Anticorruption

Corruption is a crime which is actively enforced against people and companies in all the places where National Bank of Canada and its affiliates (**Bank**) do business.

Anticorruption Program

National Bank has set up a robust anticorruption program (**Program**) that applies to any of its employees and directors when representing the Bank.

The Program also applies to a person or an entity that has been engaged by the Bank (**Intermediary**) when the Intermediary acts on behalf of the Bank or in the Bank's name.

Our Program expresses the Bank's greater ethical values and our renowned commitment to corporate responsibility, wherever we are in the world.

Corruption is involvement with a promise, offer, acceptance or transfer of a **Bribe**.
A **Bribe** is a personal benefit to influence or reward an act of someone in the public or private sector, if done to gain an unfair business advantage.

At the heart of our Program is our anticorruption policy (**Policy**), of which this is a summary.

Anticorruption Policy

It's against anticorruption laws and the Policy to:

- ✓ Participate directly or indirectly in corruption.
- ✓ Conceal corruption, including in the Bank's books and record.
- ✓ Fail to report any past or future act of corruption.
- ✓ Retaliate against an employee that has reported on corruption.
- ✓ Make a false report on corruption or abuse our power under the Policy.
- ✓ Put pressure on another employee to disrespect the Policy, including to hire an unqualified job applicant.

Any employee that is found to have stepped offside the Policy is subject to corrective and disciplinary measures.

The Bank's Risk Management Committee of the Board **(RMC)** and Chief Anti-Money Laundering Officer **(CAMLO)** are responsible for enforcing the Policy and are clearly and actively committed to respecting the Program.

Guiding Principles

The Policy sets out the following guiding principles:

- ✓ **Corruption and Bribery**: never solicit, accept or offer Bribes or other similar benefits in the performance of duties. The behaviour of the Bank's employees, directors and Intermediaries must not lead others to believe that they would offer, or agree to receive, such advantages.

- ✓ **The Cover-Up**: avoid covering up an act of Corruption. Concealing or looking the other way from a corrupt act is just as illegal as having personally paid a Bribe.

- ✓ **Gifts, Accommodations and Entertainments**: employ sound judgement when thinking about offering or accepting a gift, travel accommodations, or an invitation to an event and steer clear of any situation:

- where the value at stake is greater than what is reasonable in the circumstances, or
- which could lead to the belief that it is meant to improperly influence the gift-receiver's professional decisions about the gift-giver's company.

✓ **Conflict of Interest**: avoid any situation where personal interests conflict with the interests of the Bank. This principle applies even when employees, directors or Intermediaries appear for the Bank off-site or afters-hours.

✓ **Facilitation Payments**: refuse to make a Facilitation Payment. They have been made illegal in many of the countries where the Bank is located, including in Canada, our home base. This principle applies even in a country where they are customary.

A **Facilitation Payment**, or grease payment, is a small unofficial sum paid to a public official so that he does, or speeds up doing, his job as it relates to the company of the person who made the payment.

✓ **Good Accounting**: Keep complete and transparent books and records. Each of the following actions could resemble an act of corruption:

- Maintaining an account or make a transaction that doesn't form part of the Bank's official books and records.
- Entering an expense that has a false or misleading note or supporting document, or that does not have enough detail to explain what the expense is for.
- Destroying accounting books and records earlier than the law permits.
- Open an account for a business with an illegitimate or falsely declared purpose.
- Misrepresent certain details of a transaction which may circumvent detection controls.
- Perform transactions that are inconsistent with a customer's profile.

✓ **Political Contributions**: Refrain from making contributions to a political party or to a political candidate in the name of the Bank or with, or reimbursed from, the Bank's funds.

✓ **Donation and Sponsorships**: When thinking about having the Bank make a charitable donation or become a sponsor, review and respect the requirements set out in the Bank's Code of Conduct and Ethics, the Policy on Corporation Donations and the Sponsorship Policy.

✓ **Hiring an Employee**: The only thing that matters when hiring a National Bank intern or employee is whether that person has the best qualifications for the job. This principle applies despite that a job applicant may be related to an important public official, to a potential or current Bank client, or to a Bank employee.

✓ **Suppliers, Intermediaries and Partners**: Be vigilant when entering a business relationship with a person or company which will act in the Bank's name or on behalf of the Bank's business interests. If it offers a Bribe to further the Bank's business, it will appear as though the Bank told it to. This principle applies for each agreement the Bank enters:

- With a supplier or outsourcer to perform Bank operations or provide Bank services.
- With an Intermediary such as an agent, broker, or consultant to advance the Bank's interests.

- For the Bank to purchase shares or assets of a company, or for the Bank to create a new entity with another company.

✓ **Training and Attestation**: The Bank's employees must complete anticorruption training which is included in their ongoing training. By annually attesting to their compliance with the Code, they also acknowledge their adherence to the Policy.

✓ **Sector Controls:** Employees in sectors that deals with high-risk jurisdictions, engage intermediaries to act on the Bank's behalf, serve high-net-work clients, liaise with public officials or have the authority to award significant Bank contracts, must establish, communicate, and implement controls that are tailored to the specific business activities of their sector.

✓ **Independent Evaluation:** the Program is continuously evaluated with a view towards its improvement. It is subject to periodic testing of its design, implementation, and effectiveness. These evaluations are performed by independent evaluation teams at the Bank, at a frequency of no longer than every two years.

Reporting of an Act of Corruption

Employees, clients, and other non-employees can report confidentially on corruption to the Reporting Office.

Your identity will stay confidential when you report on corruption, unless you've given your clear written consent or unless the government needs your name.

You're protected from reprisals by any employee affected by your report. Any employee who'd even threaten to retaliate against you for having filed your report will face corrective and disciplinary measures.

Contact the Reporting Office

- 1 877 390-7881 or 514 390-7881
- reporting@bnc.ca