

April 9, 2024

It's Time.

Drive change in Canadian banking to enrich people's lives.

353% 10-year
Total shareholder return

\$119 billion
Total assets under management & administration

607,000+
Customers served

Note: all cover measures as at January 31, 2024.

Canada's Challenger Bank™



Table of Contents

| | |
|---|-----------|
| CAUTION REGARDING FORWARD-LOOKING STATEMENTS | 1 |
| MESSAGE TO OUR STAKEHOLDERS | 2 |
| 1. ABOUT THIS REPORT | 5 |
| 1.1 Responsibility | 5 |
| 1.2 Scope | 5 |
| 1.3 Reporting period and currency | 5 |
| 1.4 Limited Assurance | 6 |
| 1.5 Reporting frameworks | 6 |
| 1.6 Sustainability and Climate Rating Agencies | 6 |
| 1.7 Contact Information | 6 |
| 2. ABOUT EQB AND OUR RESPONSIBILITIES | 7 |
| 2.1 Equitable Bank | 7 |
| 2.2 Concentra Bank | 8 |
| 2.3 Bennington Financial | 9 |
| 2.4 Equitable Trust | 9 |
| 2.5 ACM Advisors | 9 |
| 2.6 Awards and Recognition | 9 |
| 2.7 Our approach to Responsibility | 10 |
| 2.8 Challenger Framework | 10 |
| 2.9 Stakeholder Feedback | 11 |
| 2.10 What Lies Ahead | 12 |
| 3. CONTRIBUTING TO OUR COMMUNITIES | 13 |
| 3.1 EQB's Purpose Foundational to our People Strategy | 13 |
| 3.2 Our Promise to Employees | 17 |
| 3.3 Total Rewards | 20 |
| 3.4 Customers: Savings, Services and Product Innovation | 21 |
| 3.5 Enriching the Communities We Serve | 24 |
| 3.6 Our Philanthropic Commitments | 26 |
| 4. OUR RULES OF ENGAGEMENT | 28 |
| 4.1 Governance in How we Operate and Delegate | 28 |
| 4.2 Business Ethics | 31 |
| 4.3 Cyber Security: Using Technology to Safeguard Information | 35 |
| 4.4 Protecting our Customers and their Information | 36 |
| 4.5 Risk Management | 38 |
| 5. HELPING THE ENVIRONMENT | 40 |
| 5.1 Our Commitment to Climate | 40 |
| 5.2 Climate Disclosure Requirements in Canada | 40 |
| 5.3 Climate Strategy for Managing Climate Risks and Opportunities | 41 |
| 5.4 Climate Scenario Analysis on Physical Climate Risk | 42 |
| 5.5 Greenhouse Gas Emission Metrics | 42 |
| 5.6 Carbon Offsets | 45 |
| 5.7 Future Priorities | 46 |
| 5.8 Climate performance table | 47 |
| APPENDIX 1 – EQB CORPORATE POLICIES | 50 |
| APPENDIX 2 – SASB INDEX | 52 |
| APPENDIX 3 – INDEPENDENT PRACTITIONER'S LIMITED ASSURANCE REPORT | 57 |

Caution Regarding Forward-Looking Statements

Statements made in this Report, in other filings with Canadian securities regulators and in other communications include forward-looking statements within the meaning of applicable securities laws (forward-looking statements). These statements include, but are not limited to, statements about EQB's objectives, strategies and initiatives, financial performance expectations and other statements made herein, whether with respect to EQB's businesses or the Canadian economy, which includes its subsidiaries and affiliates (collectively "EQB"). The forward-looking information contained in this Report is presented for the purpose of assisting our stakeholders in understanding the ways EQB intends to address climate-related governance, strategy, risks, opportunities and metrics and targets, and may not be appropriate for other purposes. Generally, forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "scheduled", "guidance", "planned", "estimates", "forecasts", "outlook", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases which state that certain actions, events or results "may", "could", "would", "should", "might" or "will be taken", "occur", "be achieved", "will likely" or other similar expressions of future or conditional verbs.

Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of EQB to be materially different from those expressed or implied by such forward-looking statements, including but not limited to risks related to capital markets and additional funding requirements, fluctuating interest rates and general economic conditions including, without limitation, global geopolitical risk, legislative and regulatory developments, changes in accounting standards, the nature of our customers and rates of default and competition as well as those factors discussed under the heading "Risk Management" herein and in EQB's documents filed on SEDAR at www.sedar.com.

All material assumptions used in making forward looking statements are based on management's knowledge of current business conditions and expectations of future business conditions and trends, including their knowledge of the current credit, interest rate and liquidity conditions affecting EQB and the Canadian economy. Although EQB believes the assumptions used to make such statements are reasonable at this time and has attempted to identify in its continuous disclosure documents important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. These factors – many of which are beyond EQB's control and the effects of which may be difficult to predict – include, but are not limited to, the need for more and better climate data and standardization of climate-related measurement methodologies, EQB's ability to gather and verify data and the evolving legal and regulatory environment. Certain material assumptions are applied by EQB in making forward-looking statements, including without limitation, assumptions regarding its continued ability to fund its loan business, a continuation of the current level of economic uncertainty that affects real estate market conditions including, without limitation, impacts as a result of COVID-19, continued acceptance of its products in the marketplace, as well as no material changes in its operating cost structure and the current tax regime. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. EQB does not undertake to update any forward-looking statements that are contained herein, except in accordance with applicable securities laws.

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

Nothing in this document shall form the basis of or be relied upon in connection with any contract, commitment or investment decision. The recipient is solely liable for any use of the information contained in this document and neither EQB nor any of its affiliates nor any of their respective directors, officers, employees or agents shall be held responsible for any direct or indirect damages arising from the use of this Report by the recipient. Climate metrics, data and other information contained in this Report, including but not limited to information relating to financed emissions and interim targets, are or may be based on assumptions, estimates and judgements. Some of the information contained in this Report is based on estimated data with very limited supporting documentation and has not been independently verified or assessed, including any assumptions underlying the data obtained from third parties.

This Report and the information contained in it is unaudited. This Report is intended to provide information from a different perspective and in more detail than is required to be included in mandatory securities filings and other regulatory reports, including filings with Canadian securities regulators. While certain matters discussed in this Report may be of interest and importance to EQB's stakeholders, the use of the terms "material", "significant", "important" or similar words or phrases should not be read as necessarily rising to the level of materiality used for the purposes of securities or other laws and regulations. EQB has no obligation to update the information or data in this Report. All amounts in this document are in Canadian dollars unless otherwise noted. Measurements used in this Report are metric.

Message to our stakeholders

Welcome to our annual EQB Responsibility Report, a title chosen to reflect the important commitments we make to our stakeholders and to underscore the abiding sense of accountability we have for excellence in our environmental, social and governance (ESG) practices.

In this report, you will find examples of how we are meeting our commitments, positioning EQB to be a more capable contributor to society at large and embracing new responsibilities that come with our status as the owner of Canada's 7th largest bank.

Responsible progress for customers and shareholders

Since we published our first ESG performance report in 2021, corporate progress has been both tangible and enriching. In the last fiscal year alone, we introduced our "less take, more make" Challenger Bank services to more than 90,000 new customers. We grew our combined assets under management and administration to \$111 billion or 8% as of October 31, 2023. We delivered total shareholder return exceeding that of publicly traded Canadian banks, alongside annual return on shareholders' equity of 17.5% while effectively managing risk.

We credit the late 2022 acquisition and successful integration of Concentra Bank for much of this transformational asset growth. With the acquisition, Equitable Bank also realized new opportunities to serve Canada's vibrant credit unions and their six million members and brought forward new securitization, consulting, foreign exchange and digital banking services specifically for them.

This same period was punctuated by strong organic growth as we offered expanded service, convenience and value to customers through our EQ Bank digital platform – a platform named on the Forbes World's Best Banks list since 2021. The launch of high interest EQ Bank services in Québec and our EQ Bank Card nationally along with the introduction of our all-digital First Home Savings Account and virtual wallet were distinct highlights that helped our digital platform grow deposits to \$8.2 billion as at October 31, 2023 (our new fiscal year-end) from \$7.9 billion in under 10 months. In a challenging, high-inflation economy marked by affordability challenges for Canadians, EQ Bank made a material difference for customers by offering everyday bank accounts with no monthly fees.

We are proud of these advancements and of the performance of all our lending businesses which play vital roles in important areas of society including building and preserving affordable multi-unit residential housing, supporting new Canadians and entrepreneurs seeking credit to buy their first homes and seniors wishing to convert the wealth stored in their homes and life insurance policies into capital for retirement.

Helping the environment: an essential responsibility

While achieving inclusive growth, we embraced another key responsibility: improving our environmental performance. Beginning on page 40, we describe the actions and outcomes on our journey to reduce our emissions and our ambition to build a portfolio of carbon offset projects in which we invest.

The climate crisis is a real threat to the world and one that requires a serious-minded, transparent and honest approach by all businesses. We understand this obligation and applaud regulators and standard setters for the work they are doing to guide us in our practices. Today, we are preparing to meet the Office of the Superintendent of Financial Institution's (OSFI) expectations for the management of climate-related risks detailed in Guideline B-15 which is effective for Equitable Bank in fiscal 2025. OSFI's Standardized Climate Scenario Exercise, which will be promulgated in 2024 along with a set of instructions, workbook and questionnaire, will further advance our best practice standards. We await further guidance from Canadian regulators on the adoption of IFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information) and IFRS S2 (Climate-Related Disclosures).

A responsible governance framework

In fiscal 2023, EQB's Board of Directors and Executive Management reaffirmed our Responsibility areas of focus in each of the pillars of social, governance and environment and in early fiscal 2024, refreshed our ESG strategy using lessons learned and results achieved over the past few years. This year's report lays out our accomplishments to date and it is an exciting journey for us as we develop our thinking around our Responsibilities.

