

ESG Report 2022

2022 Environment,
Social, and Governance
(ESG) Report and Public
Accountability Statement



**LAURENTIAN
BANK**

Seeing beyond numbers.™



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2022 Highlights

At Laurentian Bank, we are undertaking ESG initiatives that are focused on building up pride among our employees, trust with our customers, and value for our shareholders. With each step forward, we believe we are making a difference and changing banking for the better. Highlights from the 2022 fiscal year include:

Environment

- Established a target of 35% absolute reduction in our Scope 1 and 2 GHG emissions by 2030 from a 2022 base year.
- Calculated one asset class of Scope 3 financed emissions.
- Launched inaugural Sustainable Bond Framework.
- Diverted 100% of excess furniture and electronics from space reduction of Toronto corporate offices through donation, upcycling and resale.

Social

- Increased employee engagement survey participation by 17 percentage points, and engagement level by three points, compared to 2021.
- Launched renewed corporate giving strategy, Giving Beyond Numbers™, in alignment with new corporate strategy.
- Implemented new equity, diversity and inclusion (ED&I) policies for Laurentian Bank's Board of Directors and employees, including setting representation goals.

Governance

- Established environment & social (E&S) risk management function and roadmap.
- Continued to invest in strengthening information security controls to efficiently prevent, detect, and respond to cyber threats.
- Provided quarterly ESG updates with Board of Directors and included climate topics for Board training.

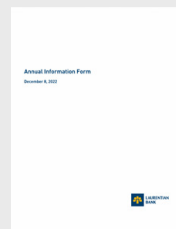
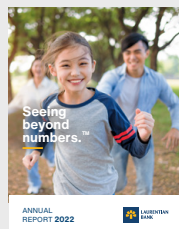
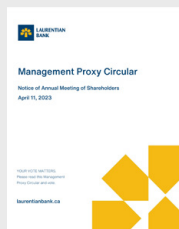
About this Report

This ESG Report includes information about Laurentian Bank of Canada (“Laurentian Bank” or “the Bank”) and its significant subsidiaries, including:

- B2B Bank
- Laurentian Bank Securities
- Laurentian Trust of Canada Inc.
- LBC Trust
- LBC Capital Inc.
- NCF Commercial Finance Inc.
- Northpoint Commercial Finance LLC
- LBC Financial Services Inc.
- LBC Investment Management Inc.
- Venture Reinsurance Company Ltd.
- V.R. Holding Insurance Company Ltd.
- LBC Tech Inc.
- NCF International Holding Kft

This Report is a complement to the [2023 Management Proxy Circular](#), the [2022 Annual Report](#) and the [2022 Annual Information Form](#).

These three documents offer more information about the programs and policies mentioned. Past reports can be found on our [website](#).



Unless otherwise indicated, the information contained in this document pertains to fiscal 2022 (November 1, 2021 through October 31, 2022) and all dollar amounts are in Canadian funds.

The content of this report is informed by the findings of an ESG materiality analysis conducted in 2021. See page 13 for our materiality analysis.

We have continued to disclose metrics aligned with the Sustainability Accounting Standards Board (SASB) Industry Standards (starting on page 58) and with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) (starting on page 50). We leverage GRI 302-1 for energy consumption calculations, and the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard for our GHG emissions calculations, starting on page 75. Additional detail on our ESG-related policies can be found in the [Laurentian Bank’s Policies page of our website](#).

This report includes our Public Accountability Statement, which outlines our contributions to the Canadian economy and society. These disclosures meet the requirements of the Canadian federal government’s Public Accountability Statement Regulations and appear on pages 63-69.

Some of the performance indicators, including energy consumption, Scope 1 and Scope 2 Greenhouse Gas emissions and select equity, diversity & inclusion metrics, marked by (✓) on pages 57, 71, 77, and 81, have been assured to a limited level by Ernst & Young LLP (EY). EY’s Independent Practitioner’s Assurance Report can be found on our [website](#).

The following are trademarks of Laurentian Bank of Canada: Seeing beyond numbers; Giving beyond numbers.

Une version de ce rapport est également disponible en français à [banquelaurentienne.ca](#)

Please submit any comments about this document to the Bank’s Executive Office at: communication@laurentianbank.ca

Message from our CEO

At Laurentian Bank, we believe we can change banking for the better – it's all in our approach. We're looking at things differently and seeing environmental, social and governance (ESG) issues as transformative opportunities for our organization. We're finding ways to make an impact beyond numbers. And we're turning the lens inward and shifting our culture so that we can make meaningful improvements.

Simply put, what's important to our employees, customers, business partners, communities, and shareholders is important to us. And that is why our strategic plan is underpinned by a commitment to ESG.



Seeing ESG as a transformative opportunity

When we launched our new three-year strategic plan at the Bank's December 2021 Investor Day, we announced that we would be building on Laurentian Bank's rich history of helping the underserved and striving to "make the better choice" in everything we do – by applying an ESG lens to all of our operations and activities.

In fact, we are confident that by linking our ESG strategy to the Bank's priorities and financial performance, this will drive long-term profitable growth. Furthermore, I firmly believe that what doesn't get measured doesn't get done, which is why one of the first steps we've taken is to embed ESG and equity, diversity and inclusion (ED&I) targets in the scorecards for all senior executives. Actions like this not only drive results – they make us accountable.

In 2022, we launched the Bank's first-ever ESG report where we disclosed our 2021 ESG performance, including Scope 1 and 2 Greenhouse Gas (GHG) emissions. Understanding and reporting on the GHG impact of our lending activities is a key element of our climate-related disclosures roadmap, which is why we joined the Partnership for Carbon Accounting Financials (PCAF) in 2022, as the PCAF Standard is a valuable framework to support this work. For this year, we are building on this progress by disclosing the first asset class of our PCAF calculations and setting a target for our Scope 1 and 2 GHG emissions.

Other notable accomplishments in 2022 include:

- Introducing the Bank's first-ever Sustainable Bond Framework, which will allow us to finance or refinance eligible projects that have a positive impact on climate change and social inequalities. This framework was validated by Sustainalytics, a global leader in ESG ratings, which found it credible, impactful, and aligned with international standards.
- Responding to our customers' demands for ESG products and investment options with new ESG mutual fund offerings.

- Delivering on our commitment to diversify Commercial Banking into ESG-related industries – examples include growing our daycare financing portfolio by 30%, and providing financing of zero-emission buses to support Quebec school bus operators in their transition to electric vehicles.
- Adding new capabilities to our Capital Markets division to amplify the Bank's purpose, and participating in 100% of the green and social bond issuances by our core clients.

Making an impact beyond numbers

In 2022, our corporate giving totalled more than \$750,000, including \$140,000 in micro-donations to local, employee-selected organizations through our Laurentian in the Community Initiative. I was extremely proud to serve as the Co-President of the Old Brewery Mission's *Mission pour Elles* gala event which raised over \$340,000 for the Mission's women's services supporting Montreal's most vulnerable women, helping them break the cycle of homelessness, poverty, and violence.

Through Laurentian Bank's focused approach to community giving, we believe we can make an impact beyond numbers too. This year we re-evaluated our donations and community engagement program and were proud to launch our new Giving Beyond Numbers™ program with two key focus areas: organizations that are working towards the economic inclusion of newcomers and refugees, as well as those whose mission is to combat economic inequities impacting underrepresented groups, such as racialized communities, 2SLGBTQIA+ communities, Indigenous peoples, and people living with disabilities. By focusing on operational funding and trust-based philanthropy, we are empowering our partner organizations to allocate our resources where they are needed most. This new approach will allow us to deepen our relationships and be an active partner in their success stories.

Shifting our culture with meaningful improvements

With culture as the driving force of our strategic plan, over the past year we continued our focus on engaging and empowering our employees to work as One Winning Team and, as a result, we saw a three percentage point increase in both employee engagement and manager effectiveness. This was achieved through meaningful improvements to our team members' work-life experience, our flexible work model, fostering and building up an equitable, diverse and inclusive workplace through our Employee Resource Groups and Courageous Conversations Series, improving employee benefits, and introducing new mental health and wellness resources.

Looking ahead

As the Bank's ESG Champion, I couldn't be more proud of the progress we have made in delivering on our ESG commitments. Our team members remain agile in seizing on opportunities that will make a positive difference for future generations. Together, as One Winning Team, Laurentian Bank is making the better choice and taking action for a brighter, more sustainable future.



Rania Llewellyn

President and Chief Executive Officer



About Laurentian Bank

At Laurentian Bank, we believe we can change banking for the better by seeing beyond numbers.

Founded in Montréal in 1846, Laurentian Bank helps families, businesses and communities thrive. Today, we have approximately 3,000 employees working together as one team, to provide a broad range of financial services and advice-based solutions for customers across Canada and the United States. We protect, manage and grow over \$50 billion in balance sheet assets and over \$27 billion in assets under administration. We drive results by placing our customers first, making the better choice, acting courageously, and believing everyone belongs.



Laurentian Bank. Seeing beyond numbers.™

Our Purpose

We believe we can **change banking** for the better. By **seeing beyond numbers to bring hopes and dreams** to life. Better begins when everyone feels like they belong and has the **chance to thrive**.



Our Core Values

We place our **customers first**

We work together as **One Winning Team**

We act **courageously**

We are **results driven**

We believe **everyone belongs**

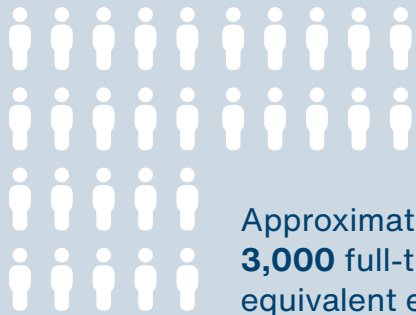
Our 5-Point Strategy

- Build One Winning Team
- Make Size our Advantage
- Think Customer First
- Simplify
- Make the Better Choice

Highlights

As at October 31, 2022

Total assets:
\$50.7 billion



Approximately
3,000 full-time
equivalent employees

74 locations in Canada and
the United States

58 branches across Quebec

**145 Automated
Banking Machines**

How we Engage with Stakeholders

Stakeholder engagement is essential to our business. We use a variety of ways to interact with our diverse stakeholders and build strong relationships. It's especially important to gather feedback to measure our success in meeting the needs and expectations of our customers, employees, investors, regulatory bodies, and the general public. Their input guides our approach to sustainability and informs how we conduct business.



How we Engage with Stakeholders

STAKEHOLDERS	WAYS WE ENGAGE	
Customers	<ul style="list-style-type: none"> ▪ Websites, digital and mobile banking ▪ Customer and telebanking services ▪ Secure tools to exchange confidential information via email ▪ Dedicated mailboxes ▪ Social media: Facebook, LinkedIn, Twitter, YouTube ▪ Client Complaints Appeal Office and other complaints handling protocols 	<ul style="list-style-type: none"> ▪ Designated Seniors Champion ▪ Meetings, phone calls and email correspondence ▪ Customer surveys (Voice of the Customer) ▪ Posters and brochures ▪ Newsletters ▪ Customer events ▪ Industry and association events
Employees	<ul style="list-style-type: none"> ▪ In-person and virtual meetings between the CEO and other senior leaders with groups of employees from across the Bank ▪ Monthly meetings with leadership team ▪ Quarterly virtual town hall meetings ▪ Internal publications: CEO messages and weekly newsletters on corporate and business activities ▪ Intranet newsfeed for employees and managers ▪ Direct communications between the employees and their managers and/or human resources 	<ul style="list-style-type: none"> ▪ Anonymous whistleblower hotline ▪ Annual employee engagement surveys (Voice of the Employee) ▪ Employee Resource Groups and Courageous Conversations Series ▪ Topic-specific training such as various regulatory compliance topics, unconscious bias, accessibility, and workplace violence and harassment prevention ▪ Access to HR Expertise Centre
Shareholders and investors	<ul style="list-style-type: none"> ▪ Quarterly and annual financial results conference calls ▪ Annual general meeting of shareholders ▪ Meetings with financial analysts and investors ▪ Investor roadshows ▪ Management Proxy Circulars and Management Discussion & Analysis 	<ul style="list-style-type: none"> ▪ Annual Information Form ▪ ESG Report ▪ Annual and Quarterly Reports ▪ Laurentian Bank and all affiliated business lines websites ▪ Meetings with shareholders on shareholder proposals
General public and communities	<ul style="list-style-type: none"> ▪ Public reports, including the Annual Report and ESG Report ▪ Regular contact with the media ▪ Social media accounts: Facebook, LinkedIn, Twitter, YouTube 	<ul style="list-style-type: none"> ▪ Laurentian Bank and all affiliated business lines websites ▪ Activities related to donations and sponsorships
Regulatory authorities	<ul style="list-style-type: none"> ▪ Meetings, phone calls and email correspondence ▪ Annual and quarterly meetings with prudential and market conduct regulators 	<ul style="list-style-type: none"> ▪ Regulatory submissions

Material Topics

Laurentian Bank is committed to elevating its responsible management approach on ESG in alignment with international standards.

To inform our ESG reporting and strategic focus, a materiality assessment was commissioned in 2021 to gain insights from both internal and external stakeholders on ESG topics of most importance for Laurentian Bank. The materiality assessment aligns with the Global Reporting Initiative (GRI) sustainability standards, and was built on the following inputs:

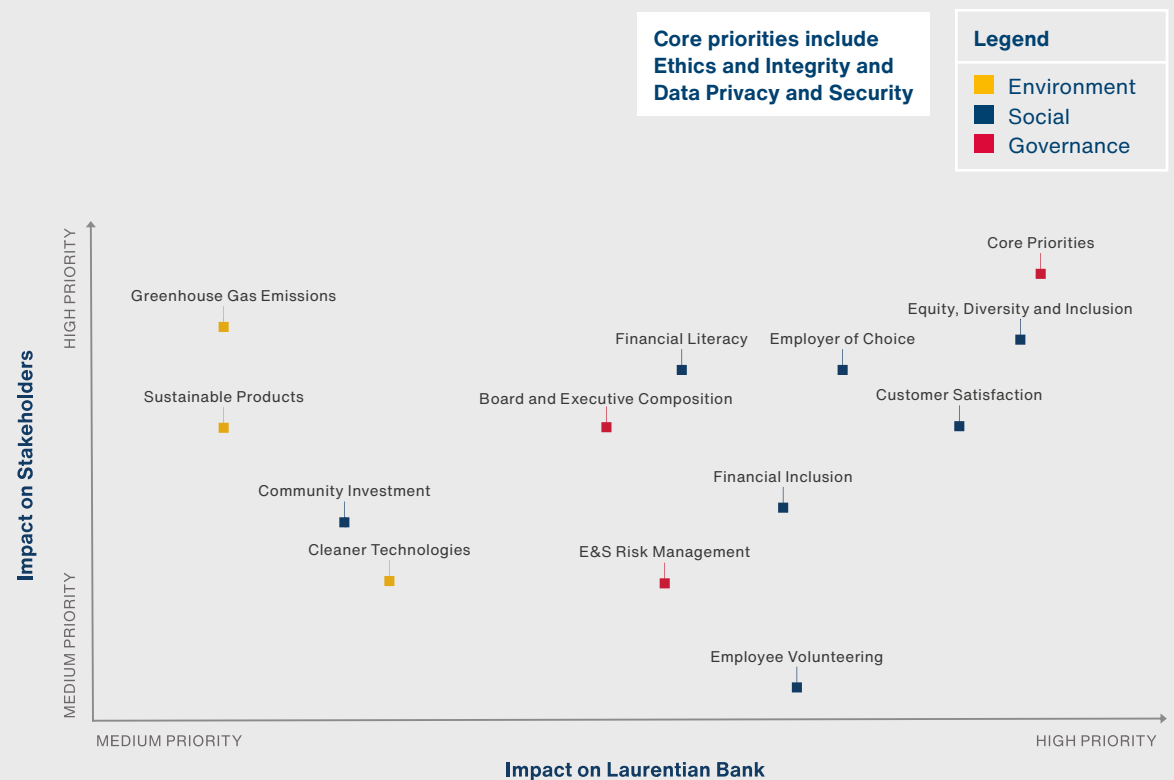
- Third party research on customer expectations and market trends
- Benchmarking from peer reporting, industry trends, ratings agencies, and international best practices
- Interviews with senior executives, investors, and other key stakeholders
- A survey of Laurentian Bank employees

The materiality assessment and matrix have been reviewed and validated in workshops with Laurentian Bank’s ESG Working Group and ESG Steering Committee. The final matrix has been reviewed by the Bank’s Disclosure Committee and the Human Resources and Corporate Governance Committee of the Board. We believe that this matrix continues to be an accurate representation of the material topics for the Bank in 2022. The materiality assessment will be updated on a regular schedule to ensure we are reflecting the ESG priorities of our stakeholders.

