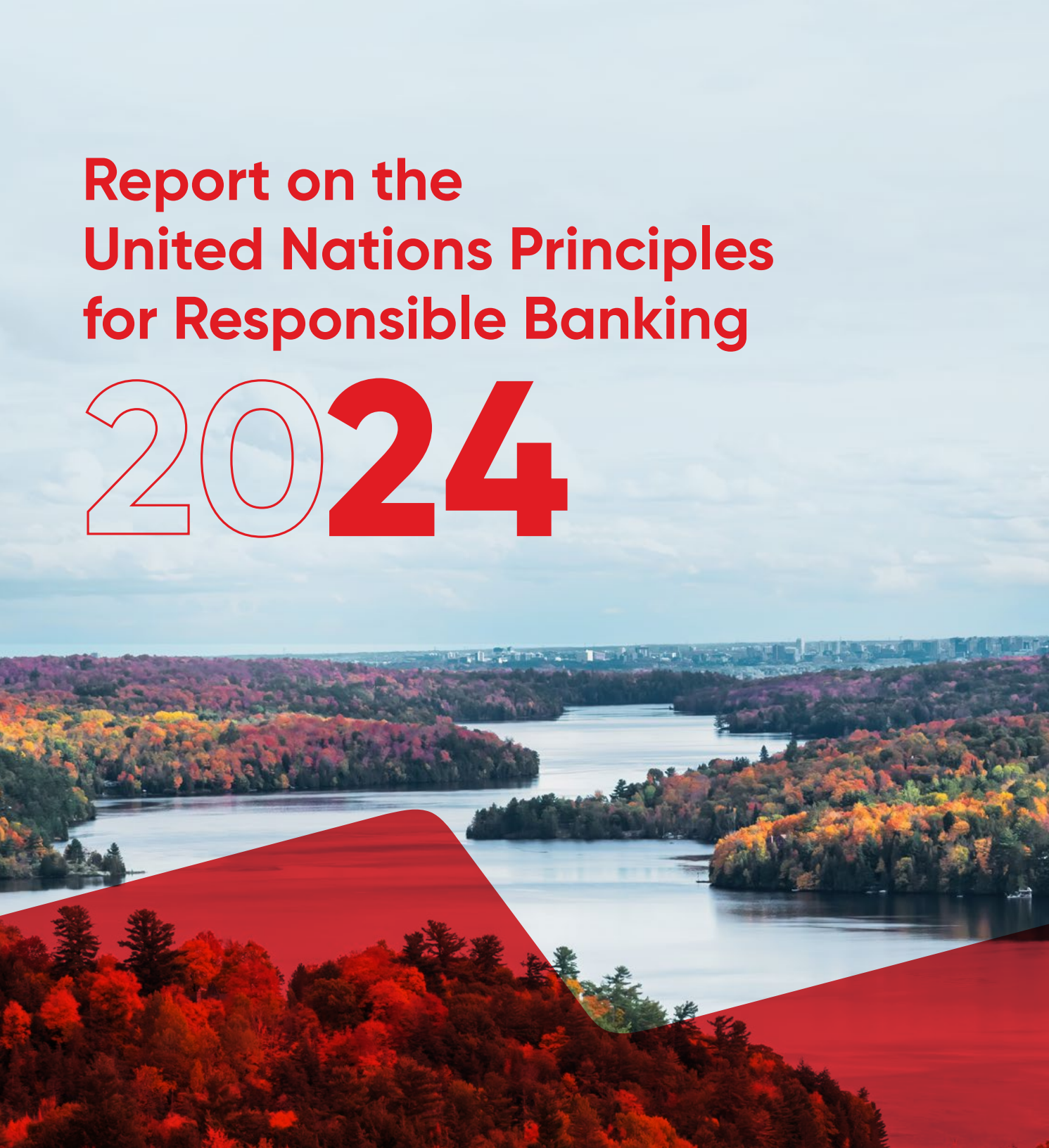


Report on the United Nations Principles for Responsible Banking

2024



Scope

Unless otherwise indicated, this report refers to fiscal 2024 (November 1, 2023 to October 31, 2024). All amounts are expressed in Canadian dollars.

