Advancing Racial Equity Through Listening, Learning and Action

At National Bank of Canada, inclusion, diversity and equity are an integral part of our culture and guide our actions. Our approach is to leverage them as a strategic enabler of human performance, embedded throughout our business practices, while fostering a culture of respect, inclusiveness and authenticity. This includes supporting our ongoing journey toward reconciliation with Indigenous Peoples and our efforts to foster equitable opportunities and inclusion for members of visible minority groups.

In February 2026, National Bank engaged KPMG LLP to conduct an independent Racial Equity Audit examining our employment-related policies, practices and processes and the products and services we offer to Indigenous Peoples and visible minorities. The audit was informed by KPMG's Inclusion Methodology and by engagement with the Shareholder Association for Research and Education (SHARE).

The audit placed significant emphasis on people's experiences. Through focus groups, interviews and confidential surveys, the auditor sought to understand how employees and clients experience the Bank's culture, practices, products and services. This approach reflects our belief that meaningful progress rests not only on policies, programs and data, but also on listening to people, engaging in open dialogue and understanding their lived experiences. As part of our commitment to transparency, accountability and continuous improvement, we are publishing a detailed summary of the report.

Strengthening the employee experience

The audit recognizes the meaningful foundation National Bank has established to advance racial equity. It highlights our inclusion, diversity and equity strategy, the contributions of our employee resource groups, our efforts to attract and develop diverse talent, our workforce data practices, and our work to advance Indigenous reconciliation.

It also identifies opportunities to strengthen the advancement of diverse talent from within the Bank, expand awareness of development and sponsorship programs, continue supporting employee resource groups, and foster greater consistency across teams and regions.

As we move forward, we will continue to consider the distinct experiences and priorities of Indigenous Peoples and members of visible minorities. An inclusive culture requires welcoming spaces for dialogue, where employees can express their perspectives, raise concerns and constructively challenge the organization.

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Extending our approach to the client experience

The audit recognizes that the Bank offers tailored accounts, credit cards and international remittance services for newcomers. It also highlights our fairness-by-design framework, structured complaint management processes, multilingual services, multiple banking channels and diverse representation in marketing.

The audit identifies areas for further consideration in the client experience, including the specific needs of Indigenous clients and communities, barriers affecting newcomers, and the clarity and inclusiveness of client communications.

Informing our next phase of action

We view the audit's conclusions as an important source of insight for our next phase of work. Its findings will inform our next three-year inclusion, diversity and equity action plan, as well as our client policies and practices. Our priorities will include:

- continuing to support the advancement of diverse talent from within the Bank;
- strengthening the participation and visibility of employee resource groups;
- continuing to enhance awareness of the existing support system for employees;
- adapting to the realities of members of visible minorities and indigenous peoples;
- continuing to examine how we can foster more inclusive and equitable client experiences.

We thank the employees and clients who shared their experiences and perspectives, KPMG for its independent work, SHARE for its engagement and advice, and our shareholders and other stakeholders for their continued input. Their contributions will guide us as we build on our strengths, address identified gaps and take action toward a more inclusive, diverse and equitable future.

National Bank of Canada

National Bank of Canada | 2026

Racial Equity Audit

Executive Report

October 2026

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1. Executive Overview

1.1 Purpose and Scope of the Racial Equity Audit

National Bank of Canada ("NBC" or "the Bank") engaged KPMG Canada ("KPMG" or "the auditor") in February 2026 to conduct a Racial Equity Audit ("REA"). The purpose of the REA was to provide an independent and objective assessment of selected policies, practices, and processes relevant to racial equity across NBC for its employment practices and for products and services offered to clients with a focus on Indigenous Peoples and visible minorities.

As part of this mandate, KPMG conducted a review of relevant documentation, gathered stakeholder insights, and undertook an evaluation and analysis of the information collected to identify areas of strength, opportunities for advancement and areas for improvement.[1] The assessment has been informed by Inclusion Methodology of KPMG that has been tailored to the Bank's context. The methodology uses an adapted framework of dimensions and sub-dimensions to carry out a structured, multi-dimensional assessment. Additionally, it included interviews and online qualitative surveys with employees and clients to understand their perspectives and lived experiences in relation to racial equity at NBC. These conversations provided valuable qualitative insights into how relevant policies, practices, processes, products, and services are experienced in real-world contexts and helped inform the observations and recommendations in this report.

KPMG also utilized the Civil Rights Audit Standards[2], appropriately adapted to the Canadian context, to inform the review. The audit considers the Canadian context, including the distinct importance of Indigenous frameworks and reconciliation.

Our key takeaways and recommendations are as follows:

1.2 Summary of the Employment Practices Audit

1.2.1 Strengths

- NBC demonstrates a mature and well-integrated approach to promoting racial equity, supported by a strong multi-year Inclusion, Diversity, and Equity (IDE) strategy and clear governance.

[1] The observations and recommendations in this report identify opportunities to further strengthen NBC's existing practices. Unless expressly stated otherwise, areas identified for improvement should not be interpreted as findings that discrimination, inequitable treatment or unlawful conduct have occurred, nor as establishing a causal relationship between a Bank practice and a particular outcome.
[2] PolicyLink-CivilRightsAuditStandards_7-24-24vFinal.pdf

- The Bank has strong representation of visible minorities[3] and Indigenous Peoples across most levels and has adopted targeted efforts for attracting racially diverse talent. It also collects structured workforce data that informs strategic decisions.
- There is a strong ecosystem for supporting employee resource groups (ERGs) for visible minorities and Indigenous employees.
- The Bank offers anti-racism and Indigenous-focused learning and training opportunities to its employees.
- There is a strong focus on Indigenous inclusion and reconciliation, supported by dedicated initiatives, partnerships and governance. Examples include the Bank's participation in PAIR (Partnership Accreditation in Indigenous Relations) certification, collaboration with Indigenous owned suppliers and businesses, hiring of a dedicated head of Indigenous Relations, and targeted community investments.
- Employee feedback demonstrates an overall positive experience for employees who self-identify as visible minorities or Indigenous Peoples.

1.2.2 Areas of Improvement

- The representation of visible minorities and Indigenous Peoples declines at the executive and Board levels compared to other levels. Some focus group participants indicated that they would like to see higher representation of visible minorities and Indigenous Peoples at the senior leadership level. This indicates the need for strengthening pipeline diversity and talent attraction, retention and succession planning processes for increasing diversity at the executive level. It also suggests the need for reviewing policies and processes for Board selection to improve diversity.
- The implementation of inclusion and equity commitments may vary by team, department and location where some employees may not feel always comfortable in raising concerns, if any, to their managers. There is therefore an opportunity to continue creating a safe space where all employees feel comfortable and supported in raising concerns with their managers.
- Findings suggest the need to improve awareness and participation in ERG-led events, celebrations and racial equity training opportunities.
- The Bank should continue to strengthen its focus on community relationships and responsible investments, which may indirectly lead to attraction of diverse talent and will also support external equitable economic development.

Together, these findings suggest that the Bank does promote racial equity with respect to its employee population, and its next stage of maturity lies in strengthening accountability, participation, awareness and measurable impacts to translate those measures into an everyday lived experience for all employees.

[3] KPMG acknowledges that the term "visible minorities" may not align with current leading and inclusive practices. However, the use of the term by NBC aligns with the terminology used by the Government of Canada and that used in the Employment Equity Act.