This validation and continuous improvement process was guided by a thorough assessment of the risks and opportunities presented by our growing operations and markets and by engaging with stakeholders to understand their perspectives and priorities. Starting on page 28, we discuss our approach to governance which we refer to as our Rules of Engagement.

Responsible, effective people

While setting the right tone from the top is essential, the reality is that responsibility for sustainable business practices must be shared at all levels of EQB if we are to succeed and have true impact. It is and we believe deep workforce alignment with our corporate values – Service, Integrity, Empowerment, Respect and Agility – is the underlying reason. Together, we are all accountable.

As a result of growth in our business, EQB continued to expand our workforce. At the same time, we remained committed to our priorities of increasing the proportion of incoming employees who are Indigenous and members of racialized groups, ensuring representation of those groups across various levels of leadership and increasing the proportion of female. Beginning on page 13, we provide insightful employment data to illustrate the highly diverse nature of our workforce.

Purposeful workforce diversity, equity and inclusion (DEI) are important for EQB. Beyond seeing it as a moral imperative, DEI makes us a stronger, more vibrant organization, better able to meet the needs of the many different people in Canada and makes us better positioned to recruit and retain great talent. In this regard, the work of our Employee Resource Groups (ERGs) is to be commended. Our ERGs operate with detailed three-year strategies to achieve their specific missions.

While we put "team" ahead of individual, we have many star players in our midst. In particular, we congratulate our Group Head of Personal Banking and our Vice President, Trust and Credit Union Services for their inclusion on Canada's Most Powerful Women (Top 100) list in 2023 as chosen by the Women's Executive Network. Mahima Poddar (also selected by WXN as an Emerging Leader) and Tanya Postlewaite (Executive Leader category) demonstrate their bold thinking and incredible passion every day.

Innovation is also a mainstay of our people and organization. This too was recognized in 2023 as Equitable Bank was named a CIO Awards Canada winner for using information technology to create competitive advantage, optimize business processes, enable growth and improve relationships with customers.

The quality of our workforce can be judged in many ways, including financial metrics for efficiency and productivity – which are industry leading – but we are also pleased to see Equitable Bank once again chosen as a Great Place to Work 2023 by Great Place to Work® Canada based on independent benchmarking.

While our singular focus is on customer service, our employees – with institutional support – are actively and proudly involved in serving their communities. To ensure maximum impact, EQB's Corporate Giving Policy is devoted to special causes that resonate with our employees and is outlined on page 26. In 2023, we increased direct donations and sponsorships in keeping with our growing corporate stature and in full alignment to our strategy of supporting community-based groups that address houselessness and mental health. Our employees were given valued opportunities to volunteer together to care for those in need and true to form, they rose to the occasion.

A responsibility to the future

Our corporate purpose is to drive change in Canadian banking to enrich people's lives. Implicit in this statement is the ever-present need to strive, to evolve and to transform with an end goal in mind.

In fiscal 2024, our 20th year as an S&P TSX listed company, we will pursue our purpose diligently, creatively and in a responsible manner befitting our place as a leader in the financial services industry. In so doing, we will continue to challenge the status quo, compete vigorously with the best interests of Canadians at heart as innovators and advocates and ensure we remain ready to meet the needs of today and tomorrow.

Yours sincerely,



Michael Hanley
Chair of the Board



Andrew Moor
President and Chief Executive Officer

1. About this Report

1.1 Responsibility

The EQB Responsibility Report (this “Report”) examines the goals, strategies and annual progress made in our quest for excellence in approaching environmental, social and governance matters. In each area, we challenge ourselves to be better based on a clear understanding of our responsibilities as a leading Canadian financial services company. In the past, we referred to this document as our ESG Performance Report but changed the name to better reflect our deeply held stakeholder commitments. Please refer to page 10 for more information.

1.2 Scope

This is a voluntary report issued by EQB Inc. (EQB, TSX: EQB, EQB.PR.C). It incorporates the results of EQB and its entities (collectively, the “Affiliates”):

- Equitable Bank
- Equitable Trust
- Concentra Bank
- Concentra Trust
- Bennington Financial Corp.

In this Report, unless otherwise specified, references to “Equitable” and the “Bank” are to Equitable Bank, references to “Concentra” are to Concentra Bank, references to “Bennington” are to Bennington Financial Corp. and references to “us”, “our” and “we” are to EQB and the Affiliates, unless otherwise specified.

On December 14, 2023, EQB completed the acquisition of a 75% interest in ACM Advisors Ltd. (ACM), one of Canada’s most well-respected alternative asset managers with nearly \$5 billion in assets under management. Information, including data, regarding ACM and its subsidiaries **is not included** in the scope of this Report as the transaction was completed after the reporting period noted below.

This Report complements EQB’s Management Information Circular, Management Discussion and Analysis, Annual Information Form and the Bank’s Public Accountability Statement, all of which offer more information about our financial position, priorities, responsibilities and commitments. All these documents and previous reports relating to environmental, social and governance matters are available on our website (eqb.investorroom.com).

1.3 Reporting period and currency

Data within the Social and Governance section of this Report are for our one-time ten-month 2023 fiscal year: January 1, 2023 to October 31, 2023. Data within the Environmental section, relevant to our GHG emission data is for the period November 1, 2022 – October 31, 2023, based on our interpretation and application of the *Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)*, *GHG Protocol Scope 2 Guidance, an amendment to the GHG Protocol Standard*, and the *Corporate Value Chain (Scope 3) Standard*, collectively the “GHG Protocol Standards”. Please refer to the Environmental section for more information. Data is presented in Canadian dollars and provided for EQB as a consolidated entity, unless otherwise stated. In 2023, EQB changed its fiscal reporting period to end October 31 rather than December 31. With this change, EQB’s reporting cycle is now consistent with Canada’s publicly traded banks. Historical data, where applicable, has been provided within this report. have been provided for comparability purposes. However, during this transition comparative periods will differ. For data within the Social and Governance section only, data is presented for the ten months ended October 31, 2023, compared to the twelve months ended December 31, 2022. For fiscal year 2022, data sets include Concentra for a portion of the period as the acquisition was completed in November 2022.

1.4 Limited Assurance

KPMG has performed an independent, limited assurance engagement for selected performance indicators marked with this symbol * in this report. KPMG's Independent Limited Assurance report is on page 57.

1.5 Reporting frameworks

EQB is committed to providing transparent disclosures and ensuring compliance with evolving regulations that affect our business and our Responsibility. For this Report, we aim to report in alignment with the Sustainability Accounting Standards Board (SASB) Standards, referencing specifically the Mortgage Finance Sustainability Accounting Standard, Consumer Finance Sustainability Accounting Standard and Commercial Banks Sustainability Accounting Standard.

In 2022, we reported in alignment with the Taskforce for Climate-related Financial Disclosures (the TCFD). As of October 2023, the IFRS Foundation has taken over the monitoring of climate-related financial reporting through its International Sustainability Standards Board (ISSB). The sustainability reporting landscape is rapidly evolving and a step towards streamlining and standardized reporting is critical. As we discuss under "Climate Disclosure Requirements in Canada", we remain committed to providing transparency on the impacts of climate-related risks and opportunities and our intention is to follow disclosure obligations in Canada. Until those obligations are established, we have provided climate-related disclosures in our "Helping the Environment" section of this Report and have leveraged the pillars of the TCFD.

1.6 Sustainability and Climate Rating Agencies

In the past, we engaged with sustainability and climate rating agencies such as MSCI, Sustainalytics, Carbon Disclosure Project (CDP) and S&P Global through surveys and feedback reports. Voluntarily responding to the various agencies involves a material amount of time. For 2024, we intend to respond to a smaller number of agencies with high-quality information. However, we will continue to be available to our shareholders to discuss Responsibility topics that are important to them.

1.7 Contact Information

Any questions, comments and feedback about the Report can be directed to:

