featuring works from the National Bank Collection.

National Bank has also created a heritage collection made up of archival documents, photographs and artifacts that represent the history of both the Bank and the field of banking in general. By scanning or otherwise preserving the items in its collection, the Bank is able to showcase its heritage while cataloguing the strides made by the financial services industry.



Works from the National Bank Collection are exhibited in the art gallery at the Bank's flagship branch in Montreal.



## National Bank *Parcours Galerie*

National Bank is behind a one-of-a-kind project for an art corridor spanning 4.5 km between Pierre-Elliott-Trudeau Airport and downtown Montreal. The work of art selected for the corridor, created by acclaimed artist Alain Païement, will allow Montreal to cement its reputation for innovation. The National Bank *Parcours Galerie* is sure to make a lasting impression on everyone who travels along this route.

# HELPING PROTECT THE ENVIRONMENT

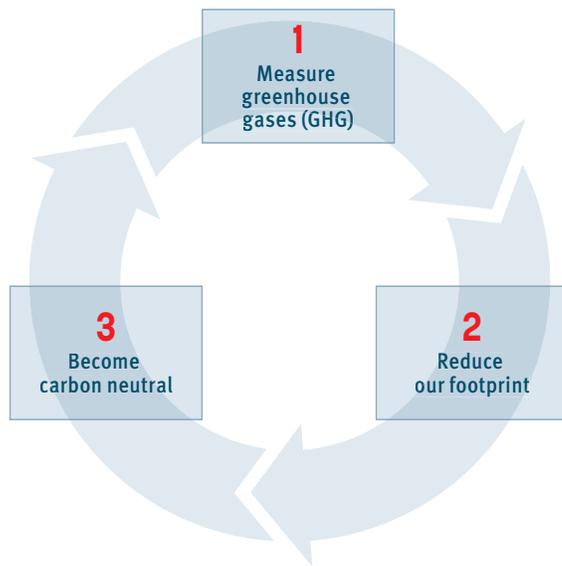
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National Bank is concerned by society's impact on the environment, particularly the effects of climate change. That's why we are actively involved in implementing various initiatives to reduce our environmental footprint.

The Bank stands out for the major partnerships it has developed over the years with various organizations and businesses that share its goal of contributing to sustainable social development.

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## National Bank's carbon footprint management process



## Managing our carbon footprint effectively

National Bank strives to understand and reduce the impact of its activities on the environment as much as possible. We have therefore introduced a variety of voluntary measures for calculating, reducing and offsetting our greenhouse gas (GHG) emissions. Together, these measures form one of the most rigorous and comprehensive management processes in the industry.

## Measuring greenhouse gases

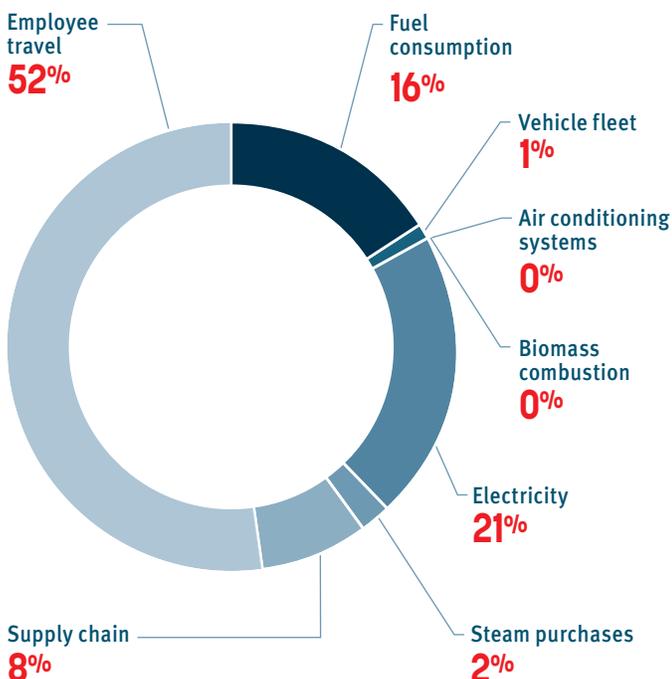
The Bank took the first step in managing its carbon footprint in 2007-2008 by measuring its GHG emissions and submitting the data to the Carbon Disclosure Project, an international organization committed to preventing climate change. We have since made it an annual exercise, working in close collaboration with numerous recognized consulting firms to ensure our methods are in line with current best practices.