1.2.3 Recommendations

The recommendations for employment practices focus on strengthening accountability across teams, divisions and locations, increasing ERG awareness and participation, building further equity in talent processes to support career advancement to senior roles, and the extension of racial equity commitments through external relationships and community impact.

1.3 Summary of the Client Products and Services Audit

1.3.1 Strengths

- The Bank offers tailored products for newcomers[4], including specialized accounts and credit cards.
- Credit and lending decisions are largely automated and guided by a well-defined "fairness by design" framework. The Bank also has a dedicated fairness team that reviews potential bias in business rules and analytics models.
- There is transparent, tiered pricing across its products and it offers options intended to reduce financial barriers for diverse client groups and small businesses. These options include no-fee accounts and no-fee credit cards that can support small businesses owned by visible minorities and Indigenous Peoples among other equity-deserving groups.
- The Bank adopts a structured complaint management process with standardized procedures and tools to mitigate biases.
- The Bank operates a multi-channel, multi-lingual service model wherein it provides services in both English and French and employees in branches offer services in other languages, wherever possible.
- A review of the marketing materials indicates the adoption of intentional, diverse representation along with targeted campaigns for racially diverse clients.
- Client feedback across focus groups and online surveys was largely positive, with most participants indicating that products, services, and complaint handling processes, meet their needs regardless of racial identity.

1.3.2 Areas of Improvement

- The Bank does not currently collect disaggregated demographic data on race or Indigenous identity of its clients, which limits its ability to measure approval rates, pricing, complaint outcomes and other business decisions across demographic groups.
- There is an opportunity to further develop products and services dedicated for Indigenous clients and to consider alternate service delivery and lending pathways that respond to distinct barriers.

[4] The audit considers newcomers as a potential proxy for visible minorities because they often come from racially diverse backgrounds. Statistics Canada data supports this approach, with 83% of recent immigrants identified as members of a racialized group in the 2021 Census.

- It is recommended to continue assessing the fairness and impact of the Bank's products and services on visible minorities and Indigenous Peoples.
- There is an opportunity for the Bank to explicitly embed equity as a guiding principle in the complaint management process to enhance the experience of diverse client groups. Additional training for client-facing employees can also add value.
- The Bank's marketing materials do not explicitly communicate the way equity is embedded in the Bank's products and decisions.
- There is also an opportunity to enhance outreach to rural, remote, and additional racially diverse communities via digital or non-digital channels, as relevant.

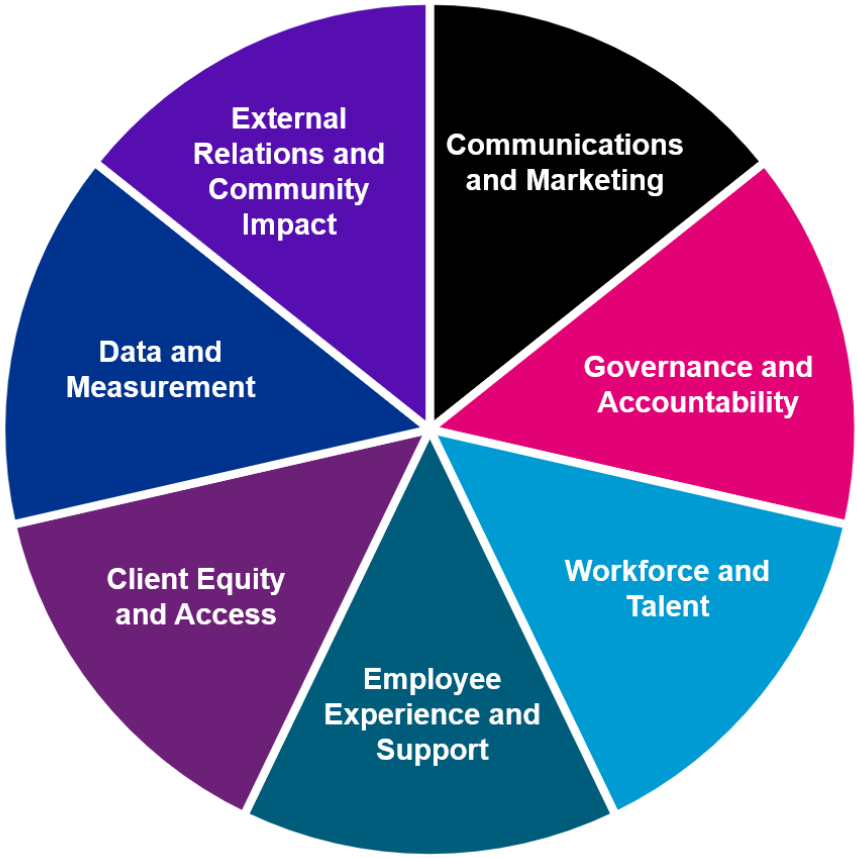
1.3.3 Recommendations

The recommendations for client products and services focus on assessing the feasibility and appropriate governance of collecting client data for monitoring equity; strengthening Indigenous banking capability and access; exploring alternate, low-cost lending options and accessibility measures; strengthening the client experience, improving complaint management processes and language accessibility; expanding targeted marketing; and conducting periodic client-focused racial equity audits as the evidence base matures.

2. Methodology

2.1 Inclusion Methodology

The REA is conducted based on KPMG's Inclusion Methodology, which has been tailored to NBC's context and includes seven (7) dimensions, described in further detail below. KPMG has used the principles related to racial equity and leading practices to assess the strengths and areas of improvement for NBC to promote racial equity in employment and its products and services.



- **Governance and Accountability**: The extent to which leadership and management set an authentically inclusive tone at all levels of the organization to promote racial equity and the strengths in overall governance and accountability for promoting racial equity. It includes the following sub-dimensions: strategic integration, board and leadership representation, leader and manager accountability and corporate responsibility.
- **Workforce and Talent**: The dimension assesses the extent to which racial equity principles are embedded in the organization's workforce and talent management practices and processes. Its sub-dimensions are competency model, hiring and recruitment, rewards and recognition, career advancement and learning and development.
- **Employee Experience and Support**: The dimension assesses the extent the organizations create a positive experience and psychologically safe space for

employees. The sub-dimensions include people networks, well-being supports, inclusion and psychological safety and people policies and programs.

- **Client Equity and Access**: The extent to which the organization creates racially equitable product and service offerings for its clients. Sub-dimensions: products and services, access for clients, eligibility criteria, complaint management and trust and safety.
- **Data and Measurement**: The dimension analyzes the extent to which data specific to racial equity is collected, analyzed and used to inform decisions and whether it is done in a transparent manner. It analyzes the following sub-dimensions: data design, employee data framework and collection and client outcome monitoring.
- **External Relations and Community Impact**: The extent to which racial equity plays a central role in the organization's relationship with the external environment. It analyzes the following sub-dimensions: community engagement and strategic partnerships.
- **Communications and Marketing**: The dimension determines the extent to which racial equity principles are taken into consideration in the organization's communications. Sub-dimensions: workplace language, communication, and marketing and outreach.

The methodology outlines the contributing elements that lead to equity for everyone and emphasizes the *Nothing About Us Without Us* philosophy, a focus that incorporates the voices and perspectives of key stakeholders in the activities. Together, these dimensions cover factors both internal and external to the Bank that impact equitable experiences for its stakeholders.