Sandie Douville

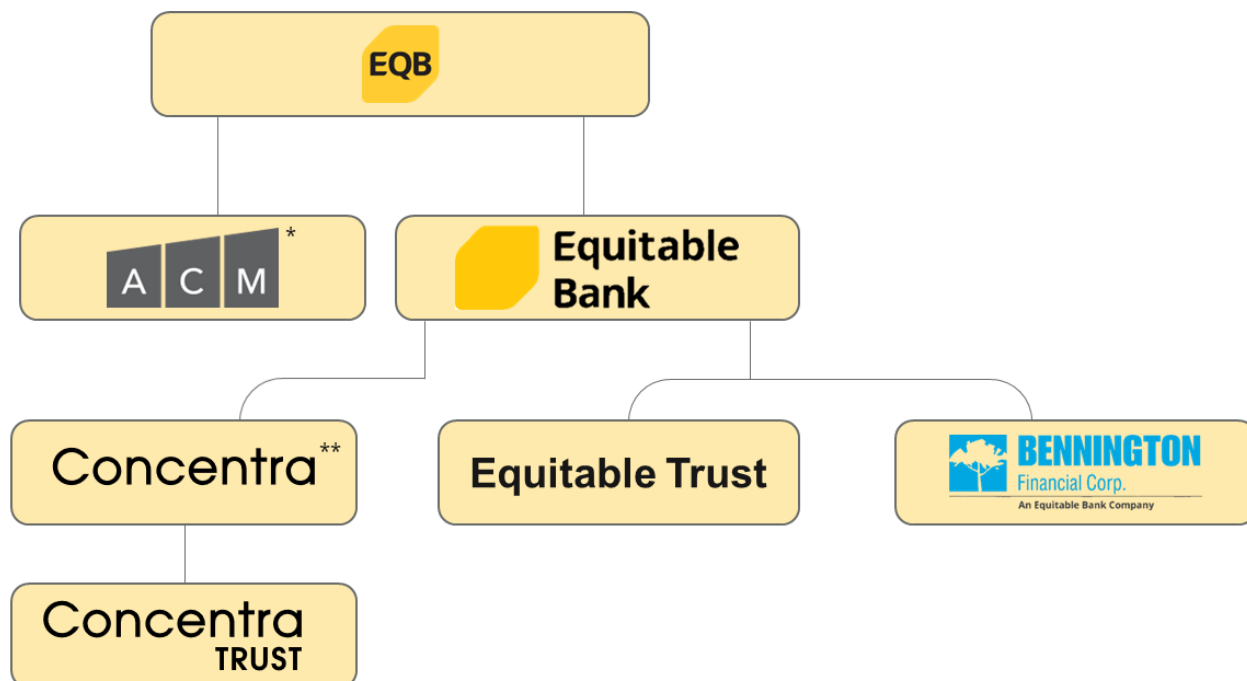
VP, Investor Relations & ESG Strategy

Investor_enquiry@eqb.com

2. About EQB and Our Responsibilities

EQB is a leading digital financial services company. Its Equitable Bank subsidiary offers banking services to Canadians and ACM Advisors, a majority owned subsidiary acquired on December 14, 2023, specializes in alternative asset management primarily for institutional investors. EQB is a member of the S&P/TSX Composite, the S&P/TSX Bank, S&P/TSX Dividend Aristocrats, S&P/TSX Small Cap, S&P Canada BMI, and MSCI Small Cap (Canada) indices.

A corporate organization chart with our subsidiaries and their brands appears below. While this report is for our progress in fiscal 2023, for purposes of understanding our business, it is important to acknowledge ACM. With the acquisition of ACM, as at January 31, 2024, EQB's total assets under management and administration were \$119 billion.



Note:

* Represents 75% ownership by EQB Inc., the remaining of the subsidiaries are 100% owned.

** ConcentraBank

2.1 Equitable Bank

Equitable Bank is *Canada's Challenger Bank™* and is the seventh largest bank by assets with a clear mission to drive change in Canadian banking to enrich people's lives. Its headquarters are in Toronto, Ontario, with regional offices in Vancouver, Calgary, Regina, Saskatoon, Montréal and Halifax. Equitable Bank serves 578,000 Canadians as of October 31, 2023, and nearly 200 Canadian credit unions with their approximately six million members, through two main business lines: Personal Banking - including EQ Bank, the leading digital bank in Canada - and Commercial Banking.

Canadians choose Equitable Bank for smarter products, unmatched value, and exceptional service. To deliver all three, the Bank specializes in market segments where it can improve the banking experience and deliver unique value by rethinking conventional approaches and pushing for smarter ways to do business. The Bank differentiates by providing a host of challenger bank retail services, single-family mortgage lending, reverse mortgage lending, insurance lending, commercial real estate mortgage lending, specialized commercial financing, equipment financing, credit union services and trust services.

Equitable Bank's credit rating by DBRS is investment grade BBB (high) and Fitch affirmed its BBB- rating, while raising its outlook to 'stable', a signal of Equitable Bank's strength and stability on the back of consistent profitability, sound credit fundamentals and diversified assets and funding.

The Bank operates with a fintech mindset and collaborates with partners to innovate rapidly to deliver best-in-class digital banking services to Canadian consumers. The Bank's relationships with market leaders like Wise, Wealthsimple, Nesto, Ratehub, Flinks, Borrowell, Bloom, FinanceIT, ClearEstate, Trulioo and other fintechs continue to help the Bank reach new customers and deliver value to Canadians.

2.1.1 Personal Banking

Personal Banking services more than 550,000 Canadians as of October 31, 2023, with total loans under management of more than \$32 billion. The diversified personal banking lending product suite consists of single-family mortgages, home equity lines of credit and retirement decumulation solutions, which include reverse mortgages and loans secured by life insurance policies. Loans are originated through the independent mortgage broker and financial advisor channels, third-party financial institutions and a growing direct-to-consumer channel for our reverse mortgage business.

Our everyday banking and savings products are offered through EQ Bank, Equitable Bank, Equitable Trust and a network of independent financial planners and brokers.

EQ Bank is Canada's first-born all-digital bank, providing great experience and value to Canadians, and serving as a convenient and compelling alternative to traditional banks. It was the first to move to a cloud-based platform and its digital capabilities are proven and differentiated to support cost-effective product development and fintech collaborations.

EQ Bank's customer-centric approach aims to create uncomplicated, frictionless and intuitive banking experiences. Since 2021, EQ Bank has been named the best bank in Canada on the Forbes World's Best Banks list. As of October 31, 2023, EQ Bank served approximately 401,000 Canadians, with an average of 325 new customers joining each day in fiscal 2023.

2.1.2 Commercial Banking

Commercial Banking serves Canadian businesses with total loans under management of nearly \$30 billion. It is focused on providing solutions for the urban housing market in Canada, including mortgage loans used by customers to develop, renovate and preserve apartments, condominiums and other types of multi-residential properties in major cities across the country.

As of October 31, 2023, multi-unit residential lending represented 65% of Commercial Banking's on-balance sheet lending and nearly 80% of on-balance sheet loans are associated with real-estate secured lending.

We support growing and densifying urban centres where mortgage loans are backed by in-demand real estate assets that provide housing. Real estate assets that are most susceptible to changing economic environment, notably hotels and office properties, are not core to the business. Our products are offered through a network of independent mortgage and leasing brokers, lending partners, third-party financial institutions and directly to Canadian businesses.

2.2 Concentra Bank

Concentra Bank, a Schedule 1 bank, is a wholly owned subsidiary of Equitable Bank with more than \$55 billion in assets under management and administration. Concentra serves mortgage and commercial customers alongside fintechs and nearly 200 credit unions. It is Canada's leading provider of banking and trust solutions to credit unions, offering a wide range of innovative products or services to over six million members. With the acquisition of Concentra in 2022, Equitable Bank became the seventh largest bank in Canada by asset size.

2.2.1 Concentra Trust

Concentra Trust is a federally regulated national trust company and a wholly owned subsidiary of Concentra Bank. It has been a fiduciary and partner to Canadian credit unions for more than 70 years and oversees more than \$36 billion of assets under administration. Concentra Trust offers corporate trusts, Indigenous trusts, personal trusts, registered plan trustee services and estate administration. In 2023 Concentra Trust facilitated the launch of the FHSA product for more than 100 Canadian credit unions.

2.3 Bennington Financial

Bennington, a wholly owned subsidiary of Equitable Bank, is a commercial vehicle and equipment finance company, providing business solutions for new and established businesses across Canada. Bennington provides strategic partners with competitive, unique and innovative equipment financing products and services.

Bennington serves all provinces across a wide spectrum of industries including transportation, construction, hospitality, forestry, agriculture, waste management and manufacturing. Bennington has a “Customer for Life” philosophy and offers equipment finance solutions to prime, near prime and sub prime credit profiles. Bennington also manages \$0.04 billion off-balance sheet assets on behalf of credit union customers. As of October 31, 2023, Bennington grew its loan portfolio to approximately \$1.35 billion.

2.4 Equitable Trust

A federally regulated, wholly-owned subsidiary of Equitable Bank that offers brokered GICs and HISAs that are eligible for CDIC insurance coverage.

2.5 ACM Advisors

In December 2023, EQB Inc. closed the acquisition of a majority (75%) ownership interest in ACM, an alternative asset manager established in 1993 and based in Vancouver, British Columbia. With assets under management of nearly \$5 billion, ACM specializes in the creation, structuring, and management of pooled Canadian commercial mortgage funds. ACM is one of the largest private investment fund managers in Canada with over 2,000 clients including institutional investors and accredited retail investors.

2.6 Awards and Recognition

Each day we strive to drive change in Canadian banking to enrich people’s lives. We are honoured that our mission, employees and workplace practices have been recognized in the categories below:

- **EQ Bank is a 3-time winner of Top Bank in Canada - Forbes' World Best Banks (2021, 2022, 2023):** In partnership with market research firm Statista, Forbes compiled a list of 415 top banks based on a worldwide survey of 48,000 banking customers in 32 countries.¹
- **Great Place to Work 2023:** Great Place to Work® selects Canadian organizations that offer an outstanding employee experience for all (results also based on employees’ feedback on a Culture Audit questionnaire). In 2023, Equitable Bank was featured on both Great Place to Work’s Best Workplaces in Canada and Best Workplaces in Financial Services and Insurance lists.^{2,3}
- **Top 100 Women WXN - Mahima Poddar, Group Head & SVP, Personal Banking and Tanya Postlewaite, VP Trust and Credit Union Services:** The Women’s Executive Network (WXN) recognizes women across Canada who make a transformational difference in their fields and actively shape a more inclusive future, especially in underrepresented areas.⁴
- **Temenos Sustainability Banking Award:** By migrating to the Temenos Banking Cloud in 2019, EQ Bank became the first bank in Canada to use a core infrastructure fully hosted in a public-cloud environment. This energy-efficient solution has helped EQ Bank reduce annual CO2 emissions by 93-97% compared to on-premise infrastructure and achieve carbon neutral status for Scope 1 and 2 emissions.⁵

¹ Forbes, *2023 The World's Best Banks*, <https://www.forbes.com/lists/worlds-best-banks/>.

² Great Place to Work, *Best Workplaces in Canada 2023*, <https://www.greatplacetowork.ca/en/best-workplaces/best-workplaces-in-canada-2023-1000-employees-or-more-gptw>.

³ Great Place to Work, *Best Workplaces in Financial Services 2023*, <https://www.greatplacetowork.ca/en/best-workplaces/best-workplaces-in-financial-services-and-insurance-2023>.

