

# NATIONAL BANK'S Environmental Policy

At National Bank, protecting the environment is central to our decisions and economic activities

## Overview

This policy sets out National Bank's commitment to protect the environment against human activity. This influences our operations and economic activities, and provides benefits for the community. As a key economic player in Canada and the leading banking institution in Quebec, the Bank seeks to contribute to the vitality of natural spaces and limit the impact of its activities on the environment.

## Scope

This policy applies to activities and decisions across the entire Bank and to all its business lines.

## Vision

As an environmentally responsible corporate citizen concerned by the consequences of climate change and human activity on the environment, National Bank is committed to actively supporting the energy transition underway to achieve sustainable economic and social development.

## Guidelines

National Bank implements processes to identify and limit environmental risks and their repercussions on society and its business lines and follows these guidelines:

- Manage and reduce our environmental footprint in our supply chain and all our sectors of activity
- Comply with regulatory requirements in all jurisdictions where we are present
- Consider environmental opportunities and risks in our operational decisions
- Foster employee engagement to raise awareness of environmental issues and challenges
- Report on our environmental policy and activities openly and transparently
- Support organizations whose mission is to promote sustainable development and protect the biodiversity of natural environments

## Commitments

### Compliance with voluntary and legal standards

Through its activities, the Bank complies with the legal and regulatory requirements of the jurisdictions where it is active. Its National Bank Investments subsidiary is a signatory of the United Nations Principles for Responsible Investment (UN PRI). What's more, as part of its real estate initiatives, National Bank's criteria for workspace planning are keeping pace with the highest sustainable building standards for the health and well-being of its occupants.

### Energy efficiency

The Bank is committed to reducing its environmental impact by voluntarily adopting various eco-friendly measures to calculate and reduce its greenhouse gas (GHG) emissions. It has significantly improved energy efficiency in its buildings over the past 20 years. As a member of Hydro-Québec's Energy Savers' Circle, the Bank has put in place an innovative web-controlled remote interface for managing energy use in more than 100 of its branches. With this system, it can monitor its facilities to ensure it meets its energy efficiency targets year after year. The Bank has also been taking an annual inventory of its GHG emissions since 2007-2008 and shares the data with the Carbon Disclosure Project.

### Sourcing policy

As a purchaser of goods and services from hundreds of suppliers, the Bank holds its partners to high standards, particularly as regards the environment, governance and ethics. It is continuing to reflect on a process to analyze its suppliers' practices to ensure a more sustainable and responsible approach to sourcing that is based first and foremost on a deeper understanding of its partners and their practices. 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.

### Products and services

National Bank is firmly committed to improving its environmental record and the impact of its operations by offering its clients solutions that allow them to increase their low-carbon activities, such as renewable energy or responsible investments. This includes a program for issuing sustainable bonds whereby organizations, including the Bank itself, can issue debt securities to finance projects that meet specific social or environmental criteria.

### Partnerships

The Bank also provides financial support to environmental organizations whose mission is to promote sustainable development and protect the biodiversity of natural environments.

### Risk management

The Bank recognizes that environmental risk is associated with credit and operational risk and is therefore strengthening its control measures for assessing its clients' compliance with environmental standards. To this end, the Risk Management group establishes the requirements that the Bank prescribes in its internal policies in order to highlight, assess, control and monitor environmental risk, particularly through an environmental risk management policy. This policy specifies the protective measures to be taken to identify and reduce any potential, current and future environmental risks to which the Bank may be exposed when it grants financing to clients. It also provides the process used to analyze environmental risks, particularly for buildings taken as security.

All commercial financing offers also involve a commitment to comply with legal environmental protection obligations and the possibility that a client may have to provide, upon request, any information or report concerning its environmental situation. The Bank may also check whether a company has ever been found guilty of environmental regulatory violations.

#### Transparency & disclosure

Mindful of the important role it plays with respect to the environment, the Bank regularly reports on its activities and actions. It has announced its support for the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) and is committed to being transparent and disclosing its performance reports and relevant information related to issues addressed by the task force. The Bank has also signed on to support the Carbon Disclosure Project which collects and publishes information disclosed by companies worldwide on their management of climate change and GHG emissions.

The Board of Directors' Conduct Review and Corporate Governance Committee is responsible for periodically examining the Bank's efforts to conduct its activities in accordance with high corporate responsibility standards, including standards related to social and environmental responsibility. Each year, the Committee also reviews the Bank's Social Responsibility Report, which presents its environmental protection efforts.