The dimensions and sub-dimensions are assessed via stakeholder consultations (surveys, focus groups and interviews), document review, review of existing data and third-party information sources, as applicable. These data sources help identify areas of strength and areas for development, as the organization advances its racial equity journey. The dimensions help articulate where an organization is in the journey of creating an inclusive and equitable culture for diverse groups of people, including visible minorities and Indigenous Peoples. An equitable culture enables people to bring their whole selves to work. In doing so, they feel empowered to use their unique voices and reach their full potential.

Each dimension includes several sub-dimensions[5], which are explored during the analytical assessment phase through multiple data collection points. The dimensions and sub-dimensions have been tailored to NBC's context and reflect the Civil Rights Audit Standards guidance for conducting comprehensive racial equity audits. They also guided the review of relevant documents, policies and stakeholder consultations.

[5] KPMG has used relevant sub-dimensions for the analysis.

2.2 Lines of Evidence

2.2.1 Document Review

As part of this assessment, KPMG conducted a document review to understand NBC's existing policies, practices and materials relevant to this review. KPMG reviewed a total of 171 documents covering employment practices as well as the Bank's products and services. The review focused on exploring strengths and potential unintentional inequities that may create barriers to equitable experiences for visible minorities and Indigenous Peoples.

The materials reviewed covered employment and client topics relevant to the audit, including strategy and governance, workforce and talent practices, employee experience and support, data and measurement, products and services, access, eligibility and pricing, complaint management, external relations, communications and marketing.

2.2.2 Stakeholder Consultations

Focus Groups

KPMG scheduled 42 focus group sessions in English and French and held focus group discussions with over 150 employees across different roles at NBC. Participants for these focus groups were recruited through a voluntary, self-selection process. The selection process considered the survey fatigue among employees and was in alignment with NBC's policy of not involving the same employees in multiple data-collection activities within a three-month period. NBC identified employees who self-identify as visible minorities or Indigenous Peoples and officially declared that they agree to participate in inclusion, diversity and equity (IDE) initiatives voluntarily. NBC then invited them to participate in these discussions. Most employees expressed interest in taking part in the process and provided their consent for NBC to share their names and official email addresses with KPMG. KPMG then contacted these individuals directly to schedule focus groups. These employees were also the Bank's clients at the time of the audit. As NBC currently does not collect demographic or self-identification data from clients, employees who are also the Bank's clients were engaged to help facilitate participation across diverse groups and to understand their perspectives while using NBC's products and services.

Focus Group Structure

Individuals who accepted the invitation for focus groups were included in the discussions and given the opportunity to share their experiences, perspectives and opinions in a confidential group of up to 5 participants. KPMG scheduled separate focus groups for managers, non-managers, HR team members, client-facing employees and executives along with drop-in sessions that were open for all those who accepted to be a part of the discussion. This provided a safe space for all individuals to share their perspectives openly.

Online Survey

To support an inclusive and accessible data collection process, all individuals who agreed to participate were also provided with an opportunity to submit feedback through an anonymous

Microsoft Forms survey. This approach allowed individuals who may not have felt comfortable speaking during focus group discussions, or who had additional thoughts to share afterward, to contribute their perspectives. The form was made available in both English and French to accommodate participants' language preferences and further enhance accessibility. In total, KPMG received fifteen (15) responses.

It was acknowledged that employees who participated in focus groups were also Bank clients. To ensure the process was inclusive, it was important to strengthen findings based on the perspectives of clients who do not work for the Bank. Therefore, KPMG sent out a Microsoft Forms survey to collect feedback from clients who are not NBC employees. The non-employee clients were selected by specific departments. Based on existing client relationships, where it was known that the clients self-identified as visible minorities or Indigenous Peoples, the Bank requested participation and received their consent. The relationship managers shared the online survey link with them. The form was made available in both English and French to accommodate participants' language preferences and further enhance accessibility. In total, KPMG received seven (7) responses.

Interviews

KPMG carried out individual or group interviews with executive leaders at the Bank including its Chief Financial Officer (CFO), the team responsible for Partnership Accreditation in Indigenous Relations (PAIR) certification, members of the IDE council, Managing Director of Indigenous Relations, client-facing individuals, employees responsible for client complaint management and the Senior Director & Head of Responsible Investment for National Bank Investments (NBI). Additionally, KPMG held discussions with two Indigenous suppliers, i.e., Amik Inc. and Institut Ashukan. These discussions were carried out based on a structured Q&A format and gathered their insights and perspectives into the Bank's adopted strategies across different divisions to promote racial equity.

In order to maintain the integrity of the data collected throughout the REA, confidentiality was a core principle throughout the audit process. Participation was voluntary and responses were collected anonymously. Further, the auditor did not share the names of individuals who responded to the survey for NBC to protect their anonymity and maintain confidentiality. The auditor has reported findings in an aggregated manner based on thematic analysis and also removed any personally identifiable information to help protect the identity of participants.

2.3 Civil Rights Audit Standards

In the United States, "civil rights audits" emerged as a result of systemic inequalities in corporations, the Black Lives Matter movement, and increasing shareholder engagement. Civil rights audits became a means for corporations to evaluate their own business, structure, and decisions, and determine how they may be contributing to discriminatory outcomes.

There are nine (9) Civil Rights Audit Standards for conducting Civil Rights Audits:

1. Comprehensive scope
2. Independent, qualified auditor
3. Meaningful engagement with stakeholders

4. Access to critical information
5. Rigour and objectivity
6. Transparency
7. Timeliness
8. Regular frequency
9. Board oversight and accountability

The Civil Rights Audit Standards were reviewed in the Canadian context through the standards set by the Shareholder Association for Research and Education (SHARE). These standards, called the *Racial Equity Audit Standards: Supplementary Guidance for Canadian Companies*,[6] considers the Civil Rights Audit Standards in the Canadian legal, social, and historical context. In particular, SHARE's guidance emphasizes that racial equity audits in Canada should pay particular attention to Indigenous frameworks, UNDRIP (United Nations Declaration on the Rights of Indigenous Peoples), and Canada's commitment to reconciliation, which is a distinct characteristic of Canadian society.

KPMG has integrated the Civil Rights Audit Standards, as further articulated by SHARE, as a supplementary analysis framework to help assess areas of alignment and opportunity relevant to NBC's broader equity commitments and as a basis for completing the REA.

2.4 Limitations and Assumptions

The REA included an extensive review of relevant documents and participants' perspectives, along with any data already collected by NBC. It has thus helped to identify patterns, perceptions and potential areas of improvement but may not definitively determine the causes of observed outcomes. Further, the audit presents findings based on the existing policies, conditions and employee and client experiences at the time of data collection. As organizational culture, workforce composition, equity initiatives, offered products and services, and service standards may evolve over time, the relevance of the findings may also change with time.

As NBC currently does not collect client identification data, most individuals who provided feedback were also NBC employees. It is acknowledged that they may not be representative of the Bank's broader client base. As a result, their perspectives may not fully reflect client experiences across the entire range of NBC's products, services, and business lines. To help mitigate this limitation, KPMG supplemented the feedback with insights gathered from external clients, providing a more balanced assessment. Additionally, KPMG also gathered feedback from Indigenous suppliers of the Bank to gather perspectives into their experiences. The audit considers newcomers a potential proxy for visible minorities because newcomers[7] often come

[6] SHARE, "Racial Equity Audit Standards: Supplementary Guidance for Canadian Companies" (2025), online: <https://share.ca/wp-content/uploads/2025/11/25.10.06-Racial-Equity-Audit-Standards-Supplementary-Guidance_FINAL.pdf>.
[7] For this analysis, "newcomers" includes both permanent and temporary residents, recognizing that both groups can face similar challenges navigating Canada's financial system after arrival, including establishing a Canadian credit history.

from racially diverse backgrounds[8]. However, the auditor acknowledges that their experiences and barriers may differ from those faced by visible minorities who have lived in the country for many years.