Important Notice and Caution Regarding Forward-Looking Statements

Certain statements in this document are forward-looking statements. These statements are made in accordance with applicable securities legislation in Canada and the United States. The forward-looking statements in this document may include, but are not limited to, statements made about the Bank's objectives, outlook, and priorities for fiscal year 2025 and beyond, the regulatory environment in which it operates, its environmental, social, and governance strategy, targets and commitments and the strategies or actions that will be taken to achieve them, including its practices with respect to inclusion, diversity and equity, its climate strategy and all the objectives related to its efforts toward transitioning to a low-carbon economy and the way to support its clients in this transition, its progress, its approach to identifying and managing climate-related risks and opportunities, and certain risks to which the Bank is exposed. The Bank may also make forward-looking statements in various other documents and regulatory filings, as well as orally. These forward-looking statements are typically identified by verbs or words such as "outlook," "believe," "foresee," "forecast," "anticipate," "estimate," "project," "expect," "intend" and "plan," in their future or conditional forms, notably verbs such as "will," "may," "should," "could" or "would" as well as similar terms and expressions.

These forward-looking statements are intended to assist the security holders and stakeholders of the Bank in understanding the Bank's progress regarding the Principles for Responsible Banking, and more generally, its vision, strategy and objectives related to environment, social and governance matters and may not be appropriate for other purposes. These forward-looking statements are based on current expectations, estimates, assumptions and intentions believed by the Bank to be reasonable as at the date thereof and are subject to inherent uncertainty and risks, many of which are beyond the Bank's control. There is a strong possibility that the Bank's express or implied predictions, forecasts, projections, expectations, or conclusions will not prove to be accurate, that its assumptions may not be confirmed, and that its vision, strategic objectives, and performance targets will not be achieved. The Bank cautions readers that these forward-looking statements are not guarantees of future performance and that actual events or results may differ materially from these statements due to a number of factors. Therefore, the Bank recommends that readers not place undue reliance on these forward-looking statements, as a number of factors could cause actual results to differ materially from the expectations, estimates, or intentions expressed in these forward-looking statements. Readers and others who rely on the Bank's forward-looking statements should carefully consider the factors listed below as well as other uncertainties and potential events, and the risk they entail. Except as required by law, the Bank does not undertake to update any forward-looking statements, whether written or oral, that may be made from time to time, by it or on its behalf.

The forward-looking statements made in this document are based on a number of assumptions and their future outcome is subject to a variety of risk factors, many of which are beyond the Bank's control and the impacts of which are difficult to predict. These risk factors include, among others; the general economic environment and business and financial market conditions in Canada, the United States, and the other countries where the Bank operates; measures affecting commercial relations between Canada and its partners, including the imposition of tariffs and the measures taken in response, as well as the possible impacts on our customers, our operations, and more generally, on the economy; exchange rate and interest rate fluctuations; inflation; global supply chain disruptions; higher funding costs and greater market volatility; changes made to fiscal, monetary, and other public policies; regulatory oversight and changes made to regulations that affect the Bank's business; geopolitical and sociopolitical uncertainty; the Bank's ability to successfully integrate CWB, and potential undisclosed costs or liability associated with the acquisition; climate change, including physical risks and those related to the transition to a low-carbon economy; the Bank's ability to satisfy stakeholder expectations on environmental and social issues; the need for active and continued participation of stakeholders; the availability of comprehensive and accurate data from customers and other third parties, including greenhouse gas emissions; the ability of the Bank to develop indicators to effectively monitor our advancements; the development and deployment of new technologies and sustainable products; the ability of the Bank to identify climate-related opportunities as well as to assess and manage climate-related risks; significant changes in consumer behaviour; the housing situation, real estate market, and household indebtedness in Canada; the Bank's ability to achieve its key short-term priorities and long-term strategies; the timely development and launch of new products and services; the Bank's ability to recruit and retain key personnel; technological innovation, including the open banking system and the utilization of artificial intelligence; heightened competition from established companies and from competitors offering non-traditional services; model risk; changes in the performance and creditworthiness of the Bank's clients and counterparties; the Bank's exposure to significant regulatory matters or litigation; changes made to the accounting policies used by the Bank to report financial

information, including the uncertainty inherent to assumptions and critical accounting estimates; changes to tax legislation in the countries where the Bank operates; changes made to capital and liquidity guidelines as well as to the presentation and interpretation thereof; changes to the credit ratings assigned to the Bank by financial and extra-financial rating agencies; potential disruptions to key suppliers of goods and services to the Bank; third-party risk, including failure of third parties to comply with their obligations to the Bank; the potential impacts of disruptions to the Bank's information technology systems, including cyberattacks as well as identity theft and theft or disclosure of data, including personal information; the risk of fraudulent activity; and possible impacts of major events affecting the economy, market conditions, or the Bank's outlook, including international conflicts, natural disasters, public health crises, and the measures taken in response to these events; and the Bank's ability to anticipate and successfully manage risks arising from all of the foregoing factors.