Information on our current work in each of these topics can be found in the respective sections of this report.

Materiality Matrix

Materiality Results: Priority Focus Areas



Our ESG Journey

At Laurentian Bank, the goal of our ESG journey is to make a positive impact on the lives of our customers and employees, and to invest in the communities in which we serve. To achieve this, we have integrated ESG principles into our purpose, core values, decision-making process and actions. Guided by our purpose – that we can change banking for the better – we continue to take significant steps toward embedding these principles into all of our business practices.

Good progress has been made over the past year on understanding our strengths and areas for improvement, as outlined in this report. Key strategic priorities continue to guide our approach:

- Driving value for the **Bank, our customers, employees, and shareholders**
- Determining how to **prioritize and manage ESG-related risks and gaps**
- Ensuring commitment **across the enterprise**
- Engaging the organization to **develop our ESG standards and live by them**

We are still in the early stages of our ESG journey at Laurentian Bank, and we will continue to work with internal and external stakeholders to make progress on these topics. We are proud of everything we accomplished in 2022 with the full support and commitment of our leaders and employees, including:

- Expansion of our ESG disclosures aligned to international reporting standards, including the recommendations of the Task Force for Climate-related Financial Disclosures (TCFD) and Sustainable Accounting Standards Board (SASB) industry standards, included in the appendices to this report.
- Provision of ESG and climate training to Bank employees, leaders, and Board of Directors.
- Updates to our approaches to corporate giving and community engagement, and the launch of our new Giving Beyond Numbers™ strategy.
- Engagement with internal and external stakeholders to identify opportunities to improve our ESG offerings, processes, reporting, and disclosures.
- Publication of the Bank's inaugural Sustainable Bond Framework and expansion of ESG products available to our customers.

- Establishment of an Environmental and Social (E&S) Risk Management group, operating under Operational Risk Management, that has E&S risk oversight accountabilities. This includes developing and implementing an E&S risk management framework, policies, processes, and governance to proactively identify, assess, manage, and report on these risks.
- Advancement of our E&S risk management capabilities and understanding of the potential direct impacts on our own business and operations, as well as indirect impacts on our customers and suppliers. A summary of the progress we have made this year is included in the E&S Risk management and TCFD Report – Risk Management sections of this report.

Environment

At Laurentian Bank, we are making the better choice by putting sustainable business practices into place. By reducing our own carbon footprint, to investing in eco-friendly projects and providing financing to green initiatives, our actions can have a positive and lasting impact on the environment. In 2022, we published our first-ever Sustainable Bond Framework which will allow us to finance or refinance eligible projects that have a positive impact on climate change and social inequalities. We also joined the Partnership for Carbon Accounting Financials (PCAF), to develop standardized methods for disclosing carbon emissions.



Priority Topics – Environment

- 17 Sustainable Products and Cleaner Technologies
- 20 Greenhouse Gas Emissions and Environmental Impacts

Sustainable Products and Cleaner Technologies

Why it Matters

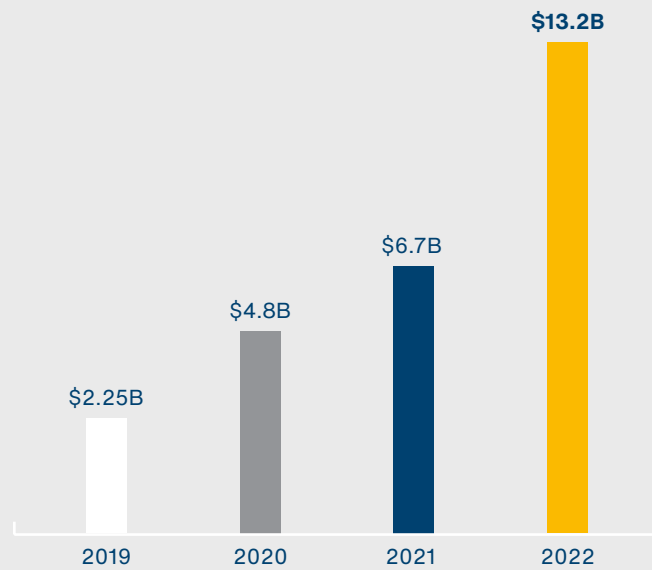
Climate change affects everyone, and banks have an important role to play in providing funding for climate action and advancing the global goal of net zero by 2050. Laurentian Bank continued to expand its sustainable finance offerings in 2022.

Green and Social Bonds

In 2022, Laurentian Bank published our inaugural Sustainable Bonds framework. In addition, our Capital Markets division continued to increase its role in advisory services and in providing innovative lending solutions.

- Our participation in the green bond market has steadily increased since 2019.
- In 2022, our subsidiary Laurentian Bank Securities (LBS) participated in the financing of over \$13.2 billion in green and sustainable bonds to help fund key eco-friendly projects, which included participating in the Government of Canada's inaugural \$5 billion five year green bond.

LBS Participation in Green and Sustainable Bond Markets



Responsible Financing

We proudly support our LBS and Commercial Banking customers who are committed to building sustainable businesses.

- Members of our team manage a renewable energy portfolio of over \$160 million that primarily provides financing to solar energy projects.
- We introduced a new program to support Quebec school bus operators in their transition to electric vehicles by participating in the financing of zero-emission buses through our equipment financing subsidiary LBC Capital.
- LBS published ESG-focused research to clients, including two reports in 2022 on ESG in Securitization and ESG Transition View & Market Update. This research is available [here](#).
- Following our commitment announced in December of 2021, none of the Bank's total loan portfolio comprises the direct financing of exploration, production or development of coal or oil and gas.
- Only 0.1% of the Bank's total loan portfolio is related to mining or quarrying.

Wealth Management

In collaboration with Mackenzie Investments ("Mackenzie"), and to meet growing customer demands for environmentally-responsible investments, we currently offer eight ESG mutual funds managed by Mackenzie's sustainable investing boutiques, Mackenzie Betterworld and Mackenzie Greenchip, and the Mackenzie Fixed Income Team.

Mackenzie is a signatory to the United Nations-supported Principles for Responsible Investment (PRI). Their annual reporting against these principles can be found on the [PRI website](#).

The Bank also continues to offer the equity-linked Canadian Sustainability ActionGIC, which invests in publicly traded Canadian companies with a focus on ESG initiatives.

ESG Integration

Making the Better Choice means integrating ESG principles into our work across business lines and products. This integration is led and supported by the ESG Steering Committee and ESG Working Group described on page 39 of this report.

Greenhouse Gas Emissions and Environmental Impacts

At Laurentian Bank, we recognize that we have an opportunity to reduce the environmental impact of our physical operations.

Why it Matters

Redefining our spaces, operations, and activities will help to conserve energy, improve efficiencies, and reduce harmful impacts to the environment. Our actions today will contribute to healthier and more prosperous communities tomorrow.

Green Office Buildings

Our main corporate offices are located in LEED-certified buildings (LEED Gold in Toronto; LEED Silver in Montreal). The eco-friendly features and smart design elements of these buildings enable us to increase our energy efficiency and have a significant impact on the achievement of global environmental objectives. We work with building management to promote awareness of energy and waste management practices and to encourage participation in programs that highlight their importance. Throughout our corporate office locations, we have motion sensor lighting, temperature-controlled spaces, and water reduction controls. In 2022, we began the process of reducing our corporate office space by 50% to align with our hybrid and flexible work model. A key consideration that went into this decision was the reduction of the Bank's overall environmental impact. Of the potential waste created by this space reduction in our Toronto corporate offices, 100% of the excess furniture and electronics was diverted to reuse through the CSR Eco Solutions Divert program.

Greenhouse Gas Emissions

Laurentian Bank has set a target of 35% absolute reduction in our Scope 1 and 2 GHG emissions by 2030 from a 2022 base year in alignment with the 1.5°C ambition pathway as prescribed by the Science-Based Targets initiative (SBTi). 2022 was chosen as the base year for our emissions target based on data reliability.

In 2022, our Bank made further improvements to our GHG emissions calculations. We estimate our Scope 1 GHG emissions to be 130 tCO₂e, and our Scope 2 GHG emissions to be 967 tCO₂e. These calculations do incorporate estimation and assumptions in lieu of detailed energy use information on some leased spaces. In 2022, we were able to reduce the number of sites with estimated energy usage, and we intend to continue to work to improve precision in these results.

On February 3, 2022, Laurentian Bank joined the Partnership for Carbon Accounting Financials (PCAF) and began the process of calculating Scope 3 financed emissions for the corporate real estate asset class, leveraging PCAF's methodology. PCAF methodology incorporates an understanding of the limitations to data availability and has provided guidelines on assigning a data quality score to Scope 3 financed emissions estimations. We have calculated estimated financed emissions for corporate real estate in FY2021 as 47,833 tCO₂e, with a data quality score of 4.2. We intend to continue to expand the scope and data quality of our Scope 3 financed emissions calculations going forward.

Further information on our GHG emissions inputs, calculations, and results for fiscal 2022 can be found in the Appendix on page 75.

Flexible Work Model for a Positive Environmental Impact

Through our hybrid and flexible work model, the majority of our employees continue to work from home on a part-time or full-time basis. For employees who work at our office locations, we actively encourage them to adopt an eco-friendly mindset so that, together, we can minimize our environmental footprint.

Business Travel:

- With the adoption of remote working and the outfitting of our office meeting spaces with videoconference capabilities, the need to travel for business in 2022 continued to be reduced.

Reduce, Reuse and Recycle:

- The management of office supplies, stationery, and paper is centralized to avoid excess ordering and unnecessary waste. It also allows us to manage recycling efforts for supplies such as printer toner and ink cartridges.
- We discourage single-use plastics and encourage employees to use re-usable bottles and cups to reduce their dependency on plastic.
- Lunchrooms and employee lounges at our corporate office locations include sorting stations for garbage, recycling, and green waste.

Paper Reduction:

Paper is a common source of waste with large environmental impacts – especially in the financial services sector.

- In 2022, our internal paper use continued to be significantly reduced due to the majority of our team members working from home.
- DocuSign and the use of e-signatures throughout our customer-facing activities further reduces printing requirements.
- We continuously promote eco-friendly options to our customers through paperless banking methods, such as telephone and online banking, direct deposit options, and pre-authorized bill payments. We also encourage customers to sign up for e-statements to reduce paper consumption.

Employee Commuting:

- Our downtown corporate office locations are situated close to transit hubs so employees can easily take public transit.
- Bicycle facilities are present at each corporate location.
- Our office locations include areas to park electric vehicles.
- Employees can get reimbursed by up to \$400 per year for public transportation costs through the Health and Wellness spending account.

Strategic Partnerships

Partnering with others on environmental initiatives is one of the many ways we can make a lasting and positive impact in the communities where we operate.

- The Bank is participating in working groups such as PCAF to help improve emissions data availability.
- As much as possible, we seek green options for procurement and source eco-friendly partners and vendors.
- Since 2015, we have been supporting renewable energy in Canada by choosing green electricity for the Montreal and Toronto corporate offices through our partnership with Bullfrog Power, Spark Power's sustainability division.



Social

At Laurentian Bank, culture is our driving force and we are building up and fostering an inclusive workplace environment where everyone feels like they belong and has the chance to thrive. We support our employees' growth and wellbeing and empower them to innovate and drive agile solutions that deliver positive customer-first experiences. We are investing in our communities and encourage our employees to give back because, together, our One Winning Team can change banking for the better.

Priority Topics – Social

- 25 Equity, Diversity and Inclusion (ED&I)
- 28 Employer of Choice
- 30 Customer Satisfaction and Financial Inclusion
- 32 Community Investment and Employee Volunteering

Equity, Diversity and Inclusion

In 2022, we continued to support our employees by making equity, diversity, and inclusion (ED&I) a priority across the organization and have made tremendous headway on the Bank's ED&I journey.

Why it Matters

At Laurentian Bank, we believe that a culture where everyone feels like they belong and can thrive is a key driver of our success. We want to enable an inclusive and equitable culture that reflects and respects the diversity of our employees, our customers, and our communities. A diverse workforce and inclusive culture drives innovation and growth and mitigates group think, all leading to improved oversight, decision-making, and governance.

Board and Employee ED&I Policies

In 2022, we introduced ED&I policies for employees and for our Board, highlighting our commitment to ED&I at all levels of the organization from our interns to our Board members.

Diversity Goals

We have Bank-level diversity representation goals and include diversity metrics in our executives' leadership scorecards. This allows us to drive accountability and measure the impact of our efforts. See the data table in the Appendix on page 59 for information on our performance in 2022.

Board Targets

The Bank publicly committed to having a Board in which at least 45% of the directors are women or other people of marginalized genders (which includes trans and cis women, as well as all trans, Two-Spirit, and nonbinary people). We also committed to a 2025 target of having at least 15% of directors self-identifying as a member of another underrepresented group (2SLGBTQIA+, visible minorities, Indigenous Peoples, and persons living with disabilities).

Compensation

To ensure our compensation processes are fair – regardless of gender – and to provide equal treatment in terms of rights, benefits, obligations and opportunities to all candidates and employees, we use extensive review and approval processes to select candidates for all positions, including management and leadership roles. Laurentian Bank uses gender-neutral guidelines, such as salary scales, to determine pay and standard incentive compensation by level. Merit increases and performance management are monitored actively for the overall workforce, but are also broken down by gender to assess equity in the results. Furthermore, we are meeting our provincial pay equity obligations for our entities in Quebec and Ontario, and we remain committed to meeting the standard of the new federal pay equity legislation.

Training

We provide mandatory unconscious bias training across the Bank, including for our Board members.

Employee Resource Groups

Employee Resource Groups play an important role in contributing to inclusion and equity at Laurentian Bank. Over the last 18 months, three Employee Resource Groups were launched as employee-led initiatives:

- StrongHer, for women and allies.
- Laurentian Bank Black Employee Network (LBBEN), for members of the Black community and their allies.
- PRIDE, for members of the 2SLGBTQIA+ community and their allies.

Courageous Conversations

Established in February 2021, the Bank's Courageous Conversations Initiative allows employees to share experiences, stories, and challenges on various aspects of diversity and inclusion. By engaging in open and sometimes difficult conversations in a safe space, we aim to "Share, Listen and Learn" from each other and support ongoing dialogue.

Partnerships

To further advance our ED&I efforts, we work with different organizations who provide us with additional expertise and learnings, and have also joined forces with a number of organizations in support of various ED&I objectives.