The REA is further based on the assumption that the participants provided honest feedback and that the perspectives shared by them offer meaningful insights into employee experiences. It is also assumed that the measures taken to support confidentiality, accessibility, and voluntary participation facilitated authentic engagement in the data collection process.

[8] Statistics Canada data indicates that newcomers to Canada are predominantly from racialized backgrounds, with 83% of recent immigrants identified as members of a racialized group in the 2021 Census.

3. Key Findings

How to read the findings:

The detailed audit was assessed through seven dimensions of KPMG's Inclusion Methodology. For this executive report, the results are presented through two lenses: employment practices and client products and services. This keeps the findings grounded in the methodology while distinguishing the evidence and outcomes relevant to employees from those relevant to clients. For each of the relevant dimensions of the methodology, we have provided key strengths and areas of improvement as identified across each sub-dimension.

3.1 Employment Practices Audit

3.1.1 Governance and Accountability

The Governance and Accountability dimension evaluates the extent to which leadership and management set an authentically inclusive tone at all levels of the organization to promote racial equity. It also explores the overall governance and accountability within the organization related to racial equity. Analyzed sub-dimensions: strategic integration, leader and manager accountability, corporate responsibility and leadership and board representation.

Strengths

- **Strong strategic foundation for racial equity:**
  - The Bank has a strong multi-year IDE plan with a strong focus on increasing representation and inclusion experiences of visible minorities and Indigenous Peoples. It explicitly embeds equity across its strategic, governance, and public disclosure documents, demonstrating that it recognizes equity as a core organizational value.
  - The Bank has established robust governance structures to advance racial equity, including dedicated IDE and PAIR certification teams with sponsors. It has also implemented a range of targeted initiatives, such as a dedicated LinkedIn page for Indigenous Peoples, targeted recruitment programs, and mandatory training, demonstrating a strategic and coordinated approach to promote racial equity.
  - The undertaken efforts have shown strong organizational uptake, with 92% of employees completing the mandatory Indigenous awareness training and more than 90% completing the self-identification process, suggesting positive progress in advancing the Bank's racial equity objectives.
  - The documents indicate strong leadership commitment for advancing Indigenous Relations by embedding it within its strategic roadmap. Key initiatives include the rollout of mandatory Indigenous training for leaders in 2025, the launch of a dedicated Indigenous webpage, the development of a land acknowledgement, the appointment of a Managing Director and Head of Indigenous Relations, participation in supplier diversity programs, and the establishment of new philanthropic partnerships.

- **Workforce diversity and inclusion**
  - The representation of visible minorities and Indigenous Peoples has increased within the Bank. Data indicates that the Bank has met its representation targets for visible minorities across most employee levels, except for the executive group. This can be attributed to the IDE efforts and plan that identify career advancement and recruitment of visible minorities and Indigenous Peoples as strategic priorities.
  - It has also established organization-wide representation targets to strengthen accountability for advancing workforce diversity. Participation in external initiatives, such as the PAIR program, reinforces accountability and demonstrates its commitment to transparency and continuous improvement.
  - Additionally, the Bank has a Board Diversity Policy that promotes inclusion and diversity by incorporating diversity considerations into Board appointments. While the policy includes representation targets for women, it does not establish targets for the representation of visible minorities and Indigenous Peoples at the Board level.
    - According to the April 2026 Management Proxy Circular, 13.33% of Board members identify as visible minorities.
  - Inclusion surveys carried out by the Bank reflect strong experiences of belonging among employees who self-identified as visible minorities or Indigenous Peoples. Focus group participants shared a similar sentiment and reported that the Bank is making a deliberate effort to foster an inclusive and equitable work environment, where employees feel welcomed and respected.

Areas of Improvement

- **Building consistency in equity and inclusion experiences**
  - The internal inclusion survey data reveals that there is a need to strengthen the equity and inclusion experiences of Indigenous Peoples in western provinces, especially those who migrated from Canadian Western Bank (CWB)[9] after its acquisition by NBC in 2025.
  - Employees who participated in discussions reported some inconsistencies in employee experiences across departments and locations. They acknowledged strong leadership buy-in but potential differences in managers' implementation of inclusion and equity principles. This indicates the need for higher consistency and strengthening of the adopted strategies to promote racial equity.
- **Increase diverse representation at executive and Board levels**
  - Data reveals that the Bank has not yet met its representation targets for visible minorities at the executive level as identified in its 2025 Sustainability Report. Further, there is currently no Indigenous representation target at the executive and Board level.
  - Employees who participated in discussions expressed a desire to see greater representation at more senior positions.

[9] Employees from the CWB Heritage Group constitute approximately 8.7% of the Bank's overall workforce.

- These findings thus indicate the need for the Bank to adopt additional targeted initiatives to increase diverse representation at the executive and Board level.

3.1.2 Workforce and Talent

The Workforce and Talent dimension explores the extent to which racial equity principles are embedded in the organization's workforce and talent management practices and processes. The sub-dimensions evaluate different aspects of talent management that play an important role in creating an inclusive experience for employees.

Strengths

- **Targeted initiatives to attract diverse talent**
  - The Bank has implemented targeted initiatives to attract Indigenous talent, including Indigenous Life pages on LinkedIn, scholarships for Indigenous students, and partnerships with organizations such as AMIK Recruitment and First Nations Human Resources Development Commission of Quebec (FNHRDCQ).
  - It has established structured and consistent hiring processes, including standardized interview guides, defined recruitment practices, and structured rating mechanisms that help promote fair and consistent hiring decisions and mitigate bias. The job descriptions that were analyzed also did not demonstrate any overt bias and were designed to support equitable recruitment.
- **Integration of equity in competency framework**
  - The Bank has integrated equity-related skills and behaviours into its competency framework and leadership profiles. These skills include intercultural competence, empathy, inclusive communication, relationship building, openness to diverse perspectives, and fostering a respectful and inclusive workplace.
    - Such a framework moves racial equity from a general organizational commitment into the behaviours expected of employees and leaders in their everyday work.
  - The profiles for managers also explicitly include diversity and inclusion and emotional intelligence behaviours, reinforcing leaders' responsibility to promote diversity, equity, and inclusion.
- **Strong compensation framework**
  - The Bank has established a compensation framework that considers internal equity, external competitiveness, equity for individuals, and regulatory requirements (i.e., pay equity legislation).
    - The "Promoting Winning Working Conditions" section of the 2024 Sustainability Report indicates that the Bank also uses quantitative analysis and third-party reviews to assess compensation fairness.
  - Additionally, the Bank has robust governance mechanisms to oversee compensation practices, including oversight bodies and regular audits of compensation practices. The Employment Equity Act report demonstrates that the Bank integrated a rigorous exercise to compare and analyze the equity in compensation of equity-deserving groups including visible minorities and Indigenous Peoples. The findings identified a gap of less than 1% in total compensation across different employee groups.