⁴ WXN, *Top 100 Awards*, <https://wxnetwork.com/page/2023Top100AwardWinners>.

⁵ Temenos, *Awards Celebrate Banking in a Cloud World*, <https://www.temenos.com/news/2023/05/12/temenos-awards-celebrate-banking-in-a-cloud-world/>.

- **2023 CIO Awards Canada Winner:** Equitable Bank was recognized for constructing an internet-only environment and delivering the same user experience for remote and in-office employees. Migrating from legacy infrastructure allowed Equitable Bank to enhance services, improve operational efficiency and security and strengthen its position as an innovative player in the banking industry.⁶

2.7 Our approach to Responsibility

Over the past three years, EQB has become a much larger organization serving more customers, business partners and communities. With an increase in our size, scope and scale, we took on increasing responsibilities. To reflect our expanded responsibilities, we created a dedicated management role to focus on sustainability matters, along with investor relations. In December of 2023, a refreshed ESG strategy was presented and approved by the Governance and Nominating Committee of our Board of Directors. We expect to execute on our strategy in 2024 and beyond in alignment with our pledge to conduct ourselves **responsibly**. Going forward, instead of ESG, we will use the term “Responsibility” or “Responsibilities” as we believe it better reflects our culture and attitude on ESG matters. As a digital financial services institution, we define “**Responsibility**” as our efforts to accomplish positive social, governance and environmental outcomes through the delivery and innovation of services and products that affect Canadian’s wealth creation.

We take full Responsibility for our actions. Living up to our Challenger mindset means taking responsibility and highlighting our unique differences.

In this Report, we hope you will get a sense of how important we regard our Responsibilities and how we will work to meet the standards that we set for ourselves. We recognize that navigating the change in terminology could become confusing and we suggest you read this Report with the following lens:

1. **Contributing to Our Communities** should be considered as our Social lens. We describe our Responsibilities regarding (i) efforts made to help our communities, (ii) our philanthropic commitments to the intersection of houselessness and mental health and (iii) the wellness of our employees.
2. **Our Rules of Engagement** should be considered as our Governance lens. We describe our Responsibilities including (i) how we conduct ourselves and monitor our processes, (ii) how we protect our technology and (iii) how we protect our client’s confidential information.
3. **Helping the Environment** should be considered as our Environmental lens. We describe our Responsibilities including (i) our journey to manage and assess our climate-related risks, (ii) how we intend to build a portfolio of carbon offset projects in Canada to facilitate carbon dioxide reductions; and (iii) our greenhouse gas (GHG) emissions.

2.8 Challenger Framework

Our mission is to drive change in Canadian banking to enrich people’s lives by continuously expanding our products and services to address evolving customer needs. Within this report, we use purpose and mission interchangeably. Our previously articulated pillars that define our Responsibilities are built on the following pillars – Climate, Customers, Community, Challengers and Controls, and guides us in living our purpose every day.

| Pillars | Description of our Responsibility |
|------------------|--|
| Climate | We consider the following within our climate strategy: emissions, risks, governance, and products and services. We are focused on doing our part to conserve resources and preserve/protect the natural environment. |
| Customers | Our differentiating purpose is to drive change in Canadian banking to enrich people’s lives. We work tirelessly to provide a best-in-class customer experience, and products that serve this purpose. |

⁶ CIO, IDC + CIO Recognize Business Technology Innovation with 2023 CIO Awards Canada, <https://foundryco.com/news/idc-cio-recognize-business-technology-innovation-with-2023-cio-awards-canada/>.

| Pillars | Description of our Responsibility |
|--------------------|---|
| Community | We believe we owe a duty of care to the communities that house our employees, customers, business partners, and shareholders. We consider ourselves an important piece of a wider puzzle and seek to support our communities with positive actions that are meaningful to them. |
| Challengers | All 1,745 employees deliver on our purpose. As a matter of principle, structure, strategy, and practice, we seek to develop, empower, reward, and nurture these Challengers. |
| Controls | We run our business with a prudent risk appetite and never waver from ethical behaviour. We have an experienced and diverse group of people leading the charge. |

2.9 Stakeholder Feedback

We recognize that engagement with stakeholders is key to the success of our Responsibility strategy. The table below reflects our engagement efforts to critical stakeholders in 2023.

| Stakeholders | Description of Engagement |
|------------------|--|
| Customers | Recall that in 2022 we connected with our customers concerning climate-related priorities. In 2023, we focused heavily on improving our customers' experiences across our lines of business. We regularly engage with borrowers, mortgage brokers, and our digital banking customers through ad-hoc and recurring surveys, interviews, and prototype testing. Our insights drive our marketing and product strategies, inform process improvements, and refine designs to ensure our customers receive the best products and services. |
| Suppliers | In 2022, we implemented our Third-Party Code of Conduct to enable engagement with suppliers and vendors on low carbon economy and carbon footprint topics. To date, we have collected GHG emissions data from select suppliers and will continue to engage to increase our data collection. It is worthy to note that in 2023, relative to 2022, we received more informative responses from our select suppliers when we ask them about their carbon footprint strategy. |
| Investors | In late 2022, we issued an investor-focused survey that included climate-related questions. In 2023, we continued to focus on the findings from the survey. We also met with specific investors to answer their questions regarding our Responsibility strategy and explained to them how their questions and feedback are informing our management of climate risks. |
| Employees | We engaged with our employees through our interactive and dynamic work environment, and our internal online social networks. We also engage with our management team to increase awareness of, and capacity for, a successful operationalization of our Responsibility strategy. In 2024, we intend to solicit direct feedback from employees through the engagement survey. |

2.10 What Lies Ahead

In 2022, the Board and Executive Management determined sustainability focus areas by assessing risks and opportunities related to our business model, strategies, operations and markets. They also engaged with stakeholders to understand their perspectives on ESG reporting and disclosure practices. For 2023, those focus areas remained unchanged.

With several years' worth of data to inform and validate the success of our Responsibility strategy, we intend to conduct an ESG materiality assessment in the near future. From this assessment, we expect to advance our Responsibility journey and build out a multi-year strategy to meet our social, governance and environmental objectives. In the meantime, if you are interested in discussing any of our disclosure in more detail, please do not hesitate to contact us at Investor_enquiry@eqb.com.

3. Contributing to Our Communities

EQB's success is due to its clear purpose of having banking operations that drive change in Canadian banking to enrich people's lives. In this section, we demonstrate this commitment to our workforce, our valued customers that have trusted and relied on our services for over 50 years and the communities in which we operate. We hope you see the progress we've made in the past year in growing, developing and investing in EQB's high-performing and diverse workforce, continuously enriching our customer's experience through agility of our cloud-based digital technologies, providing fit-for-purpose solutions to customers from all walks of life, including small-medium size businesses that significantly shape our economy, and meaningfully engaging with our communities. We are proud of our role in contributing to our communities and gather data to measure the impact of our actions. If you are interested in more information on our contributions, please refer to our website at eqb.investorroom.com or contact our team at Investor_enquiry@eqb.com.

3.1 EQB's Purpose Foundational to our People Strategy

EQB's purpose is the bedrock of our people strategy – the way we attract, develop and retain talent to ensure we have the right skills, capabilities, experience and passion to achieve our ambitious business goals. Over many years, we have nurtured a culture of care, purpose and results-orientation.

Our values underpin our promise to employees and the care we show to one another: Service, Integrity, Empowerment, Respect and Agility. These values and the behaviours which bring them to life in our everyday work, were formulated by employees themselves in a highly consultative process in 2017. We have embedded these values in the way we operate, from new employee onboarding and goals setting, to leadership training and more.

3.1.1 Culture: Driving Excellence in Engagement and Retention

People join EQB because of our mission, values and culture. They stay as they realize they are our most important asset and that the company cares about who they are and is willing to support them in meeting their career goals. Layered on top of this are compelling factors that make us a great place to work, including opportunities for impact, compelling total rewards with competitive compensation, benefits which prioritize the health, well-being and personal needs of each individual and a genuinely diverse and open working environment with many opportunities for growth. We provide an environment that continuously challenges employees to achieve ambitious goals when serving our customers and the broader community. In short, the company cares for and goes the extra mile for employees.

Management works hard to ensure employees are empowered, valued and respected. Employee sentiment and ideas are essential inputs for business strategy. Our people managers care deeply about how engaged and supported employees are about the work they do. We cultivate and monitor our culture and employee engagement, including through anonymous surveys using best-in-class engagement measurement technologies, anonymous Town Hall questions and answers opportunities, check-ins during an employee's onboarding process and exit interviews.

The score on our most recent engagement survey was 76%, with above-average results driven by employees' trust in the company's mission, psychological safety with senior leadership, a robust risk culture and the feeling that they can "be themselves" at work. While we are proud of this above-average score, our ambition is to continue improving and returning to our best-in-class results above 80%.

More broadly, we have developed a holistic approach to achieving our aspirations for employee engagement, which includes using engagement survey scores and comments to inform the 2024 strategic priorities for Human Resources. Employee focus groups and the actions of our dedicated employee resource groups, discussed below, will continue to serve as drivers of change in our organization.

For all engagement surveys, Executive Management reviews the quantitative results and the qualitative comments to develop detailed action plans. In the spirit of transparency and empowerment, employees see the results at both their department and enterprise levels and are fully integrated in action planning. For the two surveys conducted in 2023, the employee response rate was over 90% compared to an industry average of 75%. This high response rate suggests that employees trust that action will be taken as a result of their input.