- **BlackNorth Initiative**

As a signatory to the BlackNorth CEO pledge, we have continued with our commitments to addressing anti-Black systemic racism by creating opportunities within the Bank for members of the Black community. Some of the commitments of the pledge include hiring a minimum of 5% of our student interns from the Black community, and providing anti-bias training. In 2022, we strengthened our collaboration with Groupe 3737, an entrepreneurial innovation and diversity hub located in the heart of Montreal's Saint-Michel neighbourhood, in making a three-year commitment of \$150,000 to support deserving entrepreneurs from underrepresented groups to participate in the organization's Trade Mission Program.

- **Pride at Work Canada**

We signed a partnership with Pride at Work Canada, an organization that helps employers build workplaces that celebrate all employees regardless of gender expression, gender identity, and sexual orientation. Our partnership provides us with access to expert resources, thought leadership, dialogue, and education.

- **Indigenous Works' Charter**

We signed on to the Indigenous Works' Charter Agreement on "Innovation in Indigenous Employment and Workplace Inclusion Strategies in the Canadian banking and financial sector." As part of this initiative, being conducted in collaboration with Indigenous Works and the Canadian Human Rights Commission, we are working with partners to explore ways to increase Indigenous employment in our industry.

- **Canadian Centre for Diversity and Inclusion (CCDI)**

CCDI is an organization supporting employers to create workplaces that are inclusive and free of prejudice and discrimination. Through our partnership with CCDI we have access to expertise and resources, including training and webinars that we make broadly available to all employees at the Bank.

- We also work with diverse community organizations through our Giving Beyond Numbers corporate philanthropy program, detailed later in this document.

Communications

We use a variety of channels to share our ED&I efforts both internally and externally. We do this, in part, to elevate the voices of diverse and underrepresented groups.

A public summary of our equity, diversity and inclusion policies can be found on the [Policies page of Laurentian Bank's website](#).

Employer of Choice

Why it Matters

In an increasingly competitive market, the ability to attract and retain skilled talent is critical for an organization's success. We believe team members who feel engaged and proud about our Bank deliver positive experiences for our customers and strong performance for our stakeholders. We can live up to our purpose and core values when we have an engaged workforce and work together as One Winning Team.

Our leaders are committed to continuously listening to our team members and investing in their success. In 2022, we:

- Launched our 2nd annual Voice of Employee Engagement Survey. Employee engagement and manager effectiveness both increased by three points and, survey participation increased by 17 percentage points with a completion rate of 83%.
 - Focused on the health and safety of our employees, which has always been, and continues to be, a top priority for the Bank.
 - Continued with our hybrid flexible work, where working from home is the first approach for all tasks that can be performed remotely. The Bank's flexible approach is a key factor in driving employee engagement and attracting new talent.
 - Created a Disconnect from Work Policy to support our hybrid flexible work model.
 - Deployed enhanced tools for employees to work even more productively in our hybrid workplace.
 - Improved employee benefits, including an enhanced Employee and Family Assistance program, and introduced new mental health and wellness resources such as access to a virtual care platform and a wellness spending account.
- Engaged employees in a Wellness Challenge to promote physical activity and healthy competition among colleagues. On behalf of the winning team, the Bank donated \$5,000 to The Sashbear Foundation, a Canada-wide volunteer organization that provides support and skills training for parents whose children are suffering from significant emotional distress, including substance abuse, depression, borderline personality disorder, and self-harm.
 - Launched a new recognition program and tool to highlight employees living our core values.
 - Promoted greater work-life balance by giving all employees their birthdays off and four half-days off between May and September.
 - Launched a new Career Webcast series, hosted by our Chief Human Resources Officer to share ideas and insights on how employees can improve their career development and progression at Laurentian Bank through concrete means and tools developed to meet individual needs.

Customer Satisfaction and Financial Inclusion

Why it Matters

From Laurentian Bank's proud history of serving the underserved comes an understanding of the unique needs of our customers from diverse communities. To make banking better for everyone we listen to the experiences of our customers and design financial products and programs to help bring their hopes and dreams to life.

In 2022, we continued to focus on ways to improve the customer experience and improve access to financial services, including:

- Leveraging customer survey results to understand our customers' experiences across our channels and make required enhancements through training and tools.
- Pre-launching the Bank's new digital onboarding solution first to our employees, to test and incorporate their feedback prior to a broader customer launch.
- Completing the implementation of the Seniors Code principles and publishing our second report from the Senior's Champion. The 2022 report can be found on our website and is summarized on pages 73-74 of this report.
- Continuing to provide access to banking to underserved populations through specific, low or no-fee products for low-income individuals, young people, and seniors. Further information can be found in this report on page 66.
- Supporting privately owned subsidized daycares in Quebec by providing over \$160 million in financing in 2022 with a dedicated program, and continuing our focus on growing this portfolio in Quebec and across Canada.
- Introducing new tools like DocuSign to securely accept e-signatures – saving customers time and eliminating paper.
- Addressing our customers' top five digital pain points, including developing the Bank's first-ever mobile app, introducing tap on debit and online password reset, refreshing our public website, and launching the first phase of our digital account opening solution.
- Leveraging technology, including API integration in our equipment finance specialization and flex imaging software in inventory financing specialization, to simplify processes, improve ease of doing business, and strengthen relationships with key partners in Commercial Banking.
- Continuing our commitment to accessibility of our services. Information on our Accessibility Policy and features can be found on our website.
- Implementing a Responsible Marketing Policy which can be found on our website.

Laurentian Bank also enhanced protections for customers in alignment with the new Financial Consumer Protection Framework, including:

- Strengthening our complaint-handling processes to promptly deal with customers' complaints in a fair and consistent manner. See our [Complaints Resolution Process](#) pamphlet for more information.
- Confirming higher standards in our sales practices, including ensuring the appropriateness of products and services provided to customers.
- Sending electronic alerts to customers to help them manage their money and avoid potential overdraft fees.
- Providing advance notice to customers for the renewal of products and services.

Community Investment and Employee Volunteering

Why it Matters

Strong communities are essential for our customers, our employees, and our business. Community giving and volunteerism are powerful ways for us to engage our diverse employees and customers to change banking for the better and contribute to local economic development.

In 2022, guided by the Bank's strategic plan and core values, we launched our new "Giving Beyond Numbers™" corporate giving program, which is aligned to our 5-point strategy:

- **Build One Winning Team**

Increase employee engagement through volunteer opportunities and engagement.

- **Make Size Our Advantage**

Support smaller local organizations where our contribution will be meaningful and unique.

- **Think Customer First**

Give where it matters to our customers.

- **Simplify**

Reduce time requirements for applications and reporting to focus on greater impacts.

- **Make the Better Choice**

Create a meaningful impact in the communities where we operate.

This program was developed with input from internal and external stakeholders, including workshops with each of our Employee Resource Groups and meetings with organizations in the communities we serve. As part of these consultations, we aimed to understand the needs of the charitable sector in 2022 and beyond and how Laurentian Bank is best positioned to support.

What we Heard

- Charitable organizations have difficulty obtaining corporate philanthropy funding that is not tied to a project for vital strategic and administrative work.
- Between the impacts of the pandemic and inflation, demand has increased while individual donations have often decreased, creating a greater need for operational funding.
- There are many opportunities for mutual value creation and mutual learning between Laurentian Bank and our grantees when we invest the time to grow our relationships.
- Our employees understand the needs of their communities and want to contribute to expanding access to opportunities for all.

In launching Giving Beyond Numbers™ we aim to meet these opportunities with our strengths as an organization and differentiate ourselves by going beyond donations to support organizations in the communities we serve in new and innovative ways:

- In addition to project-based donations, we will also consider and fund requests for core operational or strategic funding.
- While we will consider organizations of all sizes, our primary focus will be on smaller local organizations where possible.

- Our donations will be directed to organizations focused on two key impact areas that align with Laurentian Bank's business strategy, our employees' values, and the needs for the markets we serve:
 - Organizations that are working towards the economic inclusion to newcomers and refugees; and,
 - Organizations whose mission is to combat economic inequities impacting underrepresented groups that have been historically underserved (e.g., 2SLGBTQIA+, people living with disabilities, racialized persons, Indigenous peoples).
- Our engagement with grantees will be focused on how to enable their success and share their stories, without adding extraneous reporting requirements.
- We will work to identify opportunities for mutual learning and employee volunteering where possible.
- A portion of our philanthropy budget will be reserved for employee-directed giving in their communities:
 - Our annual Laurentian in the Community program enables each branch and business centre to direct \$2,000 to a local charity or non-profit of their choosing.
 - Employees can apply for a \$200 grant each fiscal year for an organization where they regularly volunteer.

2022 Corporate Donation Recipients

In 2022, Laurentian Bank awarded more than \$750,000 to non-profits and charities in our focus areas and through employee directed giving, including:

Supporting Economic Inclusion for New to Canada Communities

- \$50,000 donation to AGIR Montreal, whose mission is to protect and defend the legal, social, and economic rights of migrants from 2SLGBTQIA+ communities by providing them with support services to facilitate settling into their community. The funds received will help recruit an additional resource to support the increased needs.
- \$50,000 donation to Petites-Mains. This organization assists immigrant women in Quebec by providing services to break social isolation and learn a profession.
- \$50,000 donation to the 519, an organization that works with the 2SLGBTQIA+ community in Toronto. The funds will be used to support the 'Settling in' initiative, which helps more than 1,500 LGBTQ+ refugees and newcomers to resettle in Canada each year. Many of whom have left their countries of origin due to significant threat, intimidation, and violence.
- \$50,000 donation to Centre Francophone du Grand Toronto who provides French resettlement and integration support for newcomers. The funds will be used to support the Access to Housing and Housing Support program. This program aims to provide financial support to low-income Francophone newcomers at risk of homelessness to access affordable rental housing in the Greater Toronto Area.

Supporting Equity in Economic Opportunities

- \$50,000 donation to the NIB Trust Fund, an organization based in Akwesasne whose mission is to provide resources to create opportunities that improve the quality of life for First Nations and Métis communities in Canada. Funds raised will be distributed to individuals or community organizations through an open application process.
- \$100,000 donation to United for Literacy (formerly Frontier College), a national literacy charity. The funds will support the infrastructure needed to develop adult literacy programs.
- \$150,000 donation over three years to Groupe 3737, an entrepreneurial innovation and diversity hub located in the heart of Montreal's Saint-Michel neighbourhood. The funds will be used to support diverse entrepreneurs from underrepresented groups. This partnership is a part of Laurentian Bank's commitment to invest at least 3% of corporate donations to promote investment and create opportunities in the Black community by 2025.
- \$25,000 donation to the Old Brewery Mission's women services – contributing to the more than \$340,000 raised at their annual gala event where our CEO served as Co-Chair. These funds will make a concrete and positive difference in the lives of Montreal's most vulnerable women, helping them break the cycle of homelessness, poverty, and violence so they can rebuild their lives and regain their dignity.

Our Bank also provided emergency funding for humanitarian assistance in Canada and internationally through the Canadian Red Cross, with donations supporting relief in regions impacted by extreme weather or conflict.

We are also proud to **support organizations whose mission is to enable the charitable sector**, including a \$15,000 donation to Imagine Canada in support of the HR Intervals portal. HR intervals provides resources to help non-profit leaders better understand, address, and guide people management in their organization.

Employee Impact

Laurentian in the Community

- This past year, we successfully concluded our second annual Laurentian in the Community program. With a focus on grassroots giving, this program empowers employees in our retail and LBS branches and our business centres to identify and select local charities and non-profit organizations to be the recipients of our donations. For 2022, \$158,000 has been distributed to 79 local charitable organizations across the country.
- These funds will directly support these not-for-profit organizations in delivering on their missions and providing critical services to their respective clientele, whose needs have been further exacerbated under the current macroeconomic context.

Giving Matters

- Laurentian Bank employees participate in an annual Giving Matters campaign, where their donations are matched by the Bank.
- Employees raised over \$120,000 which was matched and topped up by the Bank for a total of \$258,000 for our three partner organizations: United Way, HealthPartners, and the Canadian Red Cross.

Our employees also gave back to our communities by volunteering in a number of initiatives. Examples include:

- StrongHer, our Employee Resource Group for women and allies, coordinated a clothing drive in both Montreal and Toronto to support Dress for Success, a non-profit organization that empowers women to achieve economic independence by providing a network of support, professional attire, and development tools.
- A group of senior leaders organized a ‘Take Your Kids to Work Day’ at our Toronto corporate office and welcomed a group of 26 talented and curious Grade 9 students who spent the day learning about the different aspects of banking, including a meeting with the CEO.
- We expanded on the ‘Laurentian Bank Elves’ tradition, where employees in Quebec and Ontario participated in gift drives that allow underprivileged children from low-income families to experience magical moments during the holiday season. Thanks to the generosity of our employees, gifts were provided to 280 deserving children in Quebec and 28 boxes of gifts were donated to low-income families in Ontario.

In 2023, we will continue to work with our employees and charitable partners to understand their needs and support greater impact in our communities. We have also joined Volunteer Canada to build out our corporate employee volunteering program and to best support our employees already involved in causes that matter to them.

Governance

To change banking for the better, Laurentian Bank has earned the trust of our customers, employees, investors, and stakeholders by acting with integrity and by building on our strong foundations and principles. We continuously update our corporate governance policies to be aligned with best practices. Our approach to corporate governance includes a range of areas – from Board oversight and risk management, to cybersecurity and data protection – and is rooted in ethical values that guide our behaviour in each transaction, interaction, and relationship we have.



ESG

Governance at Laurentian Bank

In 2022, we continued building on our commitment to strong corporate governance, and further integrated ESG principles into Board and management committees. We are particularly proud of the progress made on our ESG management and disclosure which led to an improvement in the Bank's ESG Risk Rating from Sustainalytics in 2022, moving from medium to low risk.

Board Oversight of ESG

Our Board of Directors has taken an active role in Laurentian Bank's ESG initiatives and the Board and committee mandates have been updated to include oversight of ESG. This is a strategic business imperative that requires an augmented level of energy to ensure the Bank is making progress. ESG is treated as one of the Board's core responsibilities and ESG issues are considered at every Board meeting.

Roles and Responsibilities of the Board of Directors' Committees

The mandate of the Board of Directors of the Bank includes setting the tone with respect to the culture of integrity and ethical behaviour across the Bank. The Board is responsible for defining the corporate purpose of the Bank and for overseeing the Bank's strategy and management of risk, including risks related to ESG developments.

All Board Committee members are mindful of the importance of environmental, social and governance principles adopted and managed by the Bank and their application to the respective duties of each committee.

The **Risk Management Committee** weighs reward against risk and ensures a proper mix of functional policy, process and procedure is present and applied to manage any significant risk to which the Bank is or could reasonably be exposed. This entails overseeing the integration of the Bank's ESG principles with the Bank's risk appetite framework and risk management framework, including its application to stress testing and credit risk.

The **Human Resources and Corporate Governance Committee** supports the Board in exercising its human resources and corporate governance functions. This includes overseeing key culture and human resources strategies, namely employee engagement; employee health and well-being; equity, diversity and inclusion; and, ensuring that best governance practices are applied to the function of the Board itself, including in succession planning and recruitment of new Board members.

The **Audit Committee** is responsible for supporting the Board in overseeing the integrity of the Bank's financial statements, the relevance and effectiveness of its internal controls, the qualifications and independence of the external auditor, and the performance of the internal audit function and of the external auditor. This includes oversight of financial information in ESG disclosures, including climate-related financial disclosure.

Management Oversight of ESG

ESG Governance at Laurentian Bank consists of four main committees:

The Bank's **Executive Committee**, led by the CEO, acts as a steering committee with oversight over ESG across the Bank. Its mandate includes providing strategic guidance on priorities and investments, and making key decisions under each ESG pillar.