In addition, the assumptions, the data, metrics, measurements, methodologies, scenarios, and other standards used to develop our assumptions and estimates and to monitor our advances believed to be reasonable at the time of preparation of this report, may subsequently turn out to be inaccurate. Many of these assumptions, data, metrics, measurements, methodologies, scenarios, and other standards, as well as the terminology used by the Bank to define certain concepts, continue to evolve and may differ significantly from those used by others, those that may be used by us in the future or that may be subsequently mandated by government authorities or other standard setters. Such evolution and changes could affect the assumptions and estimates used by us and could affect the comparability of the information and data across industries or companies and from one reporting period to a subsequent reporting period, as well as our ability to achieve our sustainability objectives, priorities, strategies and commitments.

This report summarizes the progress made by the Bank regarding the Principles for Responsible Banking and should be read in conjunction with the Bank's other sustainability reports available on [nbc.ca](https://www.nbc.ca). Therefore, readers should refer to the indications concerning assumptions, data, metrics, measurements, methodologies, scenarios, and other standards used by the Bank, which are detailed in the reports to which this document refers, as well as the notices, cautions and risk factors stated therein.

The foregoing list of risk factors is not exhaustive, and the forward-looking statements made in this document are also subject to credit risk, market risk, liquidity and funding risk, operational risk, regulatory compliance risk, reputation risk, strategic risk, and social and environmental risk as well as certain emerging risks or risks deemed significant. Additional information about these factors is provided in the Risk Management section of the 2024 Annual Report, and may be updated in the quarterly reports to shareholders filed thereafter.

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

2024 Summary

National Bank of Canada

Principle 1: Alignment	Principle 2: Impact & Target Setting	Principle 3: Clients & Customers
<p>In 2019, National Bank of Canada (the Bank) adopted nine environmental, social and governance (ESG) principles to demonstrate our commitment to sustainability. They are based on several of the UN Sustainable Development Goals (SDG).</p> <p>The Bank became a founding signatory of the Principles for Responsible Banking (PRB) in 2019. Annually, we publish sustainability information in line with known reference frameworks, including the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).</p> <p>Our support for sustainability is an integral part of our strategic planning, and ESG considerations are factored into our business and operational decisions. Our climate ambition and priorities have not changed since 2023.</p>	<p>In 2021, in line with the targets of the Paris Agreement, the Bank committed to achieving net-zero by 2050 for its operational and financing activities.</p> <p>In 2023, the tools developed by the United Nations Environment Programme – Finance Initiative (UNEP FI) allowed us to confirm our two significant impact areas: climate change mitigation and financial health.</p> <p>We've set interim reduction targets for the Oil and Gas, Commercial Real Estate and Power Generation sectors. In 2024, we undertook a comprehensive review of our lending portfolio to assess the Bank's financial and environmental materiality. In 2025, we set a new total lending commitment target of \$20 billion in renewable energy by 2030.</p> <p>For more information on the financial health target, see the Supplement on pages 6-7.</p>	<p>The Bank offers sustainable finance products and services to support clients in their transition to a low-carbon economy. These include green, social, sustainable, transition and sustainability-linked loans and bonds.</p> <p>Since 2019, we have grown our renewable energy financing threefold to reach \$15 billion in total lending commitments.</p> <p>To support clients in the Commercial Real Estate sector, the Bank granted or certified 36 green loans in 2024 for a total of \$1.78 billion, exceeding the established annual target of \$1.25 billion.</p> <p>We're implementing measures to improve access to financial services and enhance our clients' knowledge so they can better manage their personal finances.</p>
<ul style="list-style-type: none"> • 2024 Sustainability Report: Our ESG principles (p. 10), Our commitments (p. 11), Our Contribution to the UN Sustainable Development Goals (pp. 81-83) • 2024 Climate Report: Our Ambition and Priorities (p. 9) • Other publications: See the Codes and commitments section of nbc.ca 	<ul style="list-style-type: none"> • 2023 PRB Report: Principle 2: Impact and Target Setting (pp. 6-26) • 2024 Climate Report: Financed Emissions (pp. 32-34), Interim Reduction Targets (pp. 35-43) 	<ul style="list-style-type: none"> • 2024 Climate Report: Our Ambition and Priorities (p. 9), Support our Clients (pp.15-18) • 2024 Sustainability Report: Promoting accessible service (p. 31), Promoting financial health, inclusion and access (pp. 32-35)