To support its rigorous GHG inventory process, the Bank recently acquired high-performance tools that allow it to quantify its emissions with greater accuracy.

The Bank's GHG emissions in fiscal 2014 were estimated at 16,249 tons of CO<sub>2</sub>.

### Breakdown of GHG emissions

(fiscal 2014)



## Reducing our footprint

Through the use of advanced inventory taking, the Bank is aware of the volume and source of its emissions and is firmly committed to reducing them. To do so, it has taken a series of environmentally responsible actions.

## Focusing on energy efficiency

As the majority of our emissions are produced through our consumption of electricity and combustible fuels, energy efficiency is a priority for us. The Bank is in fact recognized for its leadership in this area. Its exceptional performance notably earned it membership in Hydro-Québec's Energy Savers' Circle in 2015. One of the most



promising energy-saving measures is an innovative web-controlled remote interface for managing energy use in branches.

The concept is quite simple and consists in centrally controlling heating, cooling and ventilation to optimize energy consumption in our buildings. This system saves the Bank millions of kilowatt hours of electricity and thousands of cubic metres of natural gas annually.

In order to ensure sustained energy savings, a continuous commissioning process was also implemented in recent months. Through this new approach, which takes a number of factors into account, including changes made over the life cycle of our buildings, we can monitor our facilities on an ongoing basis to ensure we meet our energy efficiency targets year after year.

## Screening of suppliers' practices

National Bank continued implementing a process to screen its suppliers' practices in order to ensure a more sustainable and responsible approach to sourcing. Ultimately, the Bank will be able to assess suppliers' impact on the environment and society and then use the findings to inform its purchasing decisions.

In addition, the Bank is a board-serving member of the *Espace québécois de concertation sur les pratiques d'approvisionnement responsable* (ECPAR), a Quebec-based multi-party organization whose mission is to mobilize supply chain stakeholders and promote responsible procurement.

## Obtaining certification for our buildings

The Bank has also garnered recognition for the eco-responsible features of its buildings. It has even aligned its design standards with LEED® certification criteria and systematically applies them to all new projects.

In 2015, the Bank was awarded the prestigious LEED Canada EB: O&M Gold Certification (Existing Buildings: Operations and Maintenance) for its head office as well as LEED Canada CI Gold Certification (Commercial Interiors) for its Gatineau branch, adding to the many awards received in the past.

## Becoming carbon neutral

After doing its utmost to measure and reduce its GHGs as much as possible, the Bank proudly achieved carbon neutral status in 2011.

Under an innovative agreement with the Sobeys supermarket chain, the Bank agreed to purchase a total of 75,000 tons of certified carbon credits until 2015, enabling it to fully offset its GHG emissions. The proceeds of the sale of carbon credits will be used to further improve the supermarket chain's refrigeration systems.

To promote open communications with stakeholders, each year we produce a table showing our SOFT (sourcing, operations, facilities and travel) footprint, which can be consulted on our website.

[www.nbc.ca](http://www.nbc.ca) > [About Us](#) > [Social Responsibility](#) > [Social Responsibility Report](#)

## Powering clean energy

National Bank has been included in two categories of the Bloomberg New Energy Finance (BNEF) Clean Energy & Energy Smart Technology League Tables. These rankings are the most transparent and comprehensive benchmarks for identifying active clean energy investors, project financiers, investment banks and law firms. This recognition attests to the Bank's role in financing clean energy projects in Canada.

## Earning recognition for our environmental practices

National Bank was named one of Canada's Best 50 Corporate Citizens by *Corporate Knights* magazine. This annual ranking, now in its 14th year, recognizes corporations that stand out for their social and environmental performance and for the quality of their governance practices.



## Managing loan-related environmental risk

For several years, the credit policies of the Bank and some of its subsidiaries have included provisions and controls to ensure property taken as security complies with environmental standards. These policies set out the procedures for managing environmental risks when granting credit or taking possession of contaminated assets as well as the safeguards for identifying and mitigating current and future potential risks.

## Partnering with the Nature Conservancy of Canada

Since 2012, the Bank has been providing financial support to preserve representative areas of the Green Mountains in Quebec's Eastern Townships, which is home to a 6,800-hectare nature reserve with 55 km of hiking trails.

National Bank's contributions have already helped fund a number of activities geared to promoting and preserving plant life and wildlife as well as improvements to visitor infrastructures.