The **Corporate Risk Committee**, led by our Chief Risk Officer, monitors and oversees the management of all material risks of the Bank, including environmental, social, and climate-related risks.

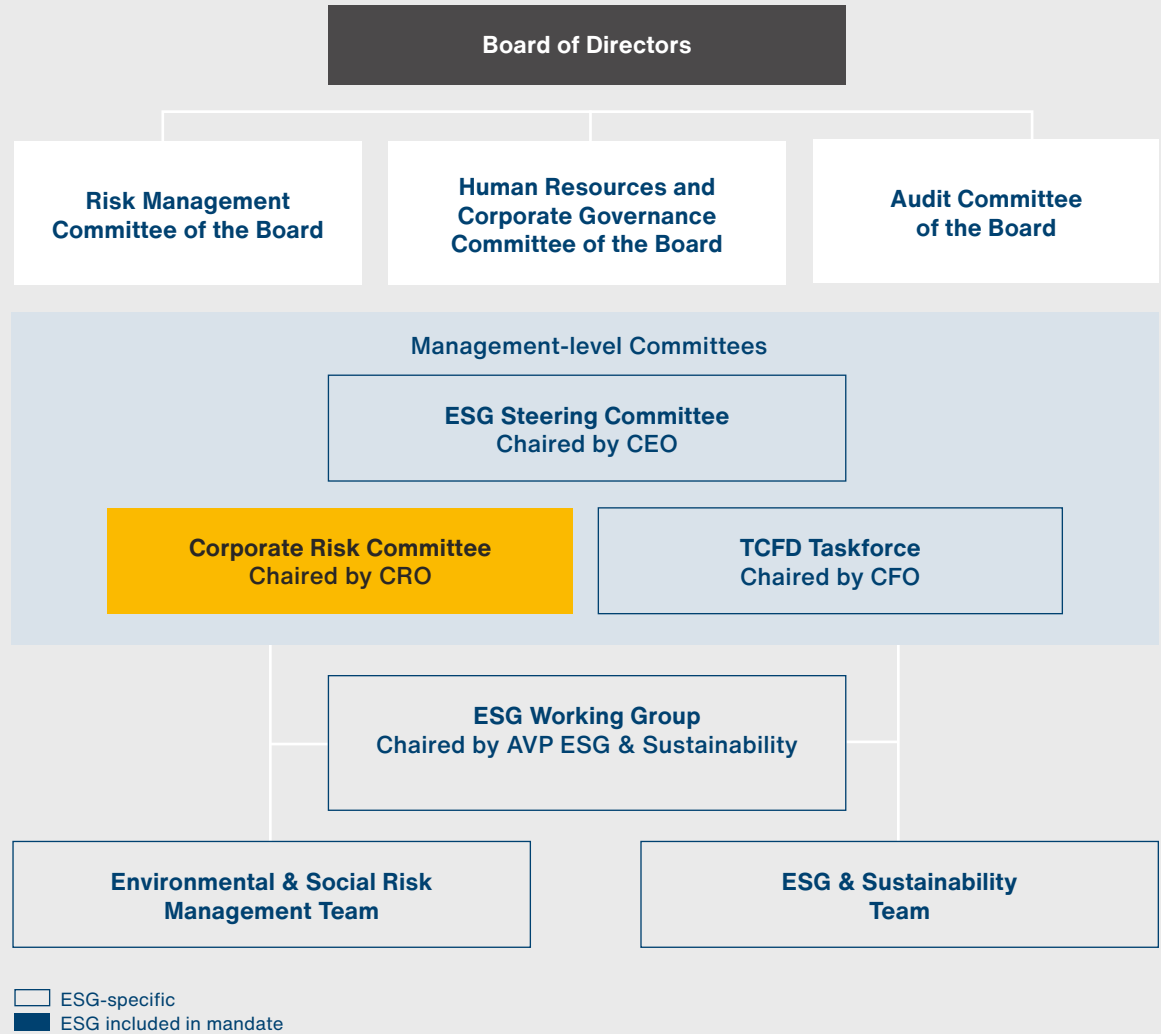
The **ESG Working Group** is a cross-functional operating committee responsible for identifying key priority areas to support the Bank's broader ESG strategy.

The **TCFD Taskforce**, led by our Chief Financial Officer, makes key decisions related to our Task Force on Climate-related Financial Disclosures framework. Further information on the TCFD Task Force can be found in the TCFD Report Appendix on page 50.

The Bank established an **Environmental & Social (E&S) Risk Management** function in 2022 with a mandate to develop and implement an E&S risk management framework, policies, processes, and governance to proactively identify, assess, manage, and report on these risks.

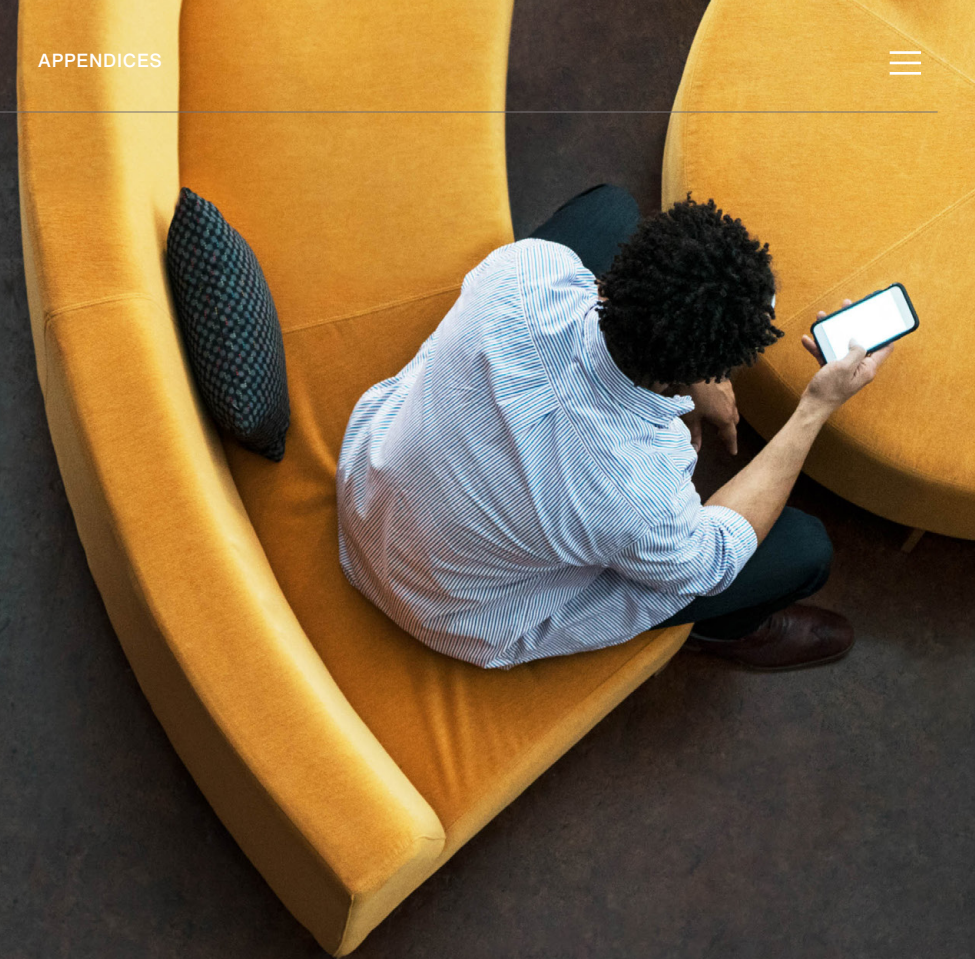
The **ESG and Sustainability** team was established in 2021. Their mandate includes providing strategic direction on ESG topics, supporting the understanding and integration of ESG across the organization through the ESG Working Group, continual improvement of the Bank's ESG data and disclosures, and management of the central corporate giving strategy.

In addition to the governance committees, senior leaders at Laurentian Bank have accountability for key ESG topics. In 2022, these included: The EVP, Chief Information Technology Officer had responsibility for Cybersecurity and Data Privacy programs; the EVP, Operations was responsible for our Scope 1 and 2 emissions reduction target; and, the EVP, Chief Human Resources Officer was accountable for Equity, Diversity and Inclusion programs and targets.



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Board Composition and Executive Compensation

Why it Matters

We believe diversity is a strength – particularly when it comes to our Board of Directors. Having a diverse Board in terms of skills, age, gender, culture, race, ethnicity, and lived experience leads to effective and balanced decision-making, guidance and risk management.

Laurentian Bank has a well-established reputation for gender diversity among our Board members and we are proud of our history of firsts:

- **In 1997:** We were the first institution of our kind in Canada to name a woman, Jeannine Guillevin Wood, as Board Chair. Subsequently, Ms. Isabelle Courville became the second woman in our country's history to Chair the Board from 2013 to 2019.
- **In 2020:** We welcomed Rania Llewellyn as our President and Chief Executive Officer, the first woman to lead a major Canadian chartered Bank.

For the past eight years, our Bank has had an equal representation of women and men among our independent Board members. In 2022, the Bank established targets for Board Diversity:

- **From 2022:**
 - At least 45% of the Board members self-identify as women or other people of marginalized genders (which includes trans and cis women, as well as all trans, Two-Spirit, and nonbinary people);
 - Any list of candidates presented to the Human Resources and Corporate Governance Committee for new Board member searches must include diverse candidates; and,
 - Diversity is strongly considered in making final nomination decisions.
- **By 2025:**
 - At least 15% of Board members should self-identify as a member of another underrepresented group (2SLGBTQIA+, visible minorities, Indigenous Peoples, and persons living with disabilities) beyond cis women.

Our executive compensation packages are aligned with the values of our shareholders. ED&I and ESG targets are included in all leaders' scorecards to drive results and accountability.

Additional information on executive compensation and board diversity targets can be found in our [Management Proxy Circular](#).

Environmental and Social Risk Management

Why it Matters

Risk management is essential for the Bank to achieve its financial objectives while keeping the Bank's risk profile within its stated risk appetite. We apply our Risk Management Framework to promote and maintain a strong risk management culture enterprise-wide. Environmental and social factors are growing in importance among multiple stakeholder groups. Managing environmental and social risk is an important part of our risk management culture and approach.

Environmental and Social (E&S) Risk Management

Environmental and social risk is the potential for an E&S issue associated with the Bank, a customer, transaction, product, supplier or activity, to have a negative impact on the Bank's financial position, operations, legal and regulatory compliance, or reputation.

- Environmental issues include, but are not limited to, climate change, pollution and waste management, land and natural resource use, biodiversity, water quality and availability, and environmental regulation.
- Climate risk is a component of Environmental risk and refers to physical and transition impacts of climate change.
- Social issues include, but are not limited to, human rights (including, but not limited to, Indigenous Peoples' rights), equity, diversity and inclusion, and community and employee health, safety, and well-being.

Governance

- In 2022, the Bank established an Environmental and Social Risk Management function, operating under Operational Risk Management, that has E&S risk oversight accountabilities. This includes developing and implementing an E&S risk management framework, policies, processes, and governance to proactively identify, assess, manage, and report on these risks.
- E&S risk has been added to the enterprise-wide central risk registry, which is used to identify all risks that the Bank could be exposed to and their materiality for Laurentian Bank.

- We continue to build awareness on various E&S issues and concepts with our senior management team. The Bank's various Risk Committees are involved in monitoring and oversight of material E&S risks. The Corporate Risk Committee, chaired by the Chief Risk Officer, acts as the primary governance body for any issues escalated for decisioning. For more information refer to the Bank's ESG Governance Structure section of this report on page 38.

Risk Identification & Management

We recognize that E&S risks can have a wide range of impacts on our business activities. We are working on advancing our E&S risk management capabilities and understanding of the potential direct impacts on our own business and operations, as well as indirect impacts on our customers and suppliers.

- The Bank's Business Continuity Management Program aims to ensure that key activities are maintained in the event of a disruption to reduce the negative impacts on our customers, counterparties and other stakeholders.
- Environmental risk assessment is built into the standard risk management process that we follow for almost all credit-related activities, with very few exceptions. An assessment of environmental risk by our first line of defense is validated and approved by our second line of defense and is included in our analysis and due diligence processes when financing large-scale projects with potential E&S issues. We also typically require an environmental report prepared by an independent, accredited firm when the Bank holds commercial real estate as collateral.

- We have developed a guideline on financing for ESG sensitive sectors. Given our low exposure and the high climate risks associated with these industries, the Bank announced in December 2021 that it would no longer directly finance the exploration, production or development of coal or oil and gas.
- We are continuing to move forward in assessing and disclosing climate-related financial risk, in line with the recommendations of the Task Force for Climate-related Financial Disclosures. Further information can be found in our TCFD report in the Appendix on page 50.

Risk Monitoring & Reporting

- In 2022, we developed and implemented a qualitative E&S risk dashboard, which serves as a monitoring, oversight, and escalation mechanism of E&S risk issues and provides program updates to senior management, including the Risk Management Committee of the Board.
- We continue to proactively monitor and assess industry trends and regulatory developments, which inform our E&S risk management program.
- We participate in various Canadian Bankers Association working groups to develop an understanding of best practices for E&S risk management and reporting.

Core Priorities

Why it Matters

Our ESG priorities include certain topics that are essential to our success as an organization. These topics will remain key priorities every year and, within those topics, our focus is concentrated on those activities that will have the greatest impact and create the most value for our stakeholders.

Ethics and Integrity

Because our customers trust us with their financial well-being – and bringing their hopes and dreams to life – we treat this responsibility with the utmost importance. That’s why the Bank is firmly committed to the highest standards of integrity and professionalism in all that we do. In our 177-year history, we have always taken pride in acting with honesty and integrity in the management of our affairs and in supporting our customers. The Bank’s leaders share a collective responsibility for business ethics. All of our employees – and the suppliers with whom we engage – are required to abide by a strict Code of Ethics that governs our actions, and our directors are bound by a Code of Conduct.

Policies and Codes

Many policies and codes govern our organization and guide our actions. The Bank is committed to transparency and making relevant policies and policy summaries available online. For more information, please visit our [website](#).

Cybersecurity

As the world becomes increasingly digitized, a lot of focus and attention is on financial institutions and how we handle the security of information assets, especially Personally Identifiable Information and other sensitive data. Furthermore, safeguarding the privacy and security of information shared by employees, customers, suppliers, and third parties allows us to build trust with our stakeholders.

As a Bank, strong data privacy and security is imperative for maintaining our license to operate. We have an experienced and dedicated team of cybersecurity professionals that form our Chief Information Security Office, with further specializations in security consulting, operations, and transformation. In 2022, the Board approved our cybersecurity strategy, and the resulting cyber security program is being overseen by the Executive Committee. Both the Board and Executive Committee receive quarterly and monthly updates, respectively, on the cyber risk profile and program progress.

We continue to invest heavily in strengthening our information security controls in order to efficiently prevent, detect, and respond to cyber threats.

- In 2022, we refreshed our security transformation program with a focus on five key pillars: Data Protection; Identity and Access Management; Vulnerability Management; Incident Response; and, Education and Awareness. As we progress through our cyber security journey, we will not lose focus on these control areas which form the solid foundation for protecting our most important assets.
- One of our biggest achievements in 2022 was the significant reduction in our highest privileged system accounts across the estate. This has a dual effect of limiting our attack surface for both external and internal threat actors. Combined with continued maturity of our data loss prevention measures, the confidentiality and integrity of our most sensitive data is much better safeguarded.