Low rates of employee turnover – with voluntary turnover dropping by a third in 2023 compared to 2022 – reflects an engaged and committed workforce. With a decrease in voluntary turnover in 2023, the average tenure of employees meaningfully increased in 2023 versus 2022. Similarly low rates of absenteeism are further evidence that employees are committed and engaged.

| Metric | 2023 | 2022 |
|-----------------------------|-----------|-----------|
| Engagement score | 76% | 80% |
| Voluntary turnover | 8.7% | 13.6% |
| Involuntary turnover | 2.9% | 2.6% |
| Absenteeism rate | 1.4% | 1.7% |
| Average tenure of employees | 4.8 years | 4.3 years |

3.1.2 Inclusion, Diversity, Equity, Accessibility and Anti-Racism work = IDEA²

Celebrating our human differences is central to our Challenger Bank mindset and goes beyond diversity, equity and inclusion. We have coined "IDEA²" and use it to refer to Inclusion, Diversity, Equity, Accessibility and Anti-Racism work. This celebration of human differences is championed by EQB's ERGs and employee-led cultural days of celebration and commemoration. Our diverse perspectives and lived experiences create the rich fabric of our workplace culture. We foster open discussions on our respective backgrounds and experiences – sharing what we've witnessed and learned – so that we can be active allies to each other.

Just as anti-racism work is 'forever work', so is our 'forever focus' on expanding our talent search well beyond traditional hiring practices. As IDEA² suggests, diversity is a critical goal but cannot be achieved simply by hiring diverse staff. We want more than that. Inclusion can only be achieved by truly listening to, believing and amplifying each other's voices. Only then can the work of true allyship begin. It is a collective, constant commitment of working towards equity and reconciliation as a goal.

We strive to make thoughtful, long-term ties to communities, to contribute to those communities through scholarships, charitable donations and volunteer work and to find talent in areas where our competitors may not look. We know the customer experience and our employee sense of belonging and affiliation to us are enhanced when we:

1. Are guided by our employees' recommendations;
2. Amplify the shared wisdom of our diverse backgrounds; and
3. Continue to work with an unyielding focus on supporting community change-makers and reconciliation-focused work.

We know that building awareness of how racism, homophobia and ableism can impact our teammates' lives and helps us to be more impactful allies for one another. To that end, we continue to enhance our own internally curated Unconscious Bias and Anti-Racism course through deliberate inclusion of moments which allow us to reflect on each other's experiences.

3.1.3 Employee Resource Groups

Our ERGs are the driving force behind many IDEA² initiatives. Our ERGs are comprised of individuals with diverse experiences and relevant, informed perspectives. These groups (detailed below) serve as powerful resources within the company. Each has dedicated human resources support and an Executive Sponsor from senior leadership to ensure the requisite exposure, resources, finances and support is given to achieve their objectives.

In the table below, we list our six ERGs and their goals. Each ERG presented their three-year strategy to the Management Committee or Board in 2023, which included recommendations for eliminating real or perceived biases and inequality, ensuring the attraction and retention of individuals from under-represented groups and engagement with the community.

| ERG Name | Objective |
|-----------------------------|---|
| The Black Collective | To enhance the outcomes of people of African descent through deliberate actions against anti-black racism and promoting the equitable hiring and development of Black employees. |
| Indigenous | To support the improved understanding of our true history and wrongs of the past while strengthening our organizational commitment to the ongoing work of truth and reconciliation. |
| The Green Team | To inspire a greater appreciation for the natural environment while contributing to climate advocacy initiatives and promoting sustainable practices within the company. |
| Women in Tech | To promote equity, bridge the gender gap and break down barriers faced by women working in technology through advocacy, education and collaboration. |
| LGBTQ+ employees | To cultivate a positive, inclusive and safe working environment for LGBTQIA2S+ employees through awareness, education and community partnerships. |
| Newcomers to Canada | To support the social and cultural inclusion of first and second- generation Canadian immigrants by providing resources to empower them to thrive as they adjust to Canadian society. |

3.1.4 EQB's People

Our customers reflect the diversity of Canada and we are proud to say our workforce does as well. The table below provides a breakdown of employees based on specified categories. Our demographic make-up is broadly similar to 2022, except for a notable increase in representation of racialized persons in middle-management, which reflects advances in hiring and promotion, as well as in self-identification. Priorities of our talent acquisition and development teams included (i) increase the proportion of incoming employees who are Indigenous and members of racialized groups, (ii) ensure robust representation of those groups across various levels of leadership and (iii) increase the proportion of female and non-binary employees.

| Category | Metric | Number of Employees | Percentage of Employees |
|---|---|---------------------|-------------------------|
| Women in workforce and management⁷ | Female Total | 912 | 52% |
| | Senior/Executive Management ⁸ | 2 | 29% |
| | Non-executive/Middle Management ⁹ | 132 | 36% |
| | All Other Employees ¹⁰ | 778 | 57% |
| Employees by Racial Group | Indigenous Total | 12 | 1% |
| | Racialized Persons Total | 733 | 42% |
| Detailed Breakdown by Racial Group⁷ | Senior/Executive Management ⁸ – Indigenous | 0 | 0% |
| | Senior/Executive Management ⁸ - Racialized Persons | 1 | 14% |
| | Non-executive/Middle Management ⁹ – Indigenous | 3 | 1% |
| | Non-executive/Middle Management ⁹ – Racialized Persons | 177 | 48% |
| | All Other Employees ¹⁰ – Indigenous | 9 | 1% |
| | All Other Employees ¹⁰ – Racialized Persons | 554 | 41% |
| Employees by Age Group | Under 30 | 362 | 21% |
| | Between 30 and 60 | 1,329 | 76% |
| | Over 60 | 54 | 3% |
| Employees with Self-identified Disability | Persons with a Disability | 97 | 6% |
| Employees by Region | Alberta | 71 | 4% |
| | British Columbia | 39 | 2% |
| | Ontario | 1,410 | 81% |
| | Québec | 42 | 2% |
| | Saskatchewan | 183 | 10% |

When analyzing our turnover rates, we are pleased to say that a lower proportion of female non-executive managers left the organization than their share of the employee population, highlighting our strength in retention as we look to

⁷ The percentages are of the specific Employment Category subgroup and are a percentage of the total population, which include female, male, non-binary and those that prefer not to say. The sum of relevant category breakdowns may not equal the total count in cases where employees do not have a job level. The job level determines the Category.

⁸ Includes the CEO and CEO's direct reports. These figures are lower than last year's, due to the timing of Concentra Bank's transition over to Equitable Bank's organizational structure and job levelling methodology; this transition has since been completed, and therefore the figures for this year are a more accurate representation.

⁹ Includes employees in job levels 8 to 12 (Senior Manager to Vice President).

¹⁰ Includes employees in job levels 7 and below.

grow the proportion of women in the middle management population. Similarly, a lower share of racialized non-executive managers left the organization versus their share of the employee population, demonstrating our strength in retaining talent from traditionally under-represented groups.

3.2 Our Promise to Employees

3.2.1 Supporting Career Advancement

We create an environment where employees can develop their capabilities, skills and ultimately advance their careers over the long term while supporting our mission. Our strength in providing a foundation for people to build their careers is demonstrated with our employee retention rates outlined above, as well as the proportion of employees who are promoted into new roles each year.

Employees are encouraged to undertake individual development planning supported by their managers, department heads and the Human Resources team. They are supported by a rigorous talent development system including job rotations, group training, mentorship opportunities and lunch and learns. Every employee is provided an annual education budget of \$2,500 to support their individual learning goals. Each employee also participates in structured goal-setting and bi-annual performance evaluations. These reviews align employees' objectives with the company's goals, identify individual's strengths and areas for development, facilitate open communication and support succession planning. During 2023, 100% of employees received a performance and career development review.

As with our recruiting and compensation practices, promotion decisions are made based on clear policies and consistent standards and take conscious efforts to minimize bias in decision-making. In 2023, women and racialized persons were promoted at rates in-line or slightly above their share of the total employee population. Moreover, women and racialized persons were promoted in managerial positions in-line or above their share of the total employee population.

3.2.2 Learning and Development

Our approach to learning and development goes beyond traditional training and recognizes the importance of challenging our people to harness knowledge and skills, as well as exemplify our values and culture. Our approach contributes to skill enhancement, adaptability, increased productivity, product innovation, compliance and customer satisfaction. Ultimately, it allows employees to help create new financial products and platforms to serve Canadians, contributes to excellent customer service, and helps ensure strong risk management, while advancing employees' career development and long-term success.

Managers, supported by the human resources team, nurture a culture of continuous learning and personal development. They work in tandem to ensure that employees attend and complete required training in areas such as compliance and fraud prevention, while taking advantage of a broader suite of learning opportunities to expand their skills, knowledge and capabilities. In 2023, we offered three distinct types of employee development programs to provide opportunities for career growth.

Student Development Programs

- Through the rotational Leadership Development Program (LDP) and summer internship programs, we employed 92 interns, co-op students and LDP associates. These programs provide recent university graduates with the opportunity to explore a variety of functions within the company over a two-year period. We have realized value in building a cadre of former LDP associates as future leaders across all business units and functions of EQB.

Individual Development Programs

- Our comprehensive in-house resource called EQ University provided mandatory and optional training courses, leading to more than 11,000 learning hours for employees in 2023.
- Job rotation programs, including a senior rotation for identified high-potential employees, provide on-the-job training and experience for employees in different lines of businesses.

- In 2023, training and development programming provided an additional 23,893 learning hours for employees.
- External support includes 1:1 coaching for managers and senior leaders to accelerate professional growth.

Leadership Development Programs

- Foundations of Managerial Excellence was a tailored two-day training program attended by every people manager in the company in 2023; it received exceptional satisfaction scores and demonstrated impact in day-to-day management.
- Our High Potential Employee Program identifies and helps employees to grow and make substantial contributions to the organization's success. The program teaches employees how to enhance their understanding of emotional intelligence and develop coaching and leadership skills.