# ENSURING EFFECTIVE GOVERNANCE

Financial institutions play a vital role in maintaining global economic stability. Accordingly, National Bank recognizes the importance of adopting governance practices that meet the highest standards and expectations. Honesty, integrity and ethics are central to our values.



The Bank's Board Room

## Ensuring compliance with the Code of Conduct and Ethics

We have integrated strict ethical standards and guidelines into our operations. These are set out in National Bank's Code of Conduct and Ethics.

Introduced in 1985 and regularly reviewed, our Code defines the behaviours expected from our employees, officers and, insofar as the provisions of the Code apply to them, the members of the Board of Directors. Interns, consultants, contract workers, agents and service providers must also read the Code and pledge to follow the provisions applicable to their activities. It allows us to make sure that our standards concerning information confidentiality, conflicts of interest, information security and other aspects related to our activities are followed.

Various ongoing measures also ensure that the Code is applied in a diligent and uniform manner. For instance, when they are hired, all employees are required to take a course on the ethical and behavioural standards in effect at National Bank, sign an undertaking to comply with the Code and renew their commitment annually.

## Adopting leading-edge governance standards

Our governance architecture consists of clearly defined structures, policies and processes. A statement of our corporate governance practices and the mandates of the Board of Directors and its committees are available on our website. The Board keeps abreast of governance developments and draws on the best practices advocated by various experts and specialized agencies throughout the world to ensure the Bank has an optimal governance framework that reflects the business environment in which it operates.

[www.nbc.ca](http://www.nbc.ca) > About Us > Governance

The Board is meticulous in carrying out its mandate of overseeing the management of the Bank. In the past fiscal year, the Board's four committees (Audit Committee, Conduct Review and Corporate Governance Committee, Human Resources Committee and Risk Management Committee) addressed a number of issues that fall under their respective purviews, including cyber risk management, and worked on making further improvements to the Bank's governance practices. The Board also examined a number of files, including new initiatives to generate increased revenues outside Canada.

## Meeting applicable requirements

In addition to carrying out its mandate, the Board pays close attention to changes made in the financial industry and carefully monitors developments affecting the Bank's standing policies, practices and systems.

Accordingly, National Bank further improved its risk disclosure in its Annual Report to satisfy the 32 recommendations made in October 2012 by the Enhanced Disclosure Task Force (EDTF) created by the Financial Stability Board (FSB). The Bank spares no effort to ensure overall compliance with these recommendations and will continue improving its risk disclosure in accordance with best practices. Other such changes are also underway to comply with Basel III, which is gradually being phased in between now and 2018. This international agreement is intended to make the global banking system more resilient and maintain confidence in the markets.

## Fostering dialogue

Sound governance means being open to diverse points of view and opinions. National Bank has therefore implemented methods for its shareholders, clients and others to raise matters they deem noteworthy with Board members.

For example, in order to encourage this dialogue, the letter to shareholders in the Bank's Management Proxy Circular sets out the Bank's approach to executive compensation. Moreover, the Board once again submitted its executive compensation approach to an advisory vote by shareholders. At the Bank's Annual Meeting of Shareholders on April 15, 2015, 93.70% of shareholders voted in favour of the approach proposed by the Bank's Board of Directors.

Shareholders, clients and others can also send us their comments or questions by mail, by email or through our Investor Relations Department, or submit them in person at the annual meeting of shareholders.

Similarly, we seek to promote discussions with clients, employees, suppliers, interest groups and associations and facilitate access to high-quality information on the Bank, in keeping with applicable legislation.

## Striving for diversity on the Board

The Board believes that diversity among its members enriches discussion and recognizes the value of increasing the number of women directors. It therefore adopted a diversity statement in 2013 that underscores the importance of having diversified representation among its directors to better reflect the diverse make-up of the Bank's clients, employees and shareholders. The statement provides that the Bank's Board of Directors must strive for parity between men and women and specifies that, to meet this objective, it aims to have women nominees for half of all directorships that become vacant in the future. As at October 31, 2015, the Bank's Board of Directors was one of the most diversified and inclusive among Canadian public corporations.

[www.nbc.ca](http://www.nbc.ca) > *About Us* > *Investors* > *Proxy Circulars*

National Bank also continues to support Catalyst's call to action for Canadian corporations to increase the overall proportion of board seats held by women. In 2015, Catalyst recognized the Bank's exemplary practices in this regard at the *Célébrons le leadership inclusif* event held in Montreal and attended by business community members from all across Canada.