- While most of our controls operate behind the scenes, we also bring cybersecurity to the forefront through continuous training and awareness campaigns. All employees receive annual training on security best practices, and our top five highest risk employee groups receive additional targeted training on an annual basis. This year we saw our lowest employee click rates and highest reporting rates on phishing simulations, both of which have a direct impact on our improved security posture. The results of our regular phishing tests (in which we are surpassing our aggressive targets) are shared and reviewed with departmental leaders, so that messaging and expectations are consistent across the organization.
- Finally, in the spirit of operational resilience, we have developed a view of our Minimum Viable Company, which is our list of systems required to maintain operations in the face of disruptive events, such as Ransomware. We will be focused on the resiliency of these critical systems and are working towards more robust cyber recovery processes surrounding them.

While we are continuously improving, we are incredibly proud of our achievements to date. Looking forward, we are confident that our investments in the team and technologies will improve our ability to detect and respond to emerging cyber threats.

Privacy

At Laurentian Bank, we respect the privacy of our customers and are committed to safeguarding the personal information that they entrust us with. Our commitment is fundamental in the way we do business and is reflected in how we are managing privacy risk prudently in the face of evolving risks and ongoing regulatory change.

The Laurentian Bank Privacy Office is part of the Regulatory Compliance group. The Chief Privacy Officer is responsible for overall privacy governance which applies to all personal information collected and processed by us or on our behalf, regardless of the jurisdiction. Designated Assistant Privacy Officers are responsible for privacy guidance across every business. Our privacy program is based on applicable legal and regulatory requirements and includes security safeguards (also discussed in the Cybersecurity section on page 47). Laurentian Bank's [Privacy Statement](#) articulates how we collect, use, share, protect, and retain information.

All employees and contract workers are required to complete privacy training as part of their onboarding and annually thereafter. This is supplemented by an annual attestation about compliance with our Code of Ethics which includes obligations regarding the protection of personal information.

Laurentian Bank did not experience any major privacy breaches in 2022. We manage actual and potential privacy incidents and complaints through established processes. We have enhanced our privacy program to improve and standardize our privacy breach response plan and breach register.

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TCFD Report

The Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) were first released in 2017 to provide a consistent framework for assessing climate impacts and action and, since then, have become widely used across numerous industries and sectors. Laurentian Bank has committed to adopt the TCFD recommendations and is reporting against the recommended disclosures for the second time in 2022.

Overview

In the following section, we will be disclosing our current state against the TCFD thematic areas: Governance, Strategy, Risk Management, and Metrics and Targets. Climate factors were included into the new strategic plan that was announced in December 2021. In 2022, our primary focus was to establish an Environment & Social Risk Management (ESRM) function at the Bank, updating our TCFD roadmap, and providing education on climate-related impacts, opportunities, and risks.



Governance

For 177 years, Laurentian Bank has earned the trust of our stakeholders by building our business on strong principles and ethical values that guide our behaviour. Our approach to corporate governance is firmly rooted in best practice policies, processes and relationships to effectively manage risk and conduct business with transparency and integrity. In 2021, the mandates of Laurentian's Board and Board Committees were updated to specifically reference oversight of ESG topics, including climate. Laurentian Bank includes climate-related risks and opportunities in the Environment category of ESG management and oversight. More information on the Board oversight of ESG can be found on page 39 of this Report.

Examples of how climate-related risks and opportunities may inform the Board's discussions include:

Board of Directors: The Bank's Board of Directors receives an ESG update, including progress updates on the Bank's TCFD roadmap, at each quarterly meeting. Training related to climate change and climate-related risks was also included as part of the Board's annual training day in June 2022.

Risk Management Committee: Oversees the integration of ESG principles, including climate-related risk, within the Bank's risk appetite and risk management frameworks.

Human Resources and Corporate Governance Committee: Approves the objectives for members of the Bank's management committee, which now include ESG objectives for each member of the management committee.

Audit Committee: Recommends to the Board approval of any financial information included in disclosures regarding ESG principles, including in our TCFD disclosure.

In 2021, Laurentian Bank established clear governance for ESG and TCFD to enable integration of these principles throughout the Bank. More information on management oversight of ESG can be found on page 39 of this Report.

Examples of how climate-related risks and opportunities may inform the discussions include:

Executive Committee: The Chief Executive Officer emphasizes the importance of this work to the Bank's strategy by acting as ESG Champion for the Bank. The Executive Committee acts as ESG Steering Committee and regularly receives updates on ESG topics, including climate. ESG considerations, including climate, informed the Bank-wide strategic review that occurred throughout the 2021 fiscal year. Further information on the impact of these considerations can be found in the Strategy section of our TCFD reporting. Each Executive Committee member has common and individual ESG metrics as a part of their scorecard. These goals are aligned with our TCFD roadmap and priorities where relevant.

TCFD Taskforce: The TCFD Taskforce is chaired by the Chief Financial Officer and includes the Chief Risk Officer, as well as representatives from the Executive Office, Finance, and Risk. The TCFD Taskforce meets monthly and has a mandate to make key decisions on climate-related financial disclosures. The monthly meetings include regulatory updates, education on climate-related issues and developments in the financial industry, progress reports on internal climate-related risk and opportunity assessments, and decision-making on key elements of the TCFD roadmap.

The **Corporate Risk Committee**, led by our Chief Risk Officer, monitors and oversees the management of all material risks of the Bank, including climate-related risks. Beginning in Q4 FY22, quarterly reporting has been established to inform the Committee of environmental (including climate) and social risk issues and program updates.

The **ESG and Sustainability department:** In October of 2021, Laurentian Bank hired an AVP, ESG and Sustainability to develop and execute on ESG progress, including climate-related policies, strategy, and roadmap.

New Environmental and Social Risk Management department: In March of 2022, Laurentian Bank created a Senior Manager, Environmental & Social Risk Management position to develop and implement risk management processes to identify, assess, and support management and reporting of climate risks.

Strategy

Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.

The banking sector is exposed to both physical risks related to extreme weather events or chronic impacts of changing weather patterns, as well as transition risks related to the move to a net-zero carbon economy. At the same time, financial institutions have an important role to play in supporting our customers in this transition. Laurentian Bank assesses these risks and opportunities in the context of our business lines and geographic footprint.

In 2022, we undertook a qualitative climate risk identification exercise to establish an enterprise-wide view of relevant climate-related risks using the TCFD climate risk taxonomy. This work will help inform continued integration of climate-related risks into the enterprise risk management processes. Further information on the outcomes of this climate risk inventory can be found in the Risk Management section of this TCFD appendix.

Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.

At Laurentian Bank, the Executive Committee acts as the ESG Steering Committee, enabling risks and opportunities related to ESG and climate to be integrated into the strategic planning process. In 2022, the Executive Committee continued to execute on the Bank's three-year strategic plan for long-term, sustainable, and profitable growth that was announced at our December 2021 Investor Day. ESG metrics are tied to compensation for all Executive Committee members, including climate-related metrics for relevant portfolios, such as:

- Calculation of financed emissions for one lending portfolio
- Establishment of a GHG emissions reduction target for our operational emissions
- Implementation of the commitment announced in 2021 that Laurentian Bank will not directly finance the exploration, production or development of coal or oil and gas
- Progress on the Bank's TCFD roadmap

The Bank's inaugural Sustainable Bond Framework, published in October 2022, encompasses eligible asset categories informed by climate-related opportunities, including renewable energy, green buildings, energy efficiency, and low-carbon transportation.

Laurentian Bank is continuing to adopt a hybrid, remote-first work model. In addition to aligning with employee preferences, this change is enabling reduced emissions from employee commuting.

See the Risk Management section of this TCFD report for further information on the new Environmental & Social Risk Management function and work undertaken to embed E&S risks, including climate risk, into our risk management processes and governance. This work will inform future strategic decisions as well.

Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

Laurentian Bank has not yet begun climate scenario analysis. In 2022, we have begun establishing a baseline for Scope 3 financed emissions and developing partnerships that will enable scenario analysis in the coming years.

Risk Management

The Bank's management is dedicated to promoting a risk management culture throughout the organization. This is achieved by setting a "tone from the top" that focuses on the importance of risk culture and delivering this message through a comprehensive risk governance structure and risk appetite framework.

The Bank recognizes the importance of climate risk management practices and processes. In 2022, the Bank established an E&S Risk Management team to develop and enhance our capabilities to identify, assess, and manage climate risk and related impacts. We have begun work to introduce environmental and climate change considerations into existing enterprise risk management processes and governance, including:

- Adding E&S risk to the enterprise-wide central risk registry, which is used to identify all risks that the Bank could be exposed to. Laurentian Bank views climate risk as a subset of environmental risk.
- Developing and implementing a qualitative E&S risk dashboard to keep the Corporate Risk Committee and the Risk Committee of the Board informed of material climate issues and program updates on a quarterly basis.
- Conducting a climate risk identification exercise to develop an initial climate risk inventory, which provides for a qualitative understanding of the impact of climate-related risks on the Bank, our assets and customers.

Describe the organization's processes for identifying, assessing and managing climate-related risks.

The Bank views climate risk as a component of environmental risk. In line with TCFD recommendations, the Bank defines climate risk as transition risk, which stems from the consequences of moving to a lower-carbon economy, and physical risk, which stems from the consequences of changing environmental and climatic patterns.

<p>Transition risks</p>	<ul style="list-style-type: none"> ▪ <i>Policy and legal risk</i>: adverse effects from carbon-constraining policies or similar (e.g., through hard emission caps or carbon pricing) or litigation risk from failure to transition to low-carbon economy or insufficiency of disclosure. ▪ <i>Technology risk</i>: disruption of existing systems due to technological advancements, creating winners and losers in the process, and a cost obligation (to implement low-carbon technologies). ▪ <i>Market risk</i>: adverse effects of shifts in supply and demand for certain commodities, products, and services as a result of the transition to a low-carbon economy. ▪ <i>Reputational risk</i>: changing customer or community perceptions of an organization's contribution to or detractor from the transition to a lower-carbon economy.
<p>Physical risks</p>	<ul style="list-style-type: none"> ▪ <i>Acute risk</i>: adverse effects of increased frequency and severity of extreme weather events, such as cyclones, hurricanes, or floods. ▪ <i>Chronic risk</i>: adverse effects of longer-term shifts in climate patterns (e.g., sustained higher temperatures) that may cause sea level rise or chronic heat waves.

Transition and physical risk factors can have a wide range of impacts on our own as well as our customers' and suppliers' business activities. Set out below is an illustrative table of how climate-related risks could impact some of our material risks.

PRINCIPAL RISK DOMAIN	CLIMATE-RELATED RISK DESCRIPTION	ACTIONS TO MITIGATE RISK
Operational Risk	Potential for physical risks, such as more frequent and intense weather events, to impact our operational resilience, including disruption to business continuity, damage to physical assets, and disruption in our supply chain.	The Bank's Business Continuity Management Program provides the capability to restore, maintain and manage critical operations and processes in the event of a business disruption.
Regulatory Risk	Risk arising from our inability to comply with new and evolving climate-related regulatory requirements and associated remedial actions. The Bank may also be exposed to an increased legal risk from the Bank's actual or perceived failure to mitigate or adapt to impacts of climate change.	The Bank proactively monitors and assesses industry trends and regulatory developments, informing our climate risk management processes as necessary.
Reputational Risk	Risk stemming from stakeholders' negative sentiment regarding the Bank's, or our customers' or suppliers', management of climate-related risks and opportunities.	Emerging issues are managed through governance forums, including Operational Risk Management Committee.
Strategic Risk	Strategic risks may arise from incorrect assumptions, untimely response, or poor execution regarding climate-related risks, opportunities, and changing customer expectations.	The Bank's ESG Steering Committee oversees ESG and climate-related risks and opportunities integration into the strategic planning process.
Credit Risk	Risk of financial loss stemming from the failure of a borrower or counterparty to honour its financial or contractual obligations due to negative impacts of climate-related physical or transition risks on their financial health.	The Bank developed a Climate Risk Heatmap framework to provide a qualitative understanding of the potential impact of transition and physical risks on our commercial and residential mortgage portfolios.



Climate Risk Heatmap

In 2021, the Bank conducted a climate risk assessment on our commercial loan and residential mortgage portfolios at the sector level. The heatmap established a qualitative understanding of the Bank's exposure to climate risks and opportunities across our loan portfolio, which will inform the E&S focus areas for the Bank.

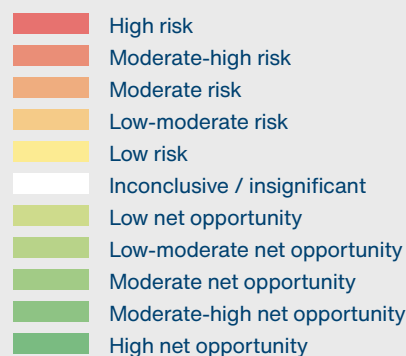
When assessing the risks and opportunities of each sector, transition risks were assessed at the 1.5-2°C by 2050 scenario and physical risks were assessed at the 3.5-4°C by 2050 scenario, using a qualitative assessment approach.

In addition to risks, the transition to a low carbon economy may also present opportunities for business sectors. For example, sectors may benefit from increased demand for certain products or services, repricing of assets, access to government funding, access to technologies that drive down costs or offer a competitive advantage or shifting consumer preferences. Where such opportunities exceed risks, they are presented as primarily having a positive impact (i.e., green shading) in the table below.

The risks assessed reflect the overall industry risks, and do not necessarily reflect the direct risks to the Bank. This initial risk assessment will evolve and will assist with the integration of climate risks into our overall risk management approach.

More information on how the Bank identifies, assesses and manages risk, including climate-related risks, can be found in the 2022 Annual Report, starting on page 75.

High level risk mapping of climate risk by client sector, by Loan Book exposure¹



¹ Loan book exposure as at October 31, 2022. The table does not include the following sectors: “Other services (except public admin)”, “Admin and Waste and Remediation”, “Public Admin”, “Educational services”, “Professional, Scientific, and Technical services”, “Accommodation and Food Services”, and “Arts and Entertainment and Recreation”, “Manufacturing - Food, Beverage, Tobacco, Plastics, Rubber, Wood, Paper, Furniture, Chemical, Textile, Other”, “Information and Cultural Industries”. Respective sectors have minimal loan book exposure (1.8% combined) and no significant exposure to climate risks / opportunities. The table also excludes personal loans, which accounted for 8.7% of total loan book exposure.

SECTOR	LOAN BOOK EXPOSURE (%)	TRANSITION RISK				PHYSICAL RISK	
		Policy & legal	Technology	Market	Reputational	Acute	Chronic
Residential mortgages	43.0%					High risk	Low-moderate risk
Real estate, renting and lease	17.5%	Moderate-high risk		Low-moderate risk		High risk	Low-moderate risk
Retail trade - motor vehicles and parts and other (non-carbon)	11.7%	Low-moderate risk		Low-moderate risk	Low-moderate risk	Moderate-high risk	Low-moderate risk
Construction	9.5%	Moderate-high risk		Low-moderate net opportunity		Moderate-high risk	Low-moderate risk
Transportation and warehousing	2.7%	Moderate-high risk	Low-moderate net opportunity	Moderate risk		Moderate-high risk	Moderate risk
Management of companies and enterprises and finance	1.6%	Moderate-high risk	Low-moderate risk	Low-moderate risk	Moderate risk	Low-moderate risk	Low-moderate risk
Health care and social assistance	1.3%					Moderate risk	Low-moderate risk
Wholesale trade	1.0%	Low-moderate risk	Low-moderate net opportunity	Low-moderate risk		Low-moderate risk	Low-moderate risk
Utilities	0.5%	Moderate-high risk	Moderate risk	Moderate-high risk	Moderate risk	Moderate-high risk	Low-moderate risk
Manufacturing - transportation	0.2%	Moderate-high risk	Moderate risk	Moderate risk		Moderate-high risk	Low-moderate risk
Manufacturing - primary metal	0.2%	Moderate-high risk	Moderate risk	Moderate risk		Moderate-high risk	Low-moderate risk
Insurance	0.1%	Low-moderate risk		Low-moderate net opportunity	Low-moderate risk	Moderate-high risk	Low-moderate risk
Mining & quarrying	0.1%	Moderate-high risk		Low-moderate net opportunity	Low-moderate risk	Moderate-high risk	Moderate risk
Retail trade - gasoline stations	0.1%	Moderate-high risk	Moderate risk	Moderate-high risk	Moderate-high risk	Low-moderate risk	Inconclusive / insignificant
Crop and animal production	0.1%	Moderate risk	Low-moderate net opportunity	Low-moderate net opportunity		Moderate-high risk	Moderate-high risk
Fishing, trapping, and hunting	0.1%	Low-moderate risk				Moderate risk	Moderate-high risk
Forestry	<0.05%	Low-moderate risk		Low-moderate net opportunity		Moderate-high risk	Moderate-high risk
Oil and gas extraction	—%	Moderate-high risk	Moderate-high risk	Moderate-high risk	Moderate-high risk	Moderate risk	Moderate risk

Metrics and Targets

Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.