- **Supporting equitable career advancement**
  - The Bank has implemented several programs and initiatives to support the career development and advancement of visible minorities and Indigenous Peoples:
    - The coaching program “Me, My Career" supports career development for visible minorities.
    - The Diverse leadership and continuity program (DLCP) provides mentorship to employees at entry level positions, who identify as visible minorities or Indigenous Peoples. It had a retention rate of 94% and mentee global satisfaction score of 4.9/5 in 2025.
    - Sponsorship program for employees who are at senior positions and identify as members of visible minorities and Indigenous communities.
  - Participants also reported positive experiences and shared that Bank's existing policies, practices, and inclusive behaviours have helped reduce barriers for career advancement. Most of them indicated that they have not personally experienced inequities in career progression based on their race or ethnicity.
- **Broad racial equity related learning opportunities**
  - The Bank offers a broad range of learning opportunities that support racial equity, including dedicated learning pathways on anti-racism, intercultural posture, inclusive communication, Indigenous realities, and inclusive recruitment.
    - Training programs such as *Combat Racism at Work* and *Understanding and Taking Action Against Racism* address topics including anti-Black racism, systemic racism, white privilege, and historical inequities, demonstrating a commitment to building meaningful understanding beyond foundational awareness.
    - Indigenous-focused learning, including *Indigenous Realities and NB's Commitments*, and the *Inclusive Recruitment* workshop further strengthen employees' understanding of Indigenous reconciliation and inclusive hiring practices.

Areas of Improvement

- **Further strengthen recruitment and retention of diverse talent**
  - As there is a need to increase representation of visible minorities and Indigenous Peoples at the executive level, there is an opportunity to more clearly articulate the recruitment and advancement strategies. The Bank is recommended to take targeted actions to strengthen diverse internal feeder pools and executive hiring practices.
  - While no overt inequities were identified, it is recommended that the Bank continues to strengthen its selection and recruitment processes by integrating additional mechanisms to reduce subjectivity and potential bias that may arise in the process.
  - Consulted employees at the Bank also expressed the need to further strengthen the initiatives to attract and retain visible minorities and Indigenous Peoples.
- **Awareness of career development programs**
  - While the documents confirm that the Bank has established several pathways to support the career development of visible minorities and Indigenous Peoples, some of the consulted employees expressed lack of awareness.

    - Some consulted employees demonstrated lack of awareness of the overall career progression process and performance rankings. Others were not aware of the existing mentorship and sponsorship programs.
    - These findings therefore suggest that there is a need to increase awareness among all employees regarding the existing career development supporting programs and initiatives.
- **Review career advancement policies and practices**
    - Employee survey carried out by NBC indicated comparatively less favourable perceptions of equal opportunities for career advancement among visible minorities and Indigenous Peoples.
    - Focus group participants also identified inconsistent access to career advancement opportunities across departments, suggesting an opportunity to review the current advancement policies and practices.
- **Enhancement in socialization of training and learning opportunities**
    - Many participants reported limited awareness of the Bank's available learning opportunities related to IDE and/or racial equity, citing insufficient communication and promotion. As a result, employees often need to proactively search for training options, which may create barriers to participation.
    - Completion rates of different training topics also differ across the Bank. This indicated a need to enhance communication and socialization of training and learning opportunities.

3.1.3 Employee Experience and Support

The Employee Experience and Support dimension explores the extent to which formal and informal structures exist and support people within the organization, especially visible minorities and Indigenous Peoples. This may include employee networks or employee resource groups, people policies, and informal social networks that are inclusive and free of bias.

Strengths

- **Strong ERG ecosystem**
    - The Bank supports equitable employee experiences through multiple ERGs for visible minorities and Indigenous Peoples, including Réseau Autochtone / Indigenous Network (R.A./I.N)., The Pan-Canadian Network of Black Professionals, LatinX and Asian Circle.
    - The Bank also operates a Global Culture Club that promotes an equitable environment for newcomers and celebrates cultural diversity. It also has well-defined success factors and collaborates with ERGs for promoting equity and for organizing events.
    - There are formal governance structures, defined clear mandates, and dedicated budgets for its ERGs. There are online ERG pages that include discussion forums as means of engagement, thus increasing access.
    - This was confirmed by the sentiments shared by consulted employees. They identified these ERGs as important sources of connection, community, and belonging for visible minorities and Indigenous employees, reflecting strong organizational support for racial equity.

        - They also expressed excitement about the cultural events and celebrations organized by the ERGs.
- **Strong people policy framework and governance**
    - The Bank has established a comprehensive policy framework that promotes a respectful, inclusive, and discrimination-free workplace. Its policies address harassment, discrimination, workplace respect, retaliation, and align with recognized human rights principles and prohibited grounds of discrimination.
    - There are multiple, accessible reporting channels available to employees for reporting or raising any concerns they may have. These channels include managers, multiple avenues within Human Resources, the Ombudsman Office, and formal complaint processes—as well as confidential medical and psychological support services.
    - Additionally, the Bank has defined clear governance structures, including defined roles, responsibilities, escalation pathways, and regular policy reviews. This supports consistent implementation and oversight of the workplace policies.
- **Strong psychological safety and employee support**
    - Most employees who participated in discussions mentioned that they would feel comfortable in reporting incidents of any inequities if they faced any.
    - This is backed by the overall inclusion survey results of the Bank wherein employees identifying as visible minorities and Indigenous Peoples reported high scores of psychological safety. Their scores were also comparable to the scores reported by the overall workforce at the Bank.
    - The Bank has also created a strong tool (*A Culture of Respect Concerns Us All)* for employees. It provides examples and means of addressing inappropriate behaviour from colleagues and from clients with multiple support options and intervention channels.

Areas of Improvement

- **Support higher participation in ERG events**
    - The ERGs at the Bank play a crucial role in promoting an inclusive and equitable environment for visible minorities and Indigenous Peoples, but there are several capacity and resourcing constraints associated with them. This presents an opportunity to strengthen the resources available to support ERG activities.
    - Consulted employees also reported that celebrations hosted by these ERGs are limited to some of the bigger locations, suggesting the need to expand them across all locations. This is therefore an opportunity for the Bank to identify ways to improve access to these events. Further, an increase in communications and promotions of ERG events can also help create more awareness among employees across locations.
    - In addition to the formal support offered via ERGs, there is an opportunity for the Bank to establish and/or motivate employees to establish informal support channels.
- **Continue to communicate regarding inclusive workplace behaviour**
    - The sentiments expressed by consulted employees indicate a strong focus on promoting inclusive behaviour at the Bank. It is recommended that the Bank continue to build on the momentum and establish regular communications to employees in different formats. This could include communication of explicit

examples related to racial equity and other behaviours that may disproportionately affect visible minorities and Indigenous Peoples.
    - Continued communication and awareness will also help reinforce the importance of ongoing prevention, awareness and higher consistency in experiences across departments, teams and locations.
    - Some consulted employees communicated lack of awareness of existing formal processes of filing a complaint, which can create barriers to raising race-related or other workplace concerns. Some feel uncomfortable in raising concerns to their managers. Therefore, ongoing communication can create more awareness and reinforce the ability of employees to raise concerns using a channel that they feel comfortable with.

3.1.4 Employee Data and Measurement

The Data and Measurement dimension assesses the extent to which racial equity-specific data is collected, analyzed and used to inform decisions, and whether it is reported in a transparent manner. It has been divided further into employee and client data and measurements to explore the way the Bank collects and manages employee and client data.