The independence of Board members is another prime consideration for the Bank. Of the 16 directors serving on the Board as at October 31, 2015, 14 are independent, including the Chairman of the Board and the members of each of the Board's committees.

The Board is also working on succession planning to ensure its continuity and enhance its diversity. It keeps an up-to-date list of qualified male and female candidates who can enrich its deliberations and strengthen its ability to advise management.

# CONTRIBUTING TO THE WEALTH OF OUR SOCIETY

National Bank is one of the largest employers in Canada as well as a taxpayer, lender and major purchaser of goods and services. As such, it is a significant contributor to the economy.

The Bank strives to maximize the economic benefits for the communities it serves by making responsible investments in its facilities, providing quality jobs and honouring its commitments to shareholders.

## Driving our economy forward

National Bank ranks among the largest companies in the country in terms of employees, total revenues and assets. Through many different initiatives related to running the organization, operating its extensive branch network and offering a multitude of products and services, National Bank serves as a powerful economic driver.

### Our economic contribution by the numbers:

<b>\$117 MILLION</b>	›	invested in our facilities
<b>\$565 MILLION</b>	›	paid in income and other taxes
<b>\$1 BILLION</b>	›	spent on goods and services
<b>\$2 BILLION</b>	›	paid in salaries and employee benefits
<b>\$72 BILLION</b>	›	granted to finance Canadian businesses

## Impact investing to support the development of First Nations communities

National Bank is a partner of the First Nations Finance Authority (FNFA), an organization that provides affordable loans, investment options and capital planning advice to First Nations governments. The Bank served as lead manager for the FNFA's first two debenture issues, which raised \$140 million to finance infrastructure and economic development projects in several First Nations communities across Canada. This groundbreaking initiative has enabled First Nations to use own-source revenues to access long-term funding at rates similar to those obtained by major municipalities.

In 2015, National Bank again posted good financial results, while strengthening its competitive position and rolling out initiatives to ensure its long-term success.

[www.nbc.ca](http://www.nbc.ca) › [About Us](#) › [Investors](#) › [Annual Reports](#)

## Geographic breakdown of employees (as at October 31, 2015)

Province	Full-time	Part-time	Total
Newfoundland and Labrador	—	—	—
Prince Edward Island	17	4	21
Nova Scotia	38	—	38
New Brunswick	181	96	277
Quebec	12,833	2,725	15,558
Ontario	1,832	286	2,118
Manitoba	98	3	101
Saskatchewan	51	8	59
Alberta	288	17	305
British Columbia	316	20	336
Yukon, Northwest Territories and Nunavut	—	—	—
<b>Total Canada</b>	<b>15,654</b>	<b>3,159</b>	<b>18,813</b>
Outside Canada	111	2	113
Temporary employees	309	529	838
<b>Total</b>	<b>16,074</b>	<b>3,690</b>	<b>19,764</b>

## Income and other taxes paid or payable in Canada (in thousands of dollars; as at October 31, 2015)

	Income taxes <sup>1</sup>	Capital taxes <sup>1</sup>	Other taxes <sup>2</sup>
<b>Federal</b>	<b>102,599</b>	<b>6,158</b>	<b>59,955</b>
<b>Provincial</b>			
Newfoundland and Labrador	3	—	31
Prince Edward Island	22	140	300
Nova Scotia	172	—	426
New Brunswick	340	1,933	3,536
Quebec	52,852	3,187	278,155
Ontario	9,279	—	33,604
Manitoba	342	573	1,036
Saskatchewan	205	1,656	673
Alberta	1,804	—	1,918
British Columbia	1,309	—	2,772
Yukon, Northwest Territories and Nunavut	—	—	—
<b>Total – Provincial</b>	<b>66,328</b>	<b>7,489</b>	<b>322,451</b>
<b>Total – Federal and Provincial</b>	<b>168,927</b>	<b>13,647</b>	<b>382,406</b>

<sup>1</sup> Income taxes and capital taxes: Estimated amounts

<sup>2</sup> Other taxes: Amount including employee benefits (employer's contribution including amounts paid to the Canada Pension Plan, Employment Insurance and provincial health insurance plans), business taxes, property taxes, sales taxes (including GST/HST and estimated provincial sales tax) and deposit insurance premiums.

## Debt financing made available to companies in Canada (in thousands of dollars)

In 2015, National Bank approved more than \$72 billion in debt financing to businesses across Canada.