Leveraging the GHG Protocol approach and tools, Laurentian Bank has calculated GHG emissions for Scope 1 and Scope 2 across our footprint, as well as for Scope 3 business travel emissions and Scope 3 financed emissions for the Corporate Real estate (CRE) asset class. We will continue to refine these calculations and reduce the assumptions required in the coming years. Further information on our energy consumption, GHG emissions, and travel calculations can be found in the data Appendix starting page 75.

GHG EMISSIONS	2022	2021*	UNIT
Scope 1	130 ✓	83	tCO ₂ e
Scope 2 (location-based)	967 ✓	983	tCO ₂ e
Scope 2 (market-based)	967 ✓	983	tCO ₂ e
Total Scope 1 and 2 (location-based) GHG emissions	1,097 ✓	1,066	tCO₂e
Scope 3 (business travel)	399	122	tCO ₂ e
Scope 3 (financed emissions, CRE)		47,833	tCO ₂ e
Average data quality, CRE		4.2	

*2021 emissions have been restated from previous disclosures due to improvements in availability of data and methodology for estimation.

✓ Data assured to a limited level by EY. See note on page 4.

Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

Laurentian Bank has set a target of 35% absolute reduction in our Scope 1 and 2 GHG emissions by 2030 from a 2022 base year in alignment with the 1.5°C ambition pathway as prescribed by the Science-Based Targets initiative (SBTi).

SASB Index

Laurentian Bank has begun to map our disclosures to the relevant industry standards published by the Sustainability Accounting Standards Board (SASB).

The standards developed by SASB, an independent non-profit organization, use an evidence-based and market-informed approach to help companies and investors identify the subset of ESG metrics which are relevant for each industry.

In 2021, SASB merged with the International Integrated Reporting Council (IIRC) to form the Value Reporting Foundation. The Value Reporting Foundation is a non-profit and continues to maintain the SASB Standards.

There are four SASB standards that cover elements of Laurentian Bank's business lines: Commercial Bank, Consumer Finance, Investment Banking & Brokerage, and Mortgage Finance. Where metrics are applicable to multiple business lines, we have combined those in our reporting below:

Multiple Sectors

TOPIC	ACCOUNTING METRIC	SASB REFERENCE	RESPONSE
Employee Diversity & Inclusion	Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees.	FN-IB-330a.1	Please refer to page 71 in this ESG Report, page 24 of the Management Proxy Circular, and the Equity, Diversity and Inclusion Policy Summary on our website.
Business Ethics and Practices	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behaviour, market manipulation, malpractice, or other related financial industry laws or regulations.	FN-CB-510a.1 FN-IB-510a.1	For a description of the Bank's significant legal proceedings, refer to page 147 of our 2022 Annual Report. We do not disclose the total amount of monetary losses.
	Total amount of monetary losses as a result of legal proceedings associated with selling and servicing of products.	FN-CF-270a.5	
	Description of whistleblower policies and procedures.	FN-CB-510a.2 FN-IB-510a.2	<p>A summary of our Whistleblower Policy is available on the Laurentian Bank's Policies page of the public website.</p> <p>The Bank has a process for the anonymous submission of Whistleblower Notices through an independent Third-Party Service Provider, Clearview Connects. More information on Clearview can be found in the "Whistleblower Policy & Reporting Hotline" brochure.</p>
	Description of approach to informing customers about products and services.	FN-AC-270a.3	Please refer to Laurentian Bank's Code of Ethics and Summary of Responsible Marketing Policy on the Laurentian Bank's Policies page of the public website.



Commercial Bank

TOPIC	ACCOUNTING METRIC	SASB REFERENCE	RESPONSE
Activity Metrics	(1) Number and (2) value of loans by segment: (a) personal, (b) small business, and (c) corporate.	FN-CB-000.B	<p>Laurentian Bank reports the distribution of loans by credit portfolio and industry. Refer to Table 21 on page 54 of the Annual Report.</p> <p>Laurentian Bank also reports the debt financing to firms, including the number of firms to which debt financing was made available, by province. See page 65 of this report.</p>
Data Security	Description of approach to identifying and addressing data security risks.	FN-CB-230a.2	See page 47 of this report (Cybersecurity).
Financial Inclusion & Capacity Building	Number of no-cost retail chequing accounts provided to previously unbanked or underbanked customers.	FN-CB-240a.3	See page 66 of this report (Access to Banking Services) for the low- and no-fee account options that Laurentian Bank provides. We do not report the number of these accounts provided to previously unbanked or underbanked customers.
Incorporation of ESG Factors	Commercial and industrial credit exposure, by industry.	FN-CB-410a.1	Laurentian Bank reports the distribution of loans by credit portfolio and industry. Refer to page 54 of the Annual Report – Table 21.
	Description of approach to incorporation of ESG factors in credit analysis.	FN-CB-410a.3	See page 44 (E&S Risk Management) and page 50 (TCFD Risk Management) of this report.

Consumer Finance

TOPIC	ACCOUNTING METRIC	SASB REFERENCE	RESPONSE
Activity Metrics	Number of (1) credit card accounts and (2) pre-paid debit card accounts.	FN-CF-000.B	As at October 31, 2022, Laurentian Bank had approx. 140,000 active credit card accounts.
Customer Privacy	Number of account holders whose information is used for secondary purposes.	FN-CF-220a.1	<p>Laurentian Bank does not disclose the number of account holders whose information is used for secondary purposes.</p> <p>Please refer to the Summary of Personal Information Protection Policy and Summary of Information Security Policy on the Bank's website for more information on how we collect and protect customer data. The Bank follows applicable privacy laws and regulations in the jurisdictions in which it operates.</p>

Investment Banking & Brokerage

TOPIC	ACCOUNTING METRIC	SASB REFERENCE	RESPONSE
Incorporation of ESG Factors	Revenue from (1) underwriting, (2) advisory, and (3) securitization transactions incorporating integration of ESG factors, by industry.	FN-IB-410a.1	See the Sustainable Finance and Cleaner Technologies section of this report on page 17 for information on select sustainable finance activity.
Professional Integrity	Description of approach to ensuring professional integrity, including duty of care.	FN-IB-510b.4	The Laurentian Bank Code of Ethics sets forth the standards of ethics, honesty and integrity that govern the conduct of all Bank employees, including the additional rules specific to the treasury and capital markets sector.

Mortgage Finance

TOPIC	ACCOUNTING METRIC	SASB REFERENCE	RESPONSE
Activity Metrics	(1) Number and (2) value of mortgages originated by category: (a) residential and (b) commercial.	FN-MF-000.A	<p>Laurentian Bank reports the total value of residential mortgages. See page 8 of the Fourth Quarter 2022 Supplementary Information (Balance Sheet), available on our website.</p> <p>The Bank does not disclose the number and value of mortgages originated.</p>
Discriminatory Lending	(1) Number, (2) value, and (3) weighted average Loan-to-Value (LTV) ratio of mortgages issued to (a) minority and (b) all borrowers, by FICO scores above and below 660.	FN-MF-270b.1	<p>Laurentian Bank reports the value of insured and uninsured mortgages, and the average LTV ratio for newly originated and acquired uninsured residential mortgages and HELOCs. Please see page 19 of the Fourth Quarter 2022 Supplementary Information (Residential Mortgages and HELOCs) available on our website. The current state does not allow for data collection based on minority status.</p>
	Description of policies and procedures for ensuring nondiscriminatory mortgage origination.	FN-MF-270b.3	<p>The Laurentian Bank Code of Ethics sets forth the standards of ethics, honesty and integrity that govern the conduct of all Bank employees.</p>

Public Accountability Statement – Index and Tables

This Public Accountability Statement (PAS) outlines Laurentian Bank’s contributions, and the contributions of the Bank’s affiliates with operations in Canada, to the Canadian economy and society.

This fulfills the requirements of the Canadian Federal Government’s Public Accountability Statement regulations (section 627.996 (1) of the *Bank Act* (Canada)) for the 2022 fiscal year (November 1, 2021, to October 31, 2022). This PAS also includes our disclosure in response to the Code of Conduct for the Delivery of Banking Services to Seniors.



List of Affiliates

See page 4 of this document.

Employee Giving and Volunteering

See page 36 for a description of our corporate giving program, including employee giving and volunteer opportunities.

Community Development, Charitable Donations and Philanthropic Activities

See page 33 for a description of our corporate giving program.

Debt Financing to Firms in Canada

Total amounts (in CAD \$), authorized during fiscal year ending October 31, 2022

PROVINCE		0 - \$24,999	\$25,000 - \$99,999	\$100,000 - \$249,999	\$250,000 - \$499,999	\$500,000 - \$999,999	\$1,000,000 - \$4,999,999	\$5,000,000 and over	TOTAL
Alberta	Amount of debt financing	–	–	–	–	726,750	15,652,995	353,655,372	370,035,117
	Number of firms	–	–	–	–	1	7	15	23
British Columbia	Amount of debt financing	–	–	–	–	691,282	14,826,432	458,378,989	473,896,703
	Number of firms	–	–	–	–	1	4	21	26
Manitoba	Amount of debt financing	–	–	–	–	860,000	8,558,332	106,080,000	115,498,332
	Number of firms	–	–	–	–	1	3	3	7
New Brunswick	Amount of debt financing	–	–	–	–	–	1,668,750	–	1,668,750
	Number of firms	–	–	–	–	–	1	–	1
Nova Scotia	Amount of debt financing	–	–	–	–	–	4,305,000	10,125,000	14,430,000
	Number of firms	–	–	–	–	–	2	1	3
Ontario	Amount of debt financing	–	75,000	236,897	1,817,636	7,094,167	138,262,734	2,688,196,727	2,835,683,160
	Number of firms	–	1	1	5	11	50	105	173
Québec	Amount of debt financing	77,938	2,310,060	9,278,809	27,756,306	81,342,226	626,597,829	2,033,213,698	2,780,576,866
	Number of firms	6	43	53	77	110	285	128	702
Saskatchewan	Amount of debt financing	–	–	–	–	–	–	9,320,000	9,320,000
	Number of firms	–	–	–	–	–	–	1	1
Newfoundland and Labrador	Amount of debt financing	–	–	–	–	–	–	33,233,575	33,233,575
	Number of firms	–	–	–	–	–	–	2	2
Total	Amount of debt financing	78,189	2,385,060	9,515,705	29,573,942	90,714,425	809,872,072	5,692,203,361	6,634,342,755
	Number of firms	7	44	54	82	124	352	276	939



Access to Banking Services

We are proud to offer banking plans and services to meet the broad and diverse needs of our customers. To learn more, visit www.laurentianbank.ca.

For low-income individuals:

- a low-fee banking plan that includes up to 12 free transactions per month.
- a no-fee banking plan for seniors receiving the Guaranteed Income Supplement (GIS) or to beneficiaries of a Registered Disability Savings Plan (RDSP).

For young people:

- a no-fee banking plan that includes unlimited monthly transactions, for youth under 18 years of age.
- a no-fee banking plan that includes up to 20 free transactions per month, for students 16 to 25 years of age.

For seniors:

- a no-fee plan with four free transactions per month, for persons aged 65 or over.
- the 60+ Advantage program that offers discounts on three of our most popular banking plans, for persons aged 60 and over. For further information on our supports for seniors, see the Seniors Code reporting on page 73 of this document.

For persons with disabilities:

- Our websites and transactional sites are optimized for use with various types of assistive software for persons with disabilities, and our telephone system features a transcription system. The identification process on our online banking platform, LBCDirect, is also adapted for use by the visually impaired.

Commitment to using clear language:

- One of our core responsibilities is to ensure our customers understand how our products and services work, as well as their financial rights and obligations. We take great measures to ensure we use clear language when engaging with our customers in print, online, and in person. Further information can be found in Laurentian Bank's Responsible Marketing Policy on our [public website](#).

Branches & ABMs Opened, Closed, or Relocated

Opened and closed automated banking machines

The following Laurentian Bank ABMs were closed during the 2022 fiscal year.

ADDRESS	CITY	PROVINCE	POSTAL CODE
Closed			
320 rue Bank	Brownsburg	QC	J0V 1A0
6155 Arthur-Sauvé	Laval-ouest	QC	H7R 3X8
3194 rue Beaubien Est	Montréal	QC	H1Y 1Y4
5500 de Verdun	Verdun	QC	H4H 1K8
1579 rue Royale	Trois-Rivières	QC	G9A 4K1
4177 St-Denis	Montréal	QC	H2W 2M7
491 Ste-Marie	Marieville	QC	J3M 1M4
5487 ave Monkland	Montréal	QC	H4A 1C6
1090 boul. Moody	Terrebonne	QC	J6W 3K9
615 boul. Curé-Poirier Ouest	Longueuil	QC	J4J 5H2
400 rue Beaubien Est	Montréal	QC	H2S 1S3
2046 ave du Mont-Royal Est	Montréal	QC	H2H 1J6
No ABMs were opened during the 2022 fiscal year.			

Opened and closed branches

No Laurentian Bank branches were opened or closed during the 2022 fiscal year.

Headcount

TABLE 1

EMPLOYEES BY GEOGRAPHY AND CONTRACT TYPE, EXCLUDING NORTHPOINT COMMERCIAL FINANCE (NCF)

As at October 31, 2022

GEOGRAPHY	FULL TIME	PART TIME	TEMPORARY	TOTAL
Alberta	35	-	-	35
British Columbia	17	-	-	17
Newfoundland and Labrador	2	-	-	2
Nova Scotia	6	-	-	6
Ontario	1,236	15	73	1,324
Quebec	1,597	96	52	1,745
All other	9	-	-	9
Grand Total	2,902	111	125	3,138

TABLE 2

EMPLOYEES BY GEOGRAPHY AND CONTRACT TYPE, NORTHPOINT COMMERCIAL FINANCE ONLY

As at October 31, 2022

GEOGRAPHY	FULL TIME	PART TIME	TEMPORARY	TOTAL
Alberta	2	-	-	2
New Brunswick	1	-	-	1
Ontario	17	2	-	19
Quebec	3	-	-	3
United States	148	2	4	154
Grand Total	171	4	4	179

Taxes Paid or Payable

CANADA			
(in thousands of Canadian dollars)	Income tax²	Other taxes³	Total
Federal	21,131	18,369	39,500
Quebec	2,893	30,244	33,137
Ontario	7,937	9,847	17,784
Alberta	(23)	–	(23)
British Columbia	86	–	86
New Brunswick	–	139	139
Nova Scotia	–	128	128
Prince Edward Island	–	16	16
Newfoundland and Labrador	–	44	44
Saskatchewan	–	–	–
Manitoba	–	–	–
Total provincial	10,893	40,418	51,311
Total federal and provincial	32,024	58,787	90,811
OUTSIDE OF CANADA			
(in thousands of Canadian dollars)	Income tax²	Other taxes³	Total
Total	23,714	1,708	25,422

² Estimated amounts

³ Other taxes: Amount including compensatory tax on salaries, payroll tax, property tax and sales taxes.