Strengths

- **Inclusive data collection principles**
    - The Bank adopts inclusive and transparent data collection principles. The self-identification campaign supported evidence-based racial equity by collecting self-volunteered information on racial identity and Indigenous identity.
    - The campaign defined a clear purpose for data collection and provided strong protection for confidentiality of individuals. 90% of Bank employees completed this survey, demonstrating high engagement and trust from employees.
- **Structured workforce data collection and monitoring**
    - The Bank has established a structured approach for collecting, disaggregating, and monitoring workforce data related to visible minorities and Indigenous Peoples. It tracks key workforce and engagement indicators on a quarterly basis, including belonging, psychological safety, perceptions of discrimination, equal career opportunity, hiring, internal mobility, and exits.
    - It also monitors trends over time to assess representation and workforce outcomes. This is evident from the employee survey results and other reports shared by it.
    - Reports also indicate that the data collected by the Bank is disaggregated across key groups and tracked over time, enabling visibility into trends and outcomes of adopted strategic initiatives.
    - The Bank supplements quantitative workforce data with qualitative insights, including focus groups, to develop a more comprehensive understanding of employee experiences. Further, it uses the collected data to monitor progress and inform strategic decisions, such as prioritization of career advancement for visible minorities, which indicates data maturity.

Areas of Improvement

- **Integration of Indigenous data sovereignty principles**
  - The Bank uses transparent and inclusive data collection mechanisms. However, the documents do not clearly mention and outline the way it integrates Indigenous data sovereignty principles into the process.
  - This presents an opportunity to strengthen data design by incorporating Indigenous data sovereignty principles, increasing transparency regarding the governance of Indigenous workforce data, engaging Indigenous employees in how the data is used and interpreted, and clarifying how the data collected will benefit Indigenous Peoples.

3.1.5 External Relations and Community Impact

The dimension assesses the extent to which the organization embeds equity in its external relations and has a positive impact on the community.

Strengths

- **Strong portfolio of external relations and partnerships**
  - The Bank launched the *Indigenous Business Sourcing Program* in 2025 and became a Champion Business Member of the Canadian Council for Indigenous Business' supply chain program, expanding its focus to include procurement in addition to clients and community.
  - It has established a strong portfolio of partnerships with organizations that support Indigenous Peoples and visible minorities, including AMIK Inc., Obsidi (Black Professionals in Tech Network), and the Onyx Initiative.
    - These partnerships demonstrate its intentions to support visible minorities and Indigenous Peoples in areas such as recruitment, early career development, scholarships, and workforce integration.
    - For example, the partnership with AMIK Inc. allows the Bank to adopt a dedicated route to the recruitment of Indigenous Peoples and offer training to all its employees.
  - It also has a strong Supplier Code of Conduct that defines the required human rights commitment from its suppliers (e.g., it establishes the need for suppliers to maintain workplaces that are diverse and free from discrimination).
    - Suppliers who were engaged as a part of the audit reported a positive experience of working with the Bank.
    - Suppliers who are working with the Bank to advance their efforts towards the inclusion and reconciliation of Indigenous Peoples stated that NBC sought out partnerships with them and built true relationships through intentional and meaningful engagement.
- **Positive impact on the community**
  - The Bank supports and has collaborated with several external organizations to enable the community to benefit from the contributions of all its members.
    - For visible minorities, it has collaborated with several community organizations, as identified in the 2025 Sustainability Report, to support the growth and inclusion of people who identify as Black.

        - The Bank supports Right to Play to promote development of Indigenous youth, Chapter One to provide personalized reading support to Indigenous children in Alberta and British Columbia while also supporting Indigenous authors and artists. Additionally, the Bank's Indigenous Inclusion Project Accelerator through Enactus Canada promotes economic inclusion of Indigenous peoples and entrepreneurs in Canada.
- **Sustainable investment**
    - The Bank also focuses on sustainable investing and embeds responsible investment in its governance, portfolio selection and decision-making. The 2025 responsible investing report demonstrates that it has integrated human rights considerations into its investment policies.
    - The Bank focuses on the "social" aspect of ESG along with the environmental factors while making investments and has also been involved in several initiatives to promote sustainable financing.
        - This includes *Le groupe de travail des investisseurs et des peuples autochtones* (IIWPG) to promote Indigenous reconciliation.
        - 57% of portfolio managers with NBI (National Bank Investments Inc.) have made a public commitment to respect Indigenous rights.
        - The portfolio managers are also required to incorporate IDE considerations in decision making.
            - 90% of NBI managers and portfolio managers have a hiring policy and processes that include IDE considerations.
        - NBI has a dedicated team focused on responsible investing.
            - The portfolio managers are encouraged to consider Indigenous Peoples' rights in their pre-investment analysis.

Areas of Improvement

- **Focus on targeted partnerships and community collaborations**
    - Internal analyses carried out by the Bank identified underutilized partnerships, as well as internal stakeholder expectations for greater philanthropic support for visible minority communities, highlighting an opportunity for improvement.
    - Review of existing philanthropic efforts and community engagements reflect the opportunity to expand these efforts to other visible minority groups beyond the Black and Indigenous communities.
- **Strengthening supply chain and responsible investment strategies**
    - The current Supplier Code of Conduct requires suppliers to maintain a diverse and discrimination-free workplace, but it can be further strengthened by integrating supplier diversity targets and reporting requirements.
    - There is also an opportunity to review the current procurement and request for proposal (RFP) processes.
        - The suppliers who were engaged as a part of the audit flagged that the procurement process could take several months and there is an opportunity to improve that.
        - Further, they identified that language, access to financing and procurement can be the key barriers for small businesses owned by visible minorities and Indigenous Peoples in securing partnerships with large organizations such as NBC. This highlights an opportunity for NBC to

carry out a comprehensive evaluation of its RFP process and support offered.
    - There is also an opportunity to further embed explicit investment strategies focused on allocating capital to racialized entrepreneurs or community finance initiatives.
        - Integration of more intentional investment measures along with more robust key performance indicators (KPIs) and metrics related to racial equity can also strengthen the Bank's sustainable investment strategies.

3.1.6 Employee Communications

The adopted methodology includes the Communications and Marketing dimension. This dimension assesses the extent to which racial equity principles are taken into consideration regarding marketing and communications that the organization chooses to feature and align with, including language use, work attire, and history. It has been further broken down into employee communications, and communications and marketing adopted for clients.

Strengths

- **Strategic and inclusive communication**
    - The Bank has established dedicated communication strategies to support racial equity, including an Indigenous communications strategy that acknowledges historical and systemic inequities, advances reconciliation, and embeds governance through a cross-functional communications group. The strategy also emphasizes sustained engagement beyond symbolic observance days, demonstrating a long-term commitment to Indigenous inclusion and integrating narratives in internal and external channels.
    - It also supports inclusive and consistent communication through inclusive writing guides, style standards, and IDE calendars that help employees communicate respectfully with diverse audiences, including employees and clients. Its IDE communication strategy promotes different initiatives and has several KPIs to measure its success.
    - The Bank has strengthened the consistency of its internal messaging and external communications to promote racial equity initiatives and increase awareness of its commitments and programs.
- **Inclusive employer branding and storytelling**
    - The Bank's external branding and recruitment materials, including its career pages, reflect the diversity of its workforce and demonstrate its commitment to racial equity and inclusion.
    - The use of inclusive storytelling by the Bank reinforces its focus on diversity and inclusion.

3.2 Client Products and Services Audit

3.2.1 Client Equity and Access

The Client Equity and Access dimension assesses the extent to which racial equity plays a central role in product and service offerings. This helps in understanding if the organization considers the equity and access needs of diverse client groups.