	\$0 to \$24.9	\$25.0 to \$99.9	\$100.0 to \$249.9	\$250.0 to \$499.9	\$500.0 to \$999.9	\$1,000.0 to \$4,999.9	\$5,000.0 or more	Total
<b>Newfoundland and Labrador</b>								
Total authorized (\$)	22.8	b	—	b	b	—	d	22.8
Number of clients	49	b	—	b	b	—	d	49
<b>Prince Edward Island</b>								
Total authorized (\$)	358.9	b	c	b	b	c	d	358.9
Number of clients	60	b	c	b	b	c	d	60
<b>Nova Scotia</b>								
Total authorized (\$)	171.5	2,176.7	4,564.9	7,521.1	9,282.9	35,972.1	d	59,689.3
Number of clients	79	37	27	22	14	17	d	196
<b>New Brunswick</b>								
Total authorized (\$)	8,168.3	24,108.9	40,357.8	60,825.9	92,124.7	241,015.0	966,825.6	1,433,426.2
Number of clients	1,046	493	257	173	132	116	53	2,270
<b>Quebec</b>								
Total authorized (\$)	306,304.6	681,614.3	1,023,357.6	1,651,291.0	2,477,428.9	8,462,521.3	31,093,652.5	45,696,170.2
Number of clients	42,050	14,030	6,603	4,635	3,560	4,125	1,041	76,044
<b>Ontario</b>								
Total authorized (\$)	24,122.2	49,844.1	81,064.1	148,325.3	238,403.2	1,083,391.0	11,182,925.2	12,808,075.1
Number of clients	3,347	1,008	509	409	343	483	321	6,420
<b>Manitoba</b>								
Total authorized (\$)	527.1	1,897.9	3,918.6	8,556.3	21,367.1	107,402.4	803,532.1	947,201.4
Number of clients	62	41	25	23	31	50	32	264
<b>Saskatchewan</b>								
Total authorized (\$)	507.0	1,465.8	4,623.6	5,642.4	11,522.6	78,277.0	633,700.5	735,739.0
Number of clients	56	28	28	16	16	32	24	200
<b>Alberta</b>								
Total authorized (\$)	2,016.4	5,909.3	11,935.9	21,662.0	19,563.4	140,775.2	8,734,827.8	8,936,690.1
Number of clients	286	119	77	65	27	59	172	805
<b>British Columbia</b>								
Total authorized (\$)	971.0	3,059.3	6,711.7	10,852.8	25,002.1	85,552.2	1,341,845.4	1,473,994.7
Number of clients	137	67	43	30	35	39	31	382
<b>Northwest Territories</b>								
Total authorized (\$)	a	—	—	—	—	—	—	—
Number of clients	a	—	—	—	—	—	—	—
<b>Grand total</b>								
Total authorized (\$)	343,170.0	770,076.2	1,176,534.2	1,914,676.9	2,894,695.0	10,234,906.2	54,757,309.1	72,091,367.7
Number of clients	47,172	15,823	7,569	5,373	4,158	4,921	1,674	86,690

**Note:** To preserve client confidentiality, certain figures have been combined as follows:

a The figures for the Northwest Territories have been added to the figures for British Columbia and to that province's total.

b The figures for Newfoundland and Labrador and Prince Edward Island have been added to the figures for Nova Scotia and to that province's total.

c The figures for Prince Edward Island have been added to the figures for Nova Scotia and to that province's total.

d The figures for Newfoundland and Labrador, Prince Edward Island and Nova Scotia have been added to the figures for New Brunswick and to that province's total.

The figures shown have been rounded to one decimal point.

Changes to the calculation method in 2015 have resulted in the presentation of more inclusive data.

## Branches closed and opened (during the fiscal year ended October 31, 2015)

### Branches closed

#### Quebec

155-3560 rue Laval, Lac-Mégantic

---

2-150 rue Sainte-Catherine Ouest, Montreal (Complexe Desjardins)

---

### Branches opened

#### Quebec

5955 rue Papineau, Lac-Mégantic

---

105 rue Sainte-Catherine Ouest, Montreal

---

401-500 Grande Allée Est, Quebec City

---

#### Alberta

2801-450 1st Street SW, Calgary

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#### British Columbia

3300-666 Burrard Street, Vancouver

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## ABMs removed or added (during the fiscal year ended October 31, 2015)