Data Tables and Regulatory Reporting

Human Resources

Representation data is provided as at October 31, 2022 and excludes Northpoint Commercial Finance (NCF) employees (179 employees in Canada and US). Representation of women is calculated based on information collected from employees at time of hire. Beyond gender, representation data is collected via a voluntary, confidential Self-Identification Questionnaire (SIQ), which had a 97.5% completion rate as on October 31, 2022 (excludes NCF). Please see next page for definitions relevant to these metrics. Mid-year in 2022, our training portal software system was updated, which impacted the training results for this year.

* Metric impacted by software change.

✓ Data assured to a limited level by EY. See note on page 4.

METRIC	UNIT OF MEASURE	2022	2021	2020
Representation of...				
Women, VP+	%	39 ✓	36 ✓	N/A
Women, management	%	49 ✓	46 ✓	46
Women, overall	%	55 ✓	53 ✓	55
Racialized persons, VP+	%	17 ✓	12 ✓	N/A
Racialized persons, management	%	31 ✓	28 ✓	N/A
Racialized persons, overall	%	39 ✓	35 ✓	28.5
2SLGBTQIA+, overall	%	3 ✓	3 ✓	N/A
People with disability (ies), overall	%	3 ✓	3 ✓	3
Indigenous persons, overall	%	0.4 ✓	0.3 ✓	0.3
Black employees, student roles	%	5	8	N/A
Training				
Accessibility Training	Completion rate (%)	97	99	
Prevention of Elder Abuse	Completion rate (%)	93	96	
Unconscious Bias Training	Completion rate (%)	94	95	
AMLTF Training	Completion rate (%)	96	97	
Privacy Training	Completion rate (%)	91	98	
Data Governance Training	Completion rate (%)	93	97	
Employee Training*	Total hours	51,107	64,779	
Employee Training, average*	Average hours per employee	12.6	22.6	
Employee Engagement				
Employee Engagement Score	%	77	74	N/A

Definitions

Indigenous Peoples:

In accordance with the Employment Equity Act, Indigenous Peoples include First Nations, Inuit and Métis.

Racialized persons:

Referred to as “Visible Minorities” under the Employment Equity Act are persons, other than Indigenous Peoples, who are non-Caucasian in race or non-white in colour.

Persons living with a disability/disabilities:

In accordance with the Employment Equity Act, Persons with a disability (ies) means those who have a long-term or recurring physical, mental, sensory, psychiatric or learning impairment and who:

- a. consider themselves to be disadvantaged in employment by reason of that impairment, or
- b. believe that an employer or potential employer is likely to consider them to be disadvantaged in employment by reason of that impairment, and includes persons whose functional limitations owing to their impairment have been accommodated in their current job or workplace.

2SLGBTQIA+:

Refers to individuals who identify as Two-Spirit, Lesbian, Gay, Bisexual, Transgender, Queer or Questioning, and additional sexual orientations and gender identities.

VP+:

Includes all employees at Vice President level and above including Senior Vice President, Executive Vice President, and President.

Manager:

Includes all employees in roles that have been assigned an internal grade level of Management, Business Development Management, or Revenue Generating Management based on role requirements as determined by HR and the business lines.

Role requirements include setting direction and deploying resources, being accountable for managing people, and being accountable for business, functional or operational areas, processes, or programs. The results of management are primarily achieved through the work of others and typically depend on the manager’s ability to influence and negotiate with parts of the organization where formal authority is not held. This category does not include employees in VP+ roles as those are reported separately.

AMLTF:

Anti-Money Laundering and Terrorist Financing.

Employee Engagement Score:

Employee engagement score is a measure of overall employee engagement and is calculated based on the average of the percent favourable responses (4 or 5 on a 1-5 scale) to four questions:

- a. Overall, I am extremely satisfied with Laurentian Bank as a place to work.
- b. I would gladly recommend Laurentian Bank as a place to work to people I know.
- c. I rarely think about looking for a new job with another company.
- d. I am proud to work for Laurentian Bank.

Complaints Reporting

In fiscal 2022, the Client Complaints Appeal Office (CCAO) processed 52 requests. Of this number, 37 cases concerned Laurentian Bank and they were processed within an average of 26 days. At the end of the exercise, the Head of Complaints Resolution maintained the Bank's position in 19 cases, while in 17 cases he recommended a favourable settlement to the customer, 1 case was partially settled.

With regard to B2B Bank, 13 cases were processed within an average of 24 days. The Head of Complaints Resolution endorsed B2B Bank's initial decision in 10 cases and recommended a favourable settlement to the customer in 3 cases.

Two cases concerned LBC Financial Services, for which the Head of Complaints Resolution maintained the position of LBC Financial Services in 1 case and recommended a favourable settlement to the customer in 1 case. The average processing time was 7 days.

We have received 971 inquiries during the year 2022, these inquiries are relating to our efforts to facilitate client's access to the Bank resources best suited to cater to their difficulties and coaching of Bank employees to help them find solutions to issues raised by customers.

Seniors Code

Laurentian Bank adopted the Code of Conduct for the Delivery of Banking Services to Seniors (the Code), which was introduced in July 2019 by the Canadian Bankers Association.

The Code outlines 7 principles Canadian banks can follow to better serve and meet the needs of customers over the age of 60.

The seven principles of the Code include:

1. Establish and implement appropriate policies, procedures, and processes to support the Code.
2. Communicate effectively with seniors.
3. Provide appropriate training to employees and representatives who serve seniors.
4. Make appropriate resources available to customer-facing employees and representatives to help them understand matters relevant to seniors' banking needs.
5. Endeavour to mitigate potential financial harm to seniors.
6. Take into account market demographics and the needs of seniors.
7. Publicly disclose the steps they have taken to support the principles set out in the Code.

This Code requires that banks designate a Seniors Champion whose responsibilities include providing leadership in the implementation of the Code as well as promoting and raising awareness of matters affecting seniors. Banks must also publish a yearly report on the steps taken to support each principle of the Code and other steps taken to improve the delivery of banking services to seniors. You can find more details in the Canadian Bankers Association's Code of Conduct for the Delivery of Banking Services to Seniors and the Laurentian Bank Report from the Seniors Champion on our website.

Implementing the Seniors Code at Laurentian Bank:

Cultivating a "customer-first" culture is at the centre of everything Laurentian Bank does, and we believe that enhancing and simplifying our customer experience is key to meeting the needs of all our customers. We also focus on educating our customers so that they can make smart and sound financial decisions.

The Bank is in compliance with the Code having implemented the following measures:

A. Appointed a Seniors Champion who actively participates in the implementation of the Code. An internal reporting process facilitates the transmission of potential cases of abuse, financial mistreatment, or fraud to the Seniors Champion who ensures rapid support to all team members. This specialized support service is continuously trained on new developments and new practices in this area. As of October 31, 2022, the Seniors Champion has intervened in 30 cases of potential harm to senior customers.

B. Made procedures available for team members, front-line representatives, and specialized units to be able to identify and escalate potential cases of financial abuse to the Seniors Champion. All procedures are available in a centralized repository of information for all employees. These procedures describe:

- The main indicators to quickly identify cases of financial mistreatment, abuse or fraud;
- The procedures to follow to be able to deal with these types of cases; and,
- The procedures to follow to report to the Seniors Champion all potential cases of abuse.

All reference documents (for example, information on powers of attorney and mandates) and all forms are available in the central repository.

An annual review of these procedures allows us to ensure that we comply with the elements of the Code at all times.

C. To ensure information is easy to access and understand, we implemented a dedicated webpage for seniors and updated our Problem Resolution brochure to include the Seniors Champion as an escalation option for seniors.

This dedicated webpage presents all of the products and services offered to seniors, as well as access to tutorials on our electronic services or useful links. Seniors can also communicate directly with the Bank or the Seniors Champion from this page if specific needs arise, such as access to certain documents in specific formats.

D. Understanding the specific needs of our senior clientele, our branch locations offer confidential spaces for seniors to meet with our advisors and receive extra support to use and access our range of digital services. Seniors can also request support at any time for all ATM transactions in our branch network.

E. All team members have received training to ensure they are best equipped to serve seniors. The training offered to employees covers the following topics:

- Identifying signs of potential financial abuse or financial mistreatment;
- Actions to be taken to deal with elderly customers who are victims of abuse or mistreatment;
- Procedures on how to report a case of potential harm or abuse;
- Types of fraud; and,
- Best practices to interact with seniors.

The initial training deployed when the Code first came into force must be taken by all new employees who join the Bank. Additional training for our front-line employees is also carried out on an annual basis.

Our Continued Promise

Laurentian Bank recognizes the crucial contribution of seniors to our society and, in respecting their needs, we strive to continuously improve how we deliver banking services to our senior customers.

Energy Consumption and Greenhouse Gas Emissions

The Bank's GHG emissions have been calculated by following the [Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard](#) ("GHG Protocol"). In 2022 the Bank moved from the financial control approach to the operational control approach for the estimation of GHG emission data. Under the control approach, the reporting company is responsible for all GHG emissions from operations over which it has control.

The operational boundary of the Bank's GHG inventory includes direct (Scope 1) and indirect (Scope 2) emissions related to all of the Bank's buildings with operational control. Scope 3 covers emissions from business travel and the corporate real estate asset class of financed emissions. Specifically,

- Direct emissions: Emissions from combustion of on-site fuels in stationary sources (boilers, furnaces, etc.) that are owned or controlled by the Bank;
- Indirect emissions: Emissions from the generation of purchased electricity, heating, steam and chilled water;
- Other indirect emissions: Emissions from the transportation of employees for business-related activities, and associated with providing financing to customers related to corporate real estate.

A portion of the data has been estimated; see below for the methodology and assumptions used.

Laurentian Bank's Scope 1 and 2 GHG emissions have been calculated for our locations, including branches, commercial offices, corporate offices, ATMs, and storage. For many of these locations, energy use is not billed separately and exact energy type and usage is not known. The Bank continues to work with landlords to improve availability of data – between the 2021 and 2022 reporting year, the Bank reduced the number of locations requiring estimation. For both Scope 1 and 2 emissions calculations, energy consumption and GHG emissions were estimated using the following approach:

- i. Where fuel or electricity consumption data was available from the landlord or utility, actual data was used.
- ii. Where energy consumption data was not available for a site, but the Bank had actual energy consumption data for >50% of the total square footage of the same facility type, energy consumption was estimated using the energy intensity of the Bank's known building envelope.
- iii. Where energy consumption data was not available for a site, and the Bank did not have actual consumption data for >50% of the total square footage of the same facility type, energy consumption was estimated using the provincial energy intensity factors published by Natural Resources Canada.

Energy consumption data has been collected for August 1, 2021 – July 31, 2022, to improve availability of data. Standard energy conversion factors have been sourced from the U.S. Energy Information Administration and Canada Energy Regulator energy conversion tables where required. The Bank intends to continue to use an August – July energy year. For our Scope 3 financed emissions, we calculated based on data as at October 31, 2021, as we began the assessment process before the end of the 2022 fiscal year.

Scope 1 – Direct Emissions

The Scope 1 emissions are direct GHG emission sources owned or controlled by the Bank. Sources of Scope 1 emissions at each location vary depending on equipment in the building.

A. Stationary Combustion

Stationary combustion relates to emissions from the combustion of fuels in stationary sources to generate heat within the Bank's buildings. The two identified fuels relevant to the Bank are the following:

- Natural gas
- Fuel oil

In order to fall under Scope 1, fuel combustion must be directly generated on site, within the operational boundaries of the Bank, where it can account for the amount of fuel consumed. This can be done via thermostat system, meters, or through open channel of communication with the property manager.

In some instances, fuel combustion is controlled by property managers, but the Bank has no visibility on the amount of fuel consumed. If no fuel combustion details are provided on monthly rental invoices, associated emissions are considered to be part of Scope 2 as a form of purchased heat or electricity.

To calculate the GHG emissions from stationary combustion, the Bank multiplies the annual quantity of each fuel consumed at relevant locations by the appropriate emission factors for GHG leveraging the Global Warming Potentials (GWP) from the United Nations Intergovernmental Panel on Climate Change Sixth Assessment Report (AR6).

B. Mobile Combustion

This source relates to emissions from the combustion of fuels in self-propelled equipment; in other words, emissions from the transportation of materials, products, waste, and employees. As the Bank does not have mobile equipment, this source is not considered in the GHG inventory.

C. Process or Chemical Emissions

Considering the operations carried out by the Bank, this source of GHG emissions is not considered in this GHG inventory.

D. Fugitive Emissions

This source includes emissions from equipment for air conditioning, refrigeration, and freezing leaks refrigerants. In the absence of available data, this emission source is not considered in the GHG inventory at this time.

Scope 2 – Indirect Emissions

Scope 2 emissions are indirect emissions that occur using purchased electricity, steam, heat, or cooling. Steam, heat (in the form of hot water), and cooling (in the form of chilled water) can be delivered to an organization's facility through a localized grid called a district energy system or through a direct line connection. Although Laurentian Bank does not own or control the sources, its activities require the generation of energy which emits GHG emissions.

A. Electricity Purchased

Purchased electricity can either be sourced directly from the regional grids (location-based) that provide electricity or through contractual arrangements (power purchase agreement or renewable energy certificates) under which the organization procures power from specific sources (market-based). For FY22, the Bank has purchased electricity only from the regional grids and no power purchase agreements have been contracted, therefore our location-based and market-based Scope 2 GHG emissions are equal. All Laurentian Bank facilities consume electricity.

To calculate the GHG emissions from electricity purchased, we multiplied the annual electricity consumption by emission factors specific to the building location. For buildings located in Canada, we use the emission factors presented in the most recent National Inventory Report. For buildings located in the US, we use the factors from the most recent EPA eGrid.

B. Steam, Heat and Cooling

Steam, heat, and cooling can be purchased through a local grid or directly from a supplier. As noted in the "Stationary Combustion" section, fuel consumption in a combustion system not under the control of the Bank is reported in this category as indirect emissions. Fuel consumption is converted into GHG emissions using the same approach as Scope 1 Stationary Consumption.

ENERGY CONSUMPTION	2022	2021*	UNIT
Fuel consumption			
Gas consumption	2,280	1,465	GJ
Oil consumption	180	110	GJ
Total fuel consumption	2,460	1,575	GJ
Electricity consumption			
QC	38,385	39,203	GJ
ON	13,765	13,780	GJ
AB	191	252	GJ
BC	182	131	GJ
NL	7	10	GJ
MB	84	82	GJ
US	1,022	532	GJ
Total electricity consumption	53,635	53,989	GJ
Steam, Heat and Cooling			
Indirect Heating	6,681	6,950	GJ
Chilled Water	4,373	5,924	GJ
Steam	5,917	6,613	GJ
Total Steam, Heat, and Cooling	16,971	19,487	GJ
Total energy consumption	73,067 ✓	75,051	GJ

* 2021 energy consumption has been restated from previous disclosures due to improvements in availability of data and methodology for estimation.

✓ Data assured to a limited level by EY. See note on page 4.

Scope 3 – Other Indirect Emissions

Scope 3 emissions include emissions from activities or assets not under the Bank's operational control or included in Scope 2, but which impact or are impacted by our value chain. The Bank is providing interim analysis on two Scope 3 categories included in the GHG Protocol in 2022 – Category 6 (Business Travel) and Category 15 (Investments, commonly referred to as Financed Emissions). For Category 15, we are leveraging the guidance provided by the Partnership for Carbon Accounting Financials (PCAF) and are only including one asset class at this time. The Bank intends to expand the coverage of our Scope 3 reporting to include material categories and improve data quality over time.