Strengths

- **Tailored products and services for newcomers and small businesses**
    - The Bank offers tailored products for newcomers such as special accounts, residential financing and credit cards.
    - Additionally, it offers specialized newcomer services including international remittances to countries such as India and the Philippines, legal support services and resources that can help them manage their finances.
        - Most clients engaged in the audit also appreciated that the Bank offers tailored products and services for newcomers to Canada.
    - The Bank also offers multiple credit options for small businesses such as business overdrafts, demand loans, operating lines of credit and simplified operating credit. These options can support businesses owned by visible minorities and Indigenous Peoples to expand their operations and activities. The Government of Canada[10] suggests that capital and financial barriers are among the key challenges faced by Indigenous-owned businesses. As a result, the availability of credit solutions tailored to different financing needs represents a strength that can help empower Indigenous-owned small businesses by improving access to capital and supporting their growth and long-term success.
        - For example, the Bank offers operating lines of credit and temporary operating credit facilities designed to support small and medium-sized enterprises (SMEs). These products help businesses meet short-term financing needs by providing access to working capital for inventory purchases, operating expenses, and accounts receivable, thereby supporting business continuity and growth.
        - NBC is the only Canadian bank that is a member of Factor Chain International (FCI) to offer supply chain financing solutions.
        - Further, letters of credit and letters of guarantee can help businesses owned by visible minorities and Indigenous Peoples participate in international trade, supply chains, and government procurement opportunities by strengthening their credibility and facilitating commercial transactions.
        - These findings suggest that the Bank offers a range of credit products and services that enable small businesses to access financing, which can be

[10] Government of Canada: Indigenous-owned businesses: Survival rate and performance

particularly advantageous for visible minorities or Indigenous Peoples who own small businesses.

- **Dedicated unit to build relations and offer tailored solutions for Indigenous clients**
  - The Bank has a dedicated unit to build relations and develop tailored offerings for its Indigenous clients. It appointed a Managing Director & Head of Indigenous Relations in January 2025, with a mandate focused on advancing Indigenous participation and strengthening banking relationships with Indigenous communities.
  - Indigenous clients are eligible for NBC's The Minimalist chequing package with no fixed monthly fee.
- **Multi-channel presence**
  - The Bank offers banking products and services via multiple channels, which include in-person, virtual and mobile/online, and call centres.
  - Offering services via different channels enhances accessibility, especially for those living in remote locations with limited access to banking services. For example, clients in certain locations or communities may not find digital channels accessible because of poor/no internet or lack of digital literacy.
  - The Bank appears to adopt a digital-first design wherein different digital channels are embedded in its core processes (e.g., email confirmation, mobile photo ID uploads online account activations). This creates ease of access for diverse groups of clients.
- **Multi-language services**
  - The Bank has a self-service web appointment system that allows clients to choose from 8 different language options: English, French, Spanish, Arabic, Cantonese, Mandarin, Punjabi and Hindi. This allows clients to choose their language while booking an appointment with a representative.
  - Across its branch network, digital channels and contact centres, the Bank provides services in both official languages, English and French.
    - The clients engaged in the discussions identified the multilingual support offered in branches to be an asset. They appreciated the Bank's efforts to provide services in as many languages as possible, based on the language spoken by its employees.
  - The Bank has also enhanced language accessibility through its automated banking machines (ABMs), which currently support multiple languages, including English, French, traditional Chinese, Spanish, Arabic and Punjabi.
    - Clients also highlighted the value of the multilingual call centre support and multilingual automated banking machines (ABMs), noting that these services contribute positively to client accessibility, satisfaction, and overall experience.
  - Such multi-language services enhance accessibility and equity for clients from different cultural backgrounds and language preferences.
- **Strong fairness considerations in lending and credit decision-making models**
  - The Bank adopts a strong "fairness by design" model and has a fairness team to embed equity considerations in decision-making. The framework considers discriminatory bias in business rules and decision-making and considers the potential bias that may arise from analytics and automated models.

  - It has also developed several new models to inform credit decisions and remove or replace old proxy variables with the ones that are either based on industry standards or credit bureau information.
    - For example, it defined a new underwriting strategy in 2022 for applicants with an existing credit history. It focused on improving approval rates by considering the expected profitability rather than only relying on default risk and excluded protected variables such as age to ensure fairness by design.
  - Most clients engaged in focus group discussions indicated that credit and lending decisions are automated and systematic and require minimal human intervention. They mentioned that the eligibility criteria follow objective industry standards, leading to fairness in the process.
    - Some respondents who work in the departments responsible for credit decisions stated that the decisions are fair and there is no differential treatment based on the racial identities of clients.
- **Transparent pricing models**
  - The Bank's fee schedules and pricing frameworks for products and services, including wealth management, business banking, and brokerage services, demonstrate a transparent and structured pricing approach. Fees are generally standardized and linked to the type of service provided or the client's account type.
    - In addition, it employs tiered pricing models for certain products and specialized transactions, allowing fees to align with the nature and complexity of the services delivered.
  - Clients also added that the eligibility criteria are transparent and help mitigate decision-making biases.
- **Structured complaint management process**
  - The Bank has a dedicated Client Complaint Appeal Office (CCAO) for managing complaints that are not resolved to clients' satisfaction at the first level. The office distinguishes between types of complaints and establishes responsibility for specific teams to handle different types.
  - It also offers specialized support to managers to assist them in addressing and handling client complaints. Individuals and businesses can request support for different aspects of complaint management, creating a process that not only supports the clients but allows employees to also address complaints fairly.
  - Clients who participated in the focus group discussions confirmed that the complaint management procedures are well-defined and structured with defined timelines.
    - Participants suggested that the complaint management teams do not consider any personal identities of clients and try to make the process equitable.
  - Complaint management teams also receive training pertaining to the handling and management of complaints and some generic training related to unconscious biases. However, there are plans to review the complaint management process, which would include new training modules to facilitate learning about different communities.
    - Participants mentioned that the new process will help understand needs of newcomers and immigrants as these clients come from different systems.

- **Positive experiences by clients**
  - Most clients who participated in the discussions reported that they have not experienced or witnessed differential treatment during their interactions with the Bank and have had positive experiences irrespective of their racial identities.
    - Participants added that the client-facing employees at the Bank are professional and communicate respectfully.

Areas of Improvement

- **Opportunity to offer products, services and alternate lending pathways that meet Indigenous client needs**
  - The Bank offers no-fee accounts for Indigenous Peoples. However, there is an opportunity to offer additional dedicated products and/or services to them.
  - There is also an opportunity for the Bank to offer alternate lending pathways for Indigenous clients. The current business and personal lending products such as lines of credit and mortgages are based on conventional standards, creating an opportunity to develop tailored products that could promote a more equitable banking system.
  - There is an opportunity to offer alternate lending pathways to Indigenous clients as well considering their cultural and social nuances.
  - Some clients who participated in the focus groups acknowledged that the Bank has made efforts to expand its presence in Indigenous communities and offer tailored products and services. However, they also identified the need to further expand the current offerings.
  - There is also an opportunity for the Bank to expand its services via alternate channels to improve access to banking products and services to Indigenous clients living on reserves.
    - This will also improve access for clients living in rural or remote areas, leading to higher equity for diverse groups of people.
- **Review of fees and requirements for different products and services**
  - The Bank offers multiple products and services to support small businesses. However, the associated fees and collateral requirements can be a barrier for these businesses and entrepreneurs from historically underserved communities. There is an opportunity to explore more flexible eligibility criteria, pricing structures, or tailored solutions to promote equitable access to these financing products.
  - Similarly, business overdraft facilities may be less accessible to SMEs due to relatively high interest rates and limited product availability. These factors may restrict access to short-term credit for smaller businesses, presenting an opportunity for the Bank to explore more flexible and inclusive financing options that better support entrepreneurs.
  - The Bank adopts tiered pricing models for several services, which is commonly seen across the banking sector.
    - While the progressive pricing structure is commonly adopted, this can create inequities for racially diverse clients. Indigenous Peoples and newcomers often report low wealth or assets due to systemic barriers and higher fees can further restrict them from receiving advisory services.
    - This presents an opportunity to carry out a fee impact review to clarify if the applicable fees disproportionately affect racially diverse groups. This

can potentially lead to the development of a new fee structure for people with lower assets, creating equity for newcomers and Indigenous Peoples.