### ABMs removed

#### Quebec

155-3560 rue Laval, Lac-Mégantic

---

5-150 rue Sainte-Catherine Ouest, Montreal (Complexe Desjardins; 3 ABMs)

---

792 route du Président-Kennedy, Pintendre

---

2860 boul. des Promenades, Sainte-Marthe-sur-le-Lac

---

2425 boul. Bastien, Quebec City

---

### ABMs added

#### Quebec

5955 rue Papineau, Lac-Mégantic

---

105 rue Sainte-Catherine Ouest, Montreal (3 ABMs)

---

520 rue Principale, Saint-Amable

---

41 boul. Renard Est, Rivière-au-Renard

---

### ABMs installed temporarily

#### Quebec

Uniprix Stadium – 285 rue Faillon Ouest, Montreal (2 ABMs)

---

124 rang Charlotte, Saint-Liboire

---

Rogers Cup – Montreal

---

Expo-Champs farm show

---

August 7 to 16, 2015

---

August 25 to 28, 2015

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#### Ontario

Rexall Centre – York University, 1 Shoreham Drive, Toronto (3 ABMs)

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Rogers Cup – Toronto

---

August 7 to 16, 2015

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## Subsidiaries\* of National Bank (as at October 31, 2015)

List of subsidiaries covered under the Public Accountability Statements Regulations and the Finance Entity Regulations

### **National Bank Life Insurance Company**

- National Bank Insurance Firm Inc.
- National Bank Planning and Benefits Inc.

### **NBC Alternative Investments Inc.**

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### **CABN Investments Inc.**

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### **National Bank Direct Brokerage Inc.**

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### **FBN Funding, LLC**

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### **National Bank Financial Ltd.**

- NBF Financial Services Inc.
  - NBF Financial Services Ltd.
- 

### **Innocap Investment Management Inc.**

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### **NBCN Inc.**

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### **NCEJV, LLC**

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### **Natcan Trust Company**

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### **National Bank Trust Inc.**

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### **National Bank Investments Inc.**

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### **National Founders LP**

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\* The term subsidiary denotes an entity of the National Bank group.

This 2015 Social Responsibility Report is published by National Bank of Canada in accordance with the Public Accountability Statements Regulations adopted in 2002 by the federal government (*Bank Act*). It complements National Bank's Annual Report and Management Proxy Circular, and provides an overview of our activities during the year in support of all our stakeholders.

The information presented encompasses relevant activities related to National Bank and its main subsidiaries (listed on page 32) without specific limitations. The Social Responsibility Report is prepared by the Public Affairs team with the contribution of dozens of experts, then reviewed and approved by members of Management in the organization's many different sectors.

Our reporting is based on the main social, environmental and governance performance indicators of the most widely recognized accountability frameworks.

The Social Responsibility Report is part of the Bank's ongoing dialogue with its various stakeholders, including clients, employees, community partners, shareholders, suppliers, interest groups and regulatory authorities. We engage our stakeholders primarily on the basis of communities of interest and communities of purpose both in a business context and to contribute to socioeconomic development. These interactions are an important tool for assessing and mitigating the risks related to our activities, particularly as they enable us to conduct various impact analyses.

Unless otherwise indicated, the information presented refers to fiscal 2015 (November 1, 2014 to October 31, 2015) and is subsequent to the public accountability statement for fiscal 2014, published in March 2015. None of the information contained in the report was materially changed or restated during 2015.

This report is available at any National Bank branch, or by calling **514-394-5555** or **1-888-4-TelNat**. It may also be consulted in its entirety at [nbc.ca/socialresponsibility](http://nbc.ca/socialresponsibility).

Également disponible en français.

Comments regarding this document may be submitted to our Public Affairs Department by email at [pa@nbc.ca](mailto:pa@nbc.ca) or by calling **514-412-2393**.

## Fighting money laundering and terrorist financing

The methods and techniques used by criminal organizations to launder money and finance terrorist activities have become increasingly sophisticated over the years.

Wanting not only to comply with legal and regulatory requirements but also to play an active role in the fight against these crimes, the Bank continues to implement measures to prevent money laundering and terrorist financing.

It has put in place an anti-money laundering/anti-terrorist financing program that includes policies, procedures, a continuous training program and a control framework for identifying clients, record-keeping, assessing inherent risks, ongoing monitoring of business relations, and reporting obligations.

The Risk Management Committee oversees the application of this program on behalf of the Bank's Board of Directors.

1st quarter 2016

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