A. Business travel

Data collected and used have been broken down into the following categories: airfare, taxi, personal car mileage, public transport, train, and car rental. For personal car mileage, distance travelled is reported and has been used without any further assumptions. All other categories have been calculated using a spend-based methodology based on expense reporting. Note that data coverage has improved from 2021, therefore the year over year numbers are not comparable.

BUSINESS TRAVEL		2022	2021	UNITS
Taxi	Spend-based	28	24	tCO ₂ e
Personal Car Mileage	Distance-based	141	83	tCO ₂ e
Airfare	Spend-based	217	13	tCO ₂ e
Rail	Spend-based	-	-	tCO ₂ e
Public Transport	Spend-based	1	-	tCO ₂ e
Car Rental	Spend-based	5	1	tCO ₂ e
Train	Spend-based	7	1	tCO ₂ e
Total transportation		399	122	tCO₂e

B. Financed Emissions

For financial institutions like Laurentian Bank, the largest emissions impacts are expected to be indirect, through our financing activities. In 2022, the Bank joined the Partnership for Carbon Accounting Financials (PCAF) and intends to leverage their methodology for relevant asset classes to calculate Scope 3 financed emissions. The PCAF methodology, which is publicly available on their website, has been reviewed by the GHG Protocol and can be leveraged for Scope 3 Category 15 calculations⁴. For 2022, the Bank has chosen to start by estimating the financed emissions associated with the Corporate Real Estate (CRE) PCAF asset class. This choice was influenced by two factors: relative size of portfolio and data availability. CRE is the second largest of the PCAF asset classes at Laurentian Bank, after mortgages, but data availability was significantly better for this asset class. The Bank is engaged in industry working groups to improve availability of data and estimation tools for mortgages and other PCAF asset classes.

Calculation approach

Asset class definition: PCAF includes on-balance sheet loans for the purpose and refinancing of CRE and on-balance sheet investments in CRE when the financial institution has no operational control over the property and where owner uses the property to conduct income-generating activities⁴. Loans that are secured by CRE, but where the use of proceeds are unknown (as defined by the GHG protocol), are not included in CRE and will be included in the business loans asset class in the future. Loans for construction and renovation of CRE are optional, and Laurentian Bank has chosen not to include these loans at this time due to data availability.

Emission scopes covered: In estimating the Bank's Scope 3 financed emissions from CRE, we have chosen to only include Scope 1 and 2 emissions of our CRE customers in the calculation. Including a customer's Scope 3 emissions is optional for this asset class, and we do not have access to data to estimate Scope 3 emissions for our CRE clients at this time.

Data quality: Access to quality data to enable estimation of emissions data is a key area of focus across financial services firms. To enable initial disclosure of financed emissions, PCAF has laid out a data quality hierarchy for each asset class, applying a score of 1 (best) to 5 (lowest). Information on the data quality hierarchy for CRE is included in the table on page 80. In this first review, we were able to attain data required for a data quality level of 4 or 5 for 77% of the CRE portfolio, with an average data quality score of 4.2.

Emission factors: To estimate the Scope 1 and Scope 2 emissions for CRE customers, we leveraged the PCAF online emissions factor database. This database provides CRE emissions factors by province and building usage on a per dwelling or per m² basis, sourced from the Government of Canada Natural Resources Canada. In cases where building usage or location was unclear, we used the average emission factor for the remainder of our portfolio as a proxy. At time of calculation the most recent data in the PCAF database reflected 2017 average emission factors. We will update our calculations as more recent emissions data becomes available in the PCAF database.

Attribution factor: PCAF methodology uses an attribution factor to calculate the portion of a customer's emissions attributable to a financial institution's loan or investment. For real estate, this factor is calculated as the outstanding amount financed by the Bank divided by the property value at origination. Where property value at origination is not known, the total financing at origination is used as a proxy – as this value is likely less than the value of the asset for non-construction CRE this may lead to an overestimation of our exposure.

Next steps: Moving forward, we will continue to work to expand the coverage and data quality of our Scope 3 financed emissions calculations. We will continue to report on Scope 3 financed emissions annually in our ESG and TCFD reporting.

⁴ PCAF (2022). The Global GHG Accounting and Reporting Standard Part A: Financed Emissions. Second Edition.

Summary of Corporate Real Estate PCAF Estimations

Data Available	OUTSTANDING CORPORATE REAL ESTATE LOANS AS AT OCTOBER 31, 2021 ⁵		ESTIMATED EMISSIONS (TCO ₂ E)			Data Quality Score
	Balance (\$MM)	% of Total	Customer Scope 1	Customer Scope 2	Total	
Primary data on actual building energy consumption + Supplier-specific emission factors	-	-	-	-	-	1
Primary data on actual building energy consumption + Average emission factors	-	-	-	-	-	2
Official building energy labels + Floor area + Average emission factors	-	-	-	-	-	3
Building type + Location + Floor area + Average emission factors	2,119	77.1	37,290	10,504	47,794	4
Building type + number of buildings	6	0.2	37	2	39	5
Insufficient data to estimate	622	22.6				Not yet 5 ⁶
Total	2,747	100	37,327	10,506	47,833	4.2

⁵ According to PCAF definition of asset class, which may differ from Laurentian Bank's own definition; therefore, total CRE portfolio size may differ from other public disclosures.

⁶ To calculate overall data score, insufficient data was treated as a 5. This was to ensure our reported data score reflects the full CRE portfolio according to the PCAF definition, and to allow improvements in data quality to be more accurately tracked over time.

Summary of GHG Calculations

Using the methodology and assumptions outlined above:

- **Scope 1** emissions have been calculated based on the consumption of natural gas and oil.
- **Scope 2** emissions have been calculated based on the consumption of electricity and indirect steam, heat, and cooling.
- **Scope 3** emissions have been calculated for business travel and the corporate real estate asset class of financed emissions.

GHG EMISSIONS	2022	2021*	UNIT
Scope 1	130 ✓	83	tCO ₂ e
Scope 2 (location-based)	967 ✓	983	tCO ₂ e
Scope 2 (market-based)	967 ✓	983	tCO ₂ e
Total Scope 1 and 2 GHG emissions	1,097 ✓	1,066	tCO₂e
Scope 3 (business travel**)	399	122	tCO ₂ e
Scope 3 (financed emissions, CRE**)		47,833	tCO ₂ e
CRE data quality score		4.2	

*2021 emissions have been restated from previous disclosures due to improvements in availability of data and methodology for estimation. Note that travel emissions in 2021 only included taxi and personal car mileage.

** For scope and assumptions outlined above.

✓ Data assured to a limited level by EY. See note on page 4.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

From time to time, Laurentian Bank of Canada and, as applicable, its subsidiaries (collectively referred to as the Bank) will make written or oral forward-looking statements within the meaning of applicable Canadian and United States (U.S.) securities legislation, including such as those contained in this 2022 ESG Report and Public Accountability Statement dated as of March 14, 2023 (and in the documents incorporated by reference herein), and in other documents filed with Canadian or U.S. regulatory authorities, in reports to shareholders, and in other written or oral communications. These forward-looking statements are made in accordance with the “safe harbor” provisions of, and are intended to be forward-looking statements in accordance with, applicable Canadian and U.S. securities legislation. They include, but are not limited to, statements regarding the Bank’s vision, strategic goals, business plans and strategies, priorities and financial performance objectives; the economic and market review and outlook for Canadian, U.S. and global economies; the regulatory environment in which the Bank operates; the risk environment, including, credit risk, liquidity, and funding risks; the impact of COVID-19, the statements under the headings “Outlook”, “Impact of COVID-19” and “Risk Appetite and Risk Management Framework” contained in the Bank’s 2022 Annual Report for the year ended October 31, 2022 (the **2022 Annual Report**), including the Management’s Discussion and Analysis for the fiscal year ended October 31, 2022; and other statements that are not historical facts.

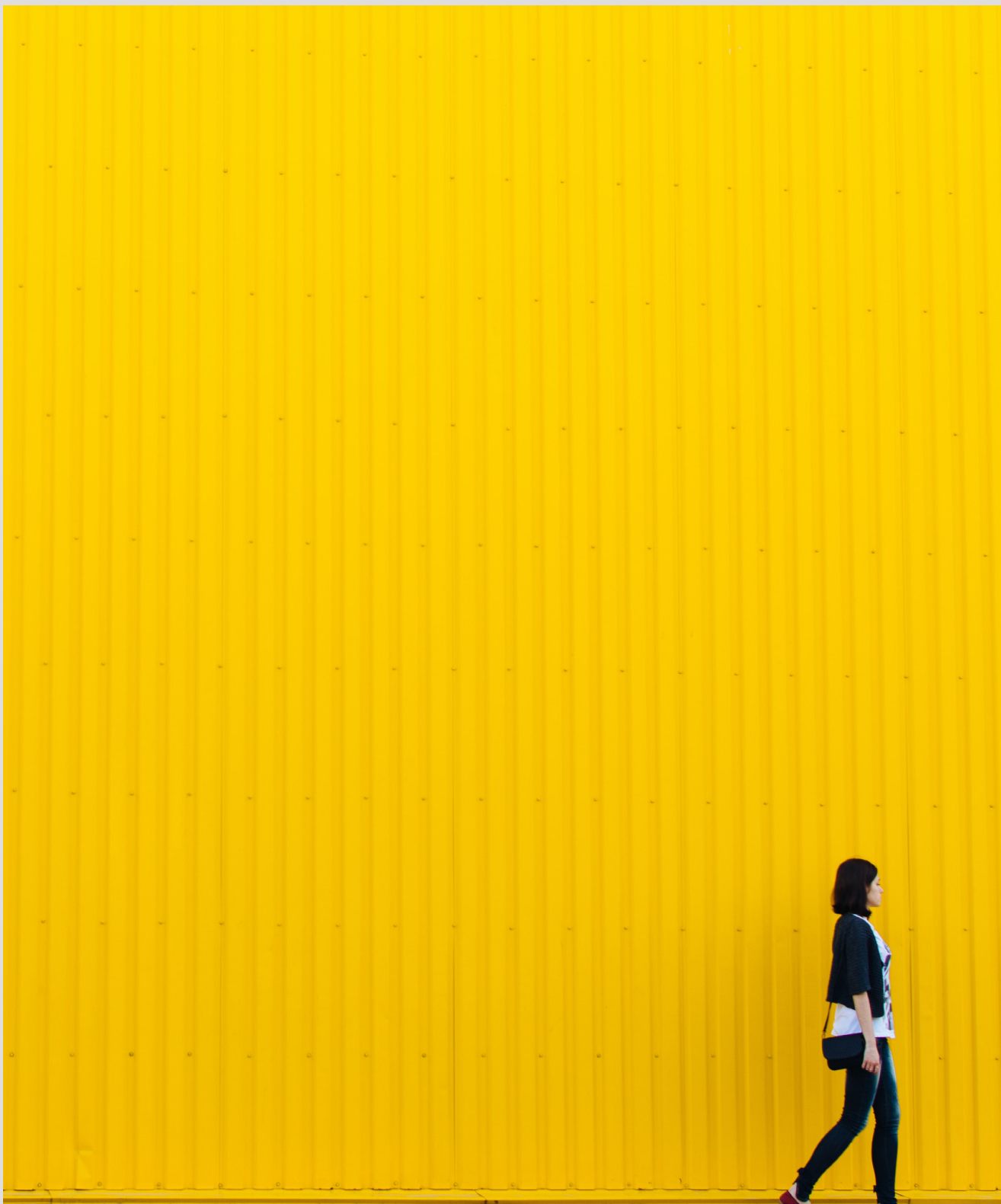
Forward-looking statements typically are identified with words or phrases such as “believe”, “assume”, “estimate”, “forecast”, “outlook”, “project”, “vision”, “expect”, “foresee”, “anticipate”, “intend”, “plan”, “goal”, “aim”, “target”, and expressions of future or conditional verbs such as “may”, “should”, “could”, “would”, “will”, “intend” or the negative of any of these terms, variations thereof or similar terminology.

By their very nature, forward-looking statements require the Bank to make assumptions and are subject to inherent risks and uncertainties, both general and specific in nature, which give rise to the possibility that the Bank’s predictions, forecasts, projections, expectations, or conclusions may prove to be inaccurate; that the Bank’s assumptions may be incorrect (in whole or in part); and that the Bank’s financial performance objectives, visions, and strategic goals may not be achieved. Forward-looking statements should not be read as guarantees of future performance or results, or indications of whether or not actual results will be achieved. Material economic assumptions underlying such forward-looking statements are set out in the 2022 Annual Report under the heading “Outlook”, which assumptions are incorporated by reference herein.

We caution readers against placing undue reliance on forward-looking statements, as a number of factors, many of which are beyond the Bank’s control and the effects of which can be difficult to predict or measure, could influence, individually or collectively, the accuracy of the forward-looking statements and cause the Bank’s actual future results to differ significantly from the targets, expectations, estimates or intentions expressed in the forward-looking statements. These factors include, but are not limited to, risks relating to: credit; market;

liquidity and funding; insurance; operational; regulatory compliance (which could lead to the Bank being subject to various legal and regulatory proceedings, the potential outcome of which could include regulatory restrictions, penalties, and fines); strategic; reputation; legal and regulatory environment; competitive and systemic risks; supply chain disruptions; geopolitical events and uncertainties; government sanctions; conflict, war, or terrorism; and other significant risks discussed in the risk-related portions of the Bank’s 2022 Annual Report, such as those related to: the ongoing and potential impacts of COVID-19 on the Bank’s business, financial condition and prospects; Canadian and global economic conditions (including the risk of higher inflation and rising interest rates); geopolitical issues; Canadian housing and household indebtedness; technology, information systems and cybersecurity; technological disruption, privacy, data and third-party related risks; competition and the Bank’s ability to execute on its strategic objectives; the economic climate in the U.S. and Canada; digital disruption and innovation (including, emerging fintech competitors); Interbank offered rate (IBOR) transition; changes in currency and interest rates (including the possibility of negative interest rates); accounting policies, estimates and developments; legal and regulatory compliance and changes; changes in government fiscal, monetary and other policies; tax risk and transparency; modernization of Canadian payment systems; fraud and criminal activity; human capital; insurance; business continuity; business infrastructure; emergence of widespread health emergencies or public health crises; emergence of COVID-19 variants; environmental and social risks including climate change; and the Bank’s ability to manage, measure or model operational, regulatory, legal, strategic or reputational risks, all of which are described in more detail in the section titled “Risk Appetite and Risk Management Framework” beginning on page 48 of the 2022 Annual Report, including the Management’s Discussion and Analysis for the fiscal year ended October 31, 2022, which information is incorporated by reference herein. The Bank further cautions that the foregoing list of factors is not exhaustive. When relying on the Bank’s forward-looking statements to make decisions involving the Bank, investors and others should carefully consider the foregoing factors, uncertainties, and current and potential events.

Any forward-looking statements contained herein or incorporated by reference represent the views of management only as at the date such statements were or are made, are presented for the purposes of assisting investors, financial analysts, and others in understanding certain key elements of the Bank’s financial position, current objectives, strategic priorities, expectations and plans, and in obtaining a better understanding of the Bank’s business and anticipated financial performance and operating environment, and may not be appropriate for other purposes. The Bank does not undertake any obligation to update any forward-looking statements made by the Bank or on its behalf whether as a result of new information, future events or otherwise, except to the extent required by applicable securities regulations and laws. Additional information relating to the Bank can be located on the SEDAR website at www.sedar.com.



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