Principle 4: Stakeholders	Principle 5: Governance & Culture	Principle 6: Transparency & Accountability
<p>Constructive, open and transparent dialogue with stakeholders is a key priority for the Bank. It allows us to identify and understand their views and concerns and respond appropriately to their ever-changing needs.</p> <p>The Bank works closely with its clients, peers in the banking sector, regulatory agencies, international organizations, government bodies and its shareholders and investors to discuss common issues related to ESG.</p> <p>The Bank is involved in national and international sustainability initiatives. For example, we participated in a working group under the leadership of Circular Economy Leadership Canada (CELC) and the UNEP FI, which led to the development of a new taxonomy guide for the circular economy, enabling Canada to contribute to the global dialogue on circular finance.</p> <p>In 2024, we participated in various UNEP FI initiatives concerning nature, gender equity and the new version of the PRB disclosure framework.</p>	<p>The Bank's ESG governance framework is designed to balance the oversight of ESG criteria provided by the Board of Directors and its committees with subject matter expertise rooted in the business lines.</p> <p>The ESG Committee is supported by a Management Committee, three working groups and a team entirely dedicated to sustainability. It oversees implementation of the recommendations of the PRB and the Bank's ESG commitments.</p> <p>New training on ESG issues was developed in 2024. It sets out our vision and principles, as well as concrete actions to have a positive impact and participate in a sustainable economy. More than 18,000 employees have completed the ESG: 3 letters for a Sustainable Economy training course.</p> <p>Members of our internal nature working group have completed training on this topic offered by the PRB Academy.</p>	<p>Each year, the Bank reports on its progress in terms of the six Principles for Responsible Banking. This document is the fifth report since we became a signatory of the PRB.</p>
<ul style="list-style-type: none"> • 2024 Sustainability Report: Table 1 (pp. 12-13), Table 12 (pp. 61-62) • 2024 Climate Report: Exercise our Thought Leadership (pp. 19-20) 	<ul style="list-style-type: none"> • 2024 Sustainability Report: The Board and its committees (pp. 63-66), ESG Committee (p. 67) 	<ul style="list-style-type: none"> • For our previous PRB Reports, consult the Archives of past reports in the Codes and commitments section of nbc.ca

Supplement

Principle 2: Impact & Target Setting

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

- [2023 PRB Report](#): Principle 2: Impact and Target Setting (pp. 6-26)

FINANCIAL HEALTH

Baseline and target

In 2023, we set a financial health target based on an impact analysis of our portfolio of products, the data extracted to establish our baseline and the alignment of our strategies (national and Bank-wide situation). This target aims to increase the percentage of long-term investment holdings by 50% by 2030 for our newcomers to Canada clientele, with 2023 as the baseline year. Our baseline calculations as at October 31, 2023, indicated a rate of 7%, which would represent a target rate of 10.5% by 2030.

In 2024, we refined the baseline calculations for our target to include clients who are newcomers to Canada with investments at National Bank Direct Brokerage (NBDB), a division of our subsidiary National Bank Financial Inc. (NBF) for independent investors. This exercise led us to revise our baseline to an investment holding rate of 7.5% as at October 31, 2023. Maintaining our growth target at 50%, this means the target now stands at 11.25% by 2030.

As at October 31, 2024, 8.9% of clients who are newcomers to Canada hold long-term investments. We believe our target remains ambitious given that the total number of newcomers has increased significantly over the same period.

In the past year, we've added indicators to monitor any negative impacts related to our target. This exercise enabled us to identify points to watch out for over the coming year in line with the financial resilience of clients who are newcomers to Canada and have long-term investments.

Action plan

In the Bank's 2023 PRB Report, we identified actions to be implemented to achieve our target, in line with the four main types of enablers set out in the Pathway to Impact.

Categories	2024 achievements
Portfolio composition	Rollout of an inclusion by design pilot project with six initiatives that enabled us to enhance the reference framework by integrating governance factors.

Client engagement	<p>Enhanced the content in the Immigration section of nbc.ca intended for newcomers to Canada. This page provides a wealth of advice to effectively support newcomers as they get settled. It also promotes financial literacy with a comprehensive guide to finance in Canada specifically designed for this clientele. We have received several thousand download requests for the guide since it was published in January 2024.</p> <p>In 2024, for the second year running, the Bank was voted the best bank for newcomers to Canada by MoneySense, the country's largest English-language financial literacy platform. To establish this annual ranking, MoneySense evaluates the solutions offered by financial institutions, taking into account the Canadian banking system and the various financial services offered in the category.</p>
Internal policies and processes	<p>Added content on investment in the support presentation "Advice on managing your finances in Canada," intended to streamline discussions between advisory forces and newcomers to Canada.</p>
Advocacy	<p>Started discussions to identify various options for collaborating with stakeholders in society that would enable us to contribute to the financial health of the public.</p>

In the next year, we will continue our work to enhance the information we provide to newcomers to Canada so they can better understand their personal finances and the importance of long-term savings management. We will also continue to develop our teams' knowledge to ensure they can support clients by providing high-quality advice.

Project management and editing: ESG and Sustainable Development team, National Bank

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