All these programs include exposure to senior leadership through networking and mentorship.

Overall learning and development investment was higher in 2023, despite a 10-month fiscal year. This reflects investment in upskilling people managers under the Foundations of Managerial Excellence program, as well as a revamped coaching program, which has resulted in higher employee enrollment in individualized coaching.

| Metric | | 2023 |
|--|--------------------|---|
| Total training hours | | 37,170 ¹¹ |
| Employee training investments (\$) | | \$1,556,560 ¹¹ (\$891 per employee) |
| Open positions filled by internal candidates | Promotions | 203 |
| | Internal Transfers | 66 |
| | Total | 269 |

3.2.3 The Health and Wellness of Employees

3.2.3.1 Health and Safety

Employees have the right to work in a healthy and safe work environment and to be protected against hazards in the workplace. Strong workplace health and safety practices reduce risks to employees, limit work interruptions and enable employees to be productive and happy.

Our Health and Safety Policy, which applies to all employees and locations, commits to protecting the health and safety of all employees in accordance with industry standards and in compliance with requirements stated in the Canada Labour Code. At EQB, we strive to eliminate any foreseeable hazards which may result in accidents and personal injury. We promote safety for all employees in the workplace with thoughtful policies, as well as extensive coverage in the event of any accidents in the workplace.

At EQB, the responsibility for health and safety is shared:

¹¹ Higher figures in 2023 compared to 2022 (11,425 total training hours in 2022 and \$1.06MM investment in employee training) due to the introduction of a new Leadership development program (FOME), higher number of hours spent on mandatory training and the inclusion of Concentra employees. Excludes Bennington.

- The Enterprise Risk Management Committee (ERMC) is responsible for approval and oversight of the Health and Safety Policy and practices.
- The Chief Human Resources Officer (CHRO) is accountable for the Health and Safety Policy and ensuring its implementation. Responsibilities include developing and providing health and safety training to employees, responding to complaints and reporting any incidents to the ERMC.
- The Human Resources and Facility teams ensure the work environment is designed to promote the health and safety of employees and provides them with information, training, tools and support in order to conduct their job safely without harm.
- A Workplace Health and Safety Committee participates in inspections and assessments and ensures fire warden and first-aid lists are kept up to date. It also ensures that all incident reports are reported accurately and on time.
- Senior human resources leadership regularly participates in the development and review of policies and procedures, reviews any matters raised by employees and creates and distributes health and safety education for employees.
- Employees are responsible for supporting health and safety initiatives, reporting any hazardous conditions, injuries, accidents or illnesses related to the workplace and complying with all policies and procedures.

3.2.3.2 Wellness

We care about the total health and wellness of all employees. We foster a culture of physical and mental wellbeing in our workplace and recognize that this is a shared responsibility between EQB and its employees. We equip employees with the tools and resources needed to maintain personal health. EQ Strong is our progressive and holistic health and wellness program. It has five pillars of wellness: physical, emotional, psychological, financial and social. Each pillar has dedicated resources or programming accessible to employees. Examples of these resources are outlined below.

- **Employee Assistance Program** via TelusHealth, is a confidential resource offered to all employees and their immediate families. It provides expertise designed to help individuals manage or prevent challenges on a range of topics across physical, emotional, psychological, financial and social wellness. The service is available 24/7 online or via phone.
- **Annual home office and wellness benefit of \$300.** This benefit allows employees to invest in items that are conducive to supporting their health and wellness, including enabling flexible work arrangements via properly equipped home offices.
- **Wellness-oriented corporate partnerships** with various suppliers, including Good Life Corporate gym memberships and preferred communications rates by Rogers, TELUS and Bell.
- **Annual Flu Shot clinics** to ensure our employees are fully immunized and to reduce the spread of influenza.

3.2.3.3 Flexible Work Arrangements

Our workplace policy balances the importance of in-person coaching, collaboration and affiliation with the flexibility for most employees to work from home on a regular basis. Time together in the office is essential for maintaining and cultivating company culture, fostering stronger and faster relationship building, orienting new employees and coaching for career development. Meantime, work-from-home opportunities provide additional flexibility that is welcomed by many employees including those with children, parental care obligations or lengthy commutes.

We encourage a social, healthy and interactive office environment by offering lunches each day of the week, including vegetarian, vegan gluten-free and halal options to accommodate employees' dietary restrictions.

This is supplemented by other policies to balance work and personal commitments:

- Parental leave policies include maternity, paternity and adoption leave. These benefits were strengthened by increasing maternity and paternity leave top-up from eight to 12 weeks starting in 2023.

- Flexible (part-time) work arrangements for employees returning from leave.
- A work from away policy which allows employees to work in Canada or abroad for two weeks each calendar year.
- Flexible work-day timing, with employees able to shift start and stop times to help accommodate family care or other important obligations.

3.3 Total Rewards

We approach compensation and benefits from a total rewards mindset. While direct compensation is an important part of our rewards offering, it is one component of a comprehensive and meaningful suite of rewards for employees. This suite includes:

- A competitive **total direct compensation** including base salary, commissions, short-term incentives (bonus) and long-term incentives.
- Compelling **indirect compensation** including our Deferred Profit Sharing Plan for pension provision, as well as our Employee Share Purchase Plan.
- **Medical and insurance provisions**, including medical, dental, paramedical, nutrition and adjacent benefits; as well as life insurance and long-term disability insurance as well as survivor benefits.
- Progressive **leave entitlement** including personal days, volunteer days and bereavement days.
- A **group retirement savings plan** that includes an employer contribution of 3% of base salary and a dollar-for-dollar match up to 2.5% of base salary for employees with less than five years of service and up to 5% for employees with five or more years of service.
- A host of other **non-compensation perks**, including an annual health and benefit stipend, daily free lunches, frequent social and team events and individual education stipend.

To ensure competitive direct compensation, we ensure pay programs are designed to reward growth and the creation of value for shareholders. A competitive compensation program is vital to attract and retain key talent. Compensation at both Executive Management and non-Executive Management are regularly benchmarked to comparators in the Canadian financial services sector and other relevant sectors such as technology to ensure we are appropriately rewarding employees for their contributions to the company's success. The short-term incentive program (STIP) and long-term incentive program (LTIP) includes equity-based awards which allows employees to monetarily benefit from their contributions to the company's success.

Compensation decision-making takes account of individual performance, experience, internal equity and market norms. We monitor and report regularly to the Board on pay equity – see the following page for more information.

Additionally, an Employee Stock Purchase Plan (ESPP) provides members of our Challenger workforce with an opportunity to invest in common shares of EQB alongside public shareholders with employer-matched contributions. Recent participation rates are shown in the table below.

| Metric | 2023 | 2022 |
|--------------------------|-------------|-------------|
| Participation Rate | 70% | 74% |
| Bank's ESPP Contribution | \$1,848,799 | \$1,354,711 |

3.3.1 Pay Equity

Ensuring fair and equitable pay practices in hiring, advancement and annual compensation changes are of critical importance to us. Our employee compensation system lives up to our name, to be equitable in line with our corporate values, particularly integrity, empowerment and respect. We ensure that employees are paid based on their role, experience and impact rather than gender, racial identity, age, ability or sexual orientation.

All employees including executives follow the same compensation philosophies and program when it comes to base salary, STIP and LTIP. We make decisions based on clear policies and consistent standards and take conscious efforts to minimize bias in decision making. We utilize a clear set of criteria for decision making and robust mechanisms to review the consistency of outcomes. This system supports internal equity while recognizing differences in tenure and performance.

Our Director of Compensation and our CHRO monitor, analyze and review all company compensation policies and decisions on a regular basis to ensure fair pay practices. This includes confirming that everyone is paid at the minimum band levels and that each role is paid fairly to market standards. Ongoing analysis shows that we are in a favourable position regarding pay equity legislation introduced by the Federal Government and due for reporting in June 2024. More specifically, we do not expect differences in pay between female-dominated and male-dominated roles.

The table below provides a summary of compensation by level for women compared to men and for racialized employees compared to non-racialized employees. We are pleased that our compensation ratios are healthy across all categories. We have analyzed all instances where ratios are not 100% to ensure they are explained by appropriate factors, namely tenure or higher proportion of a particular demographic in higher or lower paid job families.

If we find differences in pay between men and women or by race, ethnicity or age that have nothing to do with those factors, we make upward adjustments to eliminate pay gaps. It is essential to apply pay equity principles in setting the starting wages for new Challengers and we bear that in mind as we grow our workforce.

| Position group | Total compensation of Women relative to Men | Total compensation of Racialized Persons relative to Non-racialized Persons |
|--------------------------------------|---|---|
| Executive Management ¹² | 106% | 123% |
| Middle Management ^{13,14} | 94% | 100% |
| All other employees ^{14,15} | 99% | 99% |

3.4 Customers: Savings, Services and Product Innovation

Equitable Bank was founded in 1970 as a trust company and today our purpose is to drive change in Canadian banking to enrich the lives of our customers. We target helping underserved populations who would benefit from having access to great banking services at low or no fees. On our lending side, financial inclusion is achieved due to our expertise in originating and underwriting loans for individuals (including the self-employed, new Canadians and those in the wealth decumulation phases of life). Financial inclusion is also evident in that our businesses span a wider credit spectrum than other banks. In so doing, we foster economic growth, support entrepreneurship and empower communities that other banks do not.

3.4.1 EQ Bank for an Enriching Experience

Our EQ Bank digital platform was our first foray into direct-to-consumer relationships. It was launched in 2016 with the goal of delivering better savings solutions for Canadians while diversifying our sources of funding. At year-end 2023, the platform accounted for \$8.2 billion of our \$31.6 billion deposit book. In 2023, we served 400,000 people through the platform and average daily signups were 325.

¹² Includes the CEO's direct reports.

¹³ Includes employees in job levels 8 to 12 and excludes any commission payments.

¹⁴ Any gap is calculated then weighted by job level.

¹⁵ Includes employees in job levels 7 and below and excludes any commission payments.

Over the last two years, we have transitioned EQ Bank from a savings bank to a primary bank option for our customers through the expansion of capabilities and functionality. We began by adding international money transfer services and U.S. dollar accounts. In late 2022, we brought EQ Bank services to Québec and in 2023 we introduced the EQ Bank Card for mobile wallets in English speaking Canada and, in Québec, as Carte Banque EQ. Also in 2023, we were the first to deliver Canada's fully digital, no-fee FHSA Savings Account. With each step, we invited customers to rely more on the platform to meet their everyday needs.

In addition to transforming Canadian banking through high-quality digital products and experiences, EQ Bank is unique in that it delivers quickly, thanks to its cloud-based infrastructure, which has been cloud-only since 2019. Using technology to digitize the bank enables business value, scale and efficiency. We maintain a pace of change within our technology development that is deserving of being known as Canada's Challenger Bank. We continually focus on being able to develop and release quickly and this results in business process improvements as well as build for new business outcomes. In 2022, we had approximately 30 new releases to production every month and in 2023 we delivered up to ~50 new releases to production every month. This means that relative to 2022, we have improved the frequency in which customers see new features in digital banking – whether big or small. Significantly, most of these releases are made with zero downtime and zero customer disruption. Our target is to be at 100+ monthly releases by 2026. When done right, this benefits the business tremendously: smaller changes are easy to make; as change is easy, teams release smaller changes more frequently; frequent changes permit us to learn faster and adjust quicker. This type of focus encourages our teams to accelerate build-measure-learn cycles and improves our products and services.

While speed is key it is balanced with our technology delivery approach; we work in an environment that provides consistent guardrails for areas such as security and operations. Whether we are building a customer-facing digital banking application or an internal digital capability for our employees, we leverage the same advanced cyber security and operational capabilities. Refer to page 35 for more information on our cyber security program.

3.4.2 Everyday Banking for All

As a digital bank, EQ Bank is uniquely positioned to reach all Canadians, including underserved, underbanked communities whose needs are overlooked by other institutions or have difficulty accessing services. We seek to provide a better deal for our customers through innovative, no-nonsense digital banking supported by an empowered workforce that is engaged, capable and focused on responsive service.

We are proud of our ability to offer an everyday banking account with no monthly fees, a competitive interest rate, no minimum balance requirements, and an unlimited number of transaction volumes. This account also gives our customers access to competitive GIC interest rates, digital registered savings accounts, low-cost fast international money transfers and robust fraud monitoring.

The introduction of the EQ Bank Card – now in the hands of more than 88,000 customers – is an important advancement. It serves as an everyday payment solution that works on a fee-free basis from any ATM in Canada with no charges on foreign exchange purchases and cashback on all purchases. Fees for our other products and services are as per industry practice.

| Metric | 2023 | 2022 |
|--|---------|---------|
| # of customers with bank accounts with no monthly fee everyday banking | 400,983 | 308,286 |

3.4.3 Small and Medium-Sized Businesses and Self-Employed Borrowers

Small and medium-sized businesses (SMBs) and self-employed individuals play vital roles in the Canadian economy and yet often find it difficult to obtain credit and banking services that meet their unique needs. We understand these needs and for many years have provided tailored products and lending criteria that enable us to support these underserved customer segments. SMBs and self-employed borrowers comprised 3.7% and 22.0%, respectively, of total loans under management at year end 2023.

The table below provides loans under management by lending business:

| Values in \$'000s | 2023 | SMBs | Self-Employed ¹⁶ |
|--|-------------------|------------------|-----------------------------|
| Personal | | | |
| Uninsured single-family mortgages | 19,467,440 | - | 12,656,178 |
| Insured single-family mortgages | 10,547,686 | - | 610,304 |
| Decumulation loans | 1,460,098 | - | 91,586 |
| Consumer lending | 940,847 | - | - |
| Personal Lending Subtotal | 32,416,071 | - | 13,358,068 |
| Commercial | | | |
| Insured multi-unit residential mortgages | 20,002,959 | - | - |
| Construction loans | 3,276,367 | - | - |
| Mortgages – to Corporates | 2,830,654 | - | - |
| Mortgages – to Small Business | 1,437,946 | 1,055,200 | 382,746 |
| Equipment leases | 1,354,906 | 1,237,574 | - |
| Specialized financing loans | 1,078,594 | - | - |
| Commercial Lending Subtotal | 29,981,426 | 2,292,774 | 382,746 |
| Loans under management | 62,397,497 | 3.7% | 22.0% |

The table below provides the proportion of our portfolios by customer type:

| Portfolio | % SMBs | % Self-Employed | % Other |
|--------------------------|--------|-----------------|---------|
| Personal | 0% | 41% | 59% |
| Commercial ¹⁷ | 23% | 4% | 73% |

¹⁶ Self-employed is defined as borrowers who derive their income from a business in which they hold a controlling interest or borrowers who do not own a business, but who derive their primary income from commissions, consultation fees, interest, capital gains, gratuities or real estate rents.

¹⁷ Excluding insured multi-unit residential mortgages. Including insured multi-unit - Percent SMBs: 8%; Percent Self Employed: 1%.

3.5 Enriching the Communities We Serve

We are a Canadian-founded company and strongly believe in the Canadian economy and its communities. We intentionally chose to serve Canadians rather than expand our geographic footprint beyond our national borders. In this section, we highlight how we support our communities.

3.5.1 Product Development to Reflect Canadians' Needs

We recognize the significance of a comprehensive product lifecycle and have invested in establishing an organizational structure that emphasizes the importance of each stage. The product lifecycle commences with a product strategy phase, grounded in market analysis, customer research and business requirements – designed to help us better understand how to address underserved Canadians' banking needs. From there, we move to the product design stage, which concentrates on defining the challenge and devising solution(s) that focuses on the underserved customer segment and incorporates user research to build the highest performing products. This approach enables us to develop a product roadmap and transition into the product development stage, ultimately launching the product in the market. Following this, we enter the product growth stage, where we evaluate how the product resonates with customers and make necessary iterations to foster growth and value.

In our 2022 ESG Performance Report, we detailed how we researched and developed products for Canadians over the age of 55. Since launch six years ago, our wealth decumulation business (inclusive of reverse mortgages and whole life insured policy lending) has attracted almost \$1.5 billion in assets as October 31, 2023; clear evidence of the growing need for our dedicated solutions. This is only the beginning. We expect these markets to expand due to factors such as more consumer familiarity with the advantages of reverse mortgages, a greater desire to age in place, an increase in Canadian's life expectancy, and that government pension support alone may not be sufficient for the whole duration of retirement. Please refer to our 2023 MD&A and Financial Statements for details on volume and growth of wealth decumulation products.

3.5.2 Financing of Affordable Housing

We continue to support the availability of affordable housing across through Equitable Bank's financing of Canada Mortgage Housing Corporation (CMHC) insured mortgages for multi-unit residential properties including rental apartments, student and seniors' housing. In March 2022, CMHC launched the MLI Select Insurance program which expanded its previous insurance program to include qualifiers for energy efficiency and accessibility. Borrowers can now qualify for insurance under this program using only one or a combination of those three qualifiers and receive insurance premium discounts as well as other benefits including up to 50-year amortizations. Between this expanded program and its predecessor program, Equitable Bank funded \$3.4 billion in loans in 2023, representing 145 term loans and 40 construction loans for a total of 185 multi-unit residential properties across Canada. These loans represented a 183% increase over the total amount funded of \$1.2 billion in 2022.

3.5.3 Supportive of Home Ownership Initiatives

Equitable Bank's single-family residential mortgage business recognizes Canadian's desire for homeownership and that ownership is a source of wealth creation for many Canadians. With growing unaffordability, there is a large segment of the population with strong income and credit, but insufficient savings for the sizeable down payment required in many housing markets. Equitable Bank is supportive of shared equity or co-ownership models, where third-party companies co-invest in a property with a new homeowner to help them gain access to otherwise unattainable shelter.

Today, Equitable Bank works with one shared third-party equity provider for mortgage applications that are originated through its standard broker network channels. Mortgages are only granted to borrowers with strong credit characteristics that meet Equitable Bank's risk appetite parameters, other than not having the full down payment available from their own resources.

3.5.4 Our ongoing Commitment to Reconciliation

As a Canadian financial institution, we acknowledge the Truth and Reconciliation Commission Call to Action number 92 for Business and Reconciliation and proactively support the rights of First Nation, Inuit and Métis peoples across Canada. Our commitment and contribution to truth and reconciliation reflect this in several ways, including through colleague education and awareness, respectful relationship building and ensuring equitable access to jobs, training and education opportunities across our organization.

In 2023, our Director of Indigenous Trust Services and fellow Indigenous colleagues serving in our Indigenous ERG collaborated to develop and deliver five unique and meaningful education and awareness workshops for colleagues across the company. In June, ahead of Indigenous Peoples' Day, our Toronto office hosted a hybrid learning session with artist Cathie Jamieson of the Mississauga of the Credit First Nation, who shared her passions life journey and wisdom. In September, during Truth and Reconciliation month, four additional learning and reflection sessions were shared with employees. In-person learning was designed and delivered at the Saskatoon and Regina offices by the Director of Indigenous Trust Services who discussed the legal landscape for Indigenous people in Saskatchewan and Canada and conducted safe, guided group conversations in reflection. An additional online webinar learning session was provided for employees in all locations on Indigenous worldviews and experiences. These impactful learning opportunities culminated in September as we welcomed Anishinaabe Elder Dr. Mona Stonefish, who shared her brave stories and experiences as a survivor of the residential school system. Dr. Stonefish brought her first-hand account of the atrocities experienced by thousands of residential school survivors so that we could better understand the need for Reconciliation as a societal responsibility.

In 2023, Concentra Trust and Equitable Bank continued to sponsor an annual scholarship of \$2,500 and bursary of \$3,500 for Indigenous students attending the Edwards School of Business at the University of Saskatchewan, and in 2024 are planning to fund similar scholarships for students attending the Business Program at First Nations University. Partnerships with Indigenous Nations and organizations were initiated and enhanced in 2023, including with the Canadian Council for Aboriginal Business as lead sponsor and speaker for two "Tools and Financing for Aboriginal Businesses" events held in Regina and Winnipeg. In continuing to create and raise a positive profile with Indigenous people and communities, Concentra Trust and Equitable Bank also sponsored four local events in First Nation communities, including powwows and health events. Also sponsored, along with booths and speaking engagements, were the Indigenous Partnerships Success Showcase and Nation2Nation Forum in British Columbia and the Back to Batoche gathering by invitation of the Métis Nation of Saskatchewan. The Assembly of First Nations AGM held in Halifax in July 2023 was also attended, with participation and a booth at their Circle of Trade.

Concentra Trust and Equitable Bank continue to serve 10 First Nations and one Métis Nation as clients of trust and/or lending services as of December 2023. We intend to build and enhance relationships with our clients and additional Indigenous Nations and organizations coast to coast through our ongoing development of an authentic and positive profile and an open and meaningful approach to partnership.

3.5.5 Investing in Canadian Art

Established in 1993, the EQB art collection consists of over 250 works of contemporary Canadian art spanning painting, drawing, printmaking, photography, textiles, sculpture and digital media. By investing in Canadian art, we aim to support early career artists and emerging artistic practices, thereby striving toward an alternative and socially responsible approach to arts patronage.

As EQ Bank is a leading digital bank, we appreciate the importance of fostering innovation and engaging with new technologies that expand our possibilities. The strong affinity we feel for all things digital is what led us to launch the Emerging Digital Artists Award (EDAA) in 2015. The annual prize celebrates early-career artists who demonstrate a critical and creative use of digital technology in their work, including video, animation, websites, apps, virtual and augmented realities and games. Since 2017, the EDAA has been presented in partnership with Canada's oldest media arts centre, Trinity Square Video.

In 2023, the five grand-prize recipients of the EDAA were Bomi Yook, Jasmine Liaw, Melissa Johns, Sophia Opiel and Santiago Tamayo Soler. They each received \$5,000 in recognition of their innovative digital artwork. Through the EDAA, we have awarded \$155,000 to over 50 emerging digital artists, assisting them in further developing their craft.

In 2023, we also sponsored several other initiatives geared to increasing opportunities for emerging artists and expanding audience engagement with digital art practice including partnering with Canadian non-profit arts organizations such as Art Starts, ImagineNATIVE Film + Media Arts Festival, InterAccess and the Toronto Biennial of Art.

| Metric | 2023 | 2022 |
|--|-----------|-----------|
| Number of Canadian Artists Supported | 410 | 282 |
| Number of Local Arts Organizations Supported | 27 | 18 |
| Financial Support Provided to Local Artists | \$315,000 | \$308,000 |

3.5.6 Paying our fair share of taxes

We believe in paying our fair share of corporate taxes. Doing so ensures we contribute to the development and wellbeing of society. We acknowledge the mutual benefit of tax-paying activities and comply with all filing obligations and tax disclosure requirements. **Refer to Equitable Bank Public Accountability Statement 2023 published on our website (eqb.investorroom.com) for additional details.**

3.6 Our Philanthropic Commitments

Our purpose of enriching people's lives drives us to be active contributors in communities across Canada. Community giving is a cornerstone of our culture and helps the members of our Challenger workforce build stronger connections with the communities around us and each other.

To maximize the value of our social investments, we are intentional about where we contribute and we leverage our people power through volunteerism. Volunteerism offers many rewards including the opportunity for our Challengers to act together as community leaders. Each employee is given two paid volunteer days each year and many team members choose to use that time to work together in support of the organizations or activities outlined below.

EQB maintains an active and robust Corporate Giving Policy to support registered charities, certified non-profit organizations and local volunteering activities that build the vibrant communities we serve. The Corporate Giving Policy is focused on two pillars of support: the intersection of houselessness and mental health and events and giving opportunities supporting the ERGs. Much of our support is through Equitable Bank and more details on the Bank's support can be found in its 2023 Public Accountability Statement.

We prioritize causes and organizations that are important to the long-term health of communities, including causes that are close to the hearts of our employees. We recognize that we have a role to play in fostering the development of society and a responsibility to be the positive change we would like to see.

The kinds of support that we will consider providing include:

- Financial (monetary donations and sponsorship)
- In-kind giving – other material support
- Employee volunteering (making time, skills and labour available free of charge)
- Mentorship
- Reconciliation activities

In 2023, we donated **\$255,327** and provided sponsorships worth **\$917,309** to impactful causes. We have many existing and ongoing sponsorships, charitable donations and standing commitments in place, including:

- Several community-based organizations that are aligned to our strategic focus and commitment on the intersect of houselessness and mental health, including Fred Victor 40 Oaks Housing and Community Hub - formerly known as CRC, Madison Community Services and Trails
- Team employee participation events (ALS Pull event and Ride for Brain Health)
- Partnership with Commercial Real Estate Services to improve our environmental impact as a tenant
- Many recycling projects to assist our community and global organizations
- Charitable matching program for programs where EQB will match charitable donations
- Support to our business partners' charitable initiatives
- ERGs which have the autonomy to organize events and support charitable causes

EQB, by way of commitment from our CEO Andrew Moor, joined the CEO Pledge, a call to action from Microsoft and Computers for Success Canada, which encourages Canadian CEOs to help bridge the digital divides for underserved communities by committing their organization's used devices to the Government of Canada's Computers for Schools Plus program. This eco and community-focused program supports a secure and sustainable solution for end-of-cycle technology. Over the years of 2022 and 2023, we've donated **819** end user devices to the Renewed Computer Technology Organization (RCTO), which is a federally funded not-for-profit, charitable organization that refurbishes computers and delivers them to communities in need in Ontario. About 10% of the laptops went to Indigenous organizations, and we have requested that as many of our donations as possible go to Indigenous people and organizations in need. We also donated **234** end user devices in Saskatoon, some of which were donated to RCTO and the remainder to various other local organizations.

4. Our Rules of Engagement

In this section, we speak to how we conduct ourselves and hold ourselves Responsible in our business interactions. In this regard, we issue many reports that speak to our governance and operations, including those listed below. We encourage you to review these documents as they provide more details on our governance that would be out of scope for this Report. All the documents are available on our website (eqb.investorroom.com).

- Corporate governance guidelines
- Management Information Circular dated February 15, 2024 (“Management Information Circular”)
- 2023 Annual Information Form
- Annual 2023 MD&A and related financial statements
- Board and Committee mandates (“Mandates”)

4.1 Governance in How we Operate and Delegate

We believe that establishing strong governance and formalizing oversight and governance processes for Responsibility-related matters are critical to the successful implementation of our Responsibility strategy. Our Responsibility approach starts with our Board and Executive Management, but responsibility for sustainable business practices is shared with our Challenger workforce of 1,745 people.

4.1.1 Board of Directors

Our Board of Directors is responsible for supervising the management of the business and affairs of EQB. Our Management Information Circular describes in detail how our directors seek to apply sound governance, have a diverse set of skills and experience and set the tone for integrity, engagement and personal accountability.

The Board, in conjunction with its four committees, oversees our approach to Responsibility and the integration of environmental, social and governance matters into our strategy, business processes and operations. A description of the Board and the oversight responsibilities of its committees are outlined below, including the frequency in which they receive Responsibility updates:

| Governing Body | Description of Responsibility-related oversight | Frequency of Responsibility updates |
|--|--|---|
| Full Board (Board) | <ul style="list-style-type: none"> • Oversees Responsibility initiatives, risks and reporting through the Board’s committees • Oversees a culture of integrity and ethical business conduct and approves the Code of Conduct | Quarterly updates from the GNC, as necessary. |
| Governance and Nominating Committee (GNC) | <ul style="list-style-type: none"> • Oversees our Responsibility initiatives and related reporting • Receives updates on current and emerging trends, standards and best practices on Responsibility matters and disclosure of non-financial performance • Develops and recommends corporate governance guidelines and Code of Conduct and reviews our Third Party Code of Conduct • Monitors the effectiveness of the Board Diversity Policy • Oversees engagement efforts with stakeholders, including sustainability rating agencies | Quarterly updates from Investor Relations & ESG Strategy. |

| Governing Body | Description of Responsibility-related oversight | Frequency of Responsibility updates |
|--|--|-------------------------------------|
| Human Resources and Compensation Committee (HRCC) | <ul style="list-style-type: none"> Oversees and monitors our policies, programs and practices designed to: <ul style="list-style-type: none"> Promote workplace equity, including pay equity for equal work Protect the mental health and physical health and safety of employees in the workplace and promote employee wellbeing and engagement Ensure a respectful workplace free from harassment Oversees the executive compensation program and considers the interests of our customers and the long-term interests of shareholders | Ad hoc updates, as necessary. |
| Audit Committee (AC) | <ul style="list-style-type: none"> Oversees the effectiveness of the Internal Audit function and review reports on Responsibility-related audits | Ad hoc updates, as necessary. |
| Risk and Capital Committee (RCC) | <ul style="list-