- **Potential of post-implementation fairness testing for credit decision-making models:**
  - As highlighted earlier, the Bank adopts robust and fair credit decision-making models. It establishes mechanisms intended to address potential bias, which could be further strengthened through additional testing. There are opportunities to proactively consider the needs of visible minorities and Indigenous clients to strengthen and make the models and/or decision-making processes more equitable.
  - The models can include post-implementation fairness testing, such as evaluating approval and denial rates across demographic groups where appropriate and legally permissible.
  - Such post-implementation testing can help strengthen in-built equity and mitigate unintended barriers.[11]
- **Expand on financial literacy options offered to clients**
  - The Bank offers a guide designed for newcomers that provides information on Canada's financial system, building a personal budget, managing savings and investments and building a life in Canada, which promotes financial literacy.
  - However, there is an opportunity to continue expanding current offerings to create tailored options for visible minorities, newcomers and Indigenous Peoples to enhance their financial literacy and support equitable financial growth.
  - Clients who participated in the audit also identified that some communities may be hesitant to use banking products and services due to limited familiarity with the Canadian banking system, while others may have difficulty understanding concepts such as credit, lending, and other financial products. They suggested that there is a need for more targeted initiatives aimed at improving financial literacy for these client groups.
    - Further, they highlighted the importance of providing financial information in plain language to enhance accessibility and understanding for everyone.
  - One of the key social commitments made by NBC is to promote financial literacy to improve financial knowledge and achieve financial security, which can help address the identified gap.

3.2.2 Client Data and Measurement

The Data and Measurement dimension assesses the extent to which data specific to racial equity is collected, analyzed and used to inform decisions, and whether it is reported in a transparent manner. It has been further divided into employee and client data and

[11] These suggestions do not reflect any biases in the existing lending or credit decision-making models but are rather presented as caution to make the models more robust and prevent potential future risks.

measurement to explore how the Bank collects and manages data relating to these two groups.

Area of Improvement

Voluntarily collected, disaggregated data on race, ethnicity and Indigenous identity is essential to understanding disparities experienced by different racial groups, helping to take corrective measures. The Bank currently does not capture this data from its clients, which limits the evaluation of racial equity in its products and services.

- There is an opportunity to collect clients' demographic information while at different points of the client journey, such as the complaint handling process. This will help the Bank understand the experiences of visible minorities and Indigenous Peoples.
- The information can help understand the demographic makeup and diversity of clients, which can in turn influence marketing and outreach activities and also specific decisions related to products and services.
- Examining client demographic data in relation to business decisions can help identify unintentional or hidden biases in decision making. For example, this could help assess differences in mortgage and loan approval and denial rates across racial groups, and compare wealth management participation among visible minorities and Indigenous Peoples. The data can also help test the fairness of different models adopted for credit and pricing decisions within the Bank.

3.2.3 Client Communications and Marketing

The Communications and Marketing dimension assesses the extent to which racial equity principles are considered regarding the marketing and communications that the organization chooses to feature and align with, including language use, work attire, and history. It has been further broken down into employee communications and communications and marketing adopted for clients.

Strengths

- **Intentional inclusion and awareness**
  - Review of a sample of marketing and outreach materials suggests that the Bank's marketing and outreach activities intentionally consider diverse representation of racially diverse people/clients. There is diverse visual representation in the marketing materials, which helps clients see themselves reflected.
  - Partnerships and marketing campaigns also represent diverse racial communities. Campaigns designed for specific days/months, such as Black History Month, reinforce the adoption of an intentional, inclusive narrative.
  - Additionally, the Bank's marketing materials demonstrate an effort to raise awareness of the unique experiences and barriers faced by diverse client groups. The materials acknowledge challenges encountered by Indigenous Peoples and

newcomers to Canada and highlight initiatives, products, and services intended to help address these barriers and improve financial inclusion.
    - For example, it promotes tailored onboarding and products for newcomers and offers them advisor support.
- **Targeted Outreach**
    - The Bank adopts a targeted multi-channel and multilingual approach in its marketing strategies. It has a strong social media presence and uses non-digital print channels across major markets. Specific campaigns for Black people, Indigenous Peoples and newcomers demonstrate the use of targeted outreach, which helps diverse clients see themselves reflected in these campaigns.

Areas of Improvement

- **Targeted marketing for visible minorities and Indigenous clients**
    - There is an opportunity for the Bank to adopt targeted outreach strategies to reach out to Indigenous communities and clients living in rural/remote locations. As the penetration of internet and digital channels might be limited in these areas, identifying unique channels can help them enhance their reach.
        - The marketing outreach can also be further expanded to explicitly represent and target clients from racial groups. For example, targeted outreach for South and South-east Asians, Latin and other racial groups can make them feel more included.
        - Clients who were engaged during the audit mentioned that several other banks have dedicated units for diverse client groups including Indigenous clients and adopt dedicated marketing strategies targeting these groups.
        - Clients also recommended establishing more partnerships with programs and organizations that support businesses owned by visible minorities and Indigenous Peoples to expand their outreach to more diverse businesses.
    - There is also an opportunity to use marketing to promote specific products and services more explicitly. This will enhance awareness and accessibility for clients, enabling them to choose the products and services that best fit their needs.

Action Plan

This section of the report provides key action items based on findings across all dimensions and combines them into key recommendations that can help NBC further strengthen its racial equity outcomes for employees and clients.

Employee-Focused Action Items

1. **Communicating the Bank's commitment to racial equity**
2. **Supporting managers across the Bank in promoting racial equity for employees**
3. **Enhancing employees' awareness and participation in ERGs and ERG-led initiatives and events**
4. **Strengthening equity in talent processes (attraction, hiring, promotion, retention)**
5. **Continuing to advance the experience of Indigenous employees**
6. **Advancing employee data and analytics maturity**
7. **Continuing to enhance awareness of complaint and reporting processes**
8. **Expanding external racial equity commitments**

Client-Focused Action Items

1. **Exploring the development of foundational client data infrastructure to monitor equity**
2. **Establishing dedicated accountability for specialized Indigenous banking products and services**
3. **Extending alternate, low-cost lending options and reviewing tiered pricing without expanding risks**
4. **Strengthening the accessibility of banking products and services**
5. **Offering training to client-facing employees**
6. **Enhancing targeted marketing and community outreach**
7. **Conducting client-focused surveys to maintain in-depth insights and understanding of clients' specific experiences and their evolving needs**