

Independent Practitioner's Limited Assurance Report

To: The Board of Directors of National Bank of Canada (the "Bank")

We have undertaken a limited assurance engagement over responses to principles: 2.1 Impact Analysis, 2.2 Target Setting, 2.3 Target Implementation and Monitoring and 5.1 Governance Structure for Implementation of the Principles ("the Selected Responses"), included within the Bank's Self-assessment for implementation of the Principles for Responsible Banking ("the PRB Reporting and Self-Assessment Template") for the year ended October 31, 2022, presented on pages 7-21, 28 and 29 in the published PRB Reporting and Self-Assessment Template of the Bank.

Management's responsibilities

Management of the Bank is responsible for designing, implementing, and maintaining internal processes and controls over information relevant to the preparation of the PRB Reporting and Self-Assessment Template, ensuring it is free from material misstatement, whether due to fraud or error.

Furthermore, Management is responsible for the preparation of the Selected Responses within the PRB Reporting and Self-Assessment Template, and for measuring and reporting qualitative information and data in accordance with the PRB Reporting and Self-Assessment Template, published by The United Nations Environment Programme Finance Initiative (UNEP FI) in September 2022 ("the Applicable Criteria") and the Principles for Responsible Banking Guidance Document, published by UNEP FI in November 2021.

Our responsibilities

Our responsibility is to express a limited assurance conclusion on the Selected Responses included within the PRB Reporting and Self-Assessment Template (the "Subject Matter Information") based on the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements ("ISAE") 3000 Revised, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*. This standard requires us to conclude whether anything has come to our attention that causes us to believe that the subject matter information is not fairly stated, in all material respects. As such, we planned and performed our work in order to provide limited assurance with respect to the Subject Matter Information.

A limited assurance engagement involves performing procedures, as described below, and evaluating the evidence obtained. The procedures are selected based on our professional judgment, which includes identifying areas where the risks of material misstatement are likely to arise. The assessment of what is material is a matter of professional judgement and includes consideration of both the amount (quantity) and the nature (quality) of misstatements. The procedures we performed were based on our professional judgment.

Our procedures were informed by the [Guidance for assurance providers – Providing limited assurance for report - Version 2 \(October 2022\)](#) published by UNEP FI in November 2022. However, we have performed the procedures as outlined below which do not necessarily obtain the confidence level as outlined by UNEP FI's *Guidance for assurance providers*, but what is normally obtained by a practitioner in a limited assurance engagement under ISAE 3000 (Revised).

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our procedures included, but were not limited to:

- We conducted interviews with process owners and internal stakeholders to understand the processes and control activities for measuring, reporting, and presenting information in the Bank's Reporting and Self-assessment Template, in accordance with the Applicable Criteria.
- We made inquiries with process owners and internal stakeholders, obtained and reviewed supporting evidence to assess whether disclosures within the Subject Matter Information in the Bank's Reporting and Self-Assessment Template reflect the Bank's assessment of the stage of implementation of the Principles for Responsible Banking.
- In respect of Principle 2.1 (Impact Analysis), based on inquiries made and information obtained and reviewed, we checked that the Bank's business areas and scope are clearly described. We reconciled portfolio composition to management information and checked that challenges and priorities have been analyzed, including the rationale for business areas where the analysis was not performed. We also checked that the Bank has disclosed the method for determining its impact areas and has selected what was determined as the two most significant areas of impact. For the one impact area where performance has been measured (Climate Stability), we reconciled to published information referenced in the response and to supporting management information. Finally, we checked to supporting evidence, including to meeting minutes, that the stated governance process was followed.
- In respect of Principle 2.2 (Target Setting), based on inquiries made and information obtained and reviewed, we checked that the Bank sets targets for one of its two significant impact areas (Climate Stability) and that the targets are linked to that impact area/those impact areas. We checked that the Bank has identified frameworks to align with and explained how targets contribute to relevant goals. Further, for the one impact area where targets have been set (Climate stability), we checked that the base year for climate targets (2019) had resulted from exceptional economic circumstances) as it was more than two full reporting years prior to the year when the targets have been set (2022) and that the targets are Specific, Measurable, Achievable, Relevant and Time-bound.
- In respect of Principle 2.3 (Target Implementation and Monitoring), based on inquiries made with process owners and internal stakeholders, we obtained and reviewed supporting evidence to assess whether disclosures within the selected responses in the Bank's Reporting and Self-Assessment Template reflect the Bank's assessment of the stage of implementation of the Principle.

- In respect of Principle 5.1 (Governance Structure for Implementation of the Principles), based on inquiries made and information obtained and reviewed, we checked consistency to supporting evidence, including organisation charts and meeting minutes with that of the disclosures of the Bank's governance structure for implementation of the Principles for Responsible Banking. We checked that there is oversight over the implementation and monitoring and that the structure is in line with existing governance structures as defined by the Bank. Further, we checked that the Board of Directors obtained information on the Bank's stage of implementation of the Principles for Responsible Banking on an annual basis.

Our independence and management of quality

We have complied with the relevant rules of professional conduct and code of ethics applicable to the practice of public accounting and related to assurance engagements, issued by various professional accounting bodies, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour.

The firm applies International Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Subject Matter Information is not prepared for the year ended October 31, 2022, in all material respects, in accordance with the Applicable Criteria.

Restricted use

This report has been prepared to assist the Bank's management to report to the Board of Directors (the "Board"), the Subject Matter Information in accordance with the Applicable Criteria. The Applicable Criteria were designed for the purposes of the Bank preparing and publishing a Reporting and Self-Assessment Template under the UNEP FI Principles for Responsible Banking Framework, and as a result the Subject Matter Information may not be suitable for another purpose. Our report is intended solely for the use of the Bank. We neither assume nor accept any responsibility or liability to any third party in respect of this report.

We acknowledge the disclosure of our report, in full only, by the Bank at its discretion, to the UNEP FI Secretariat and publicly available for others wishing to have access to it without assuming or accepting any responsibility or liability to the Board or any other third party in respect of this report.

*Deloitte LLP*¹

August 30, 2023

¹ CPA auditor, public accountancy permit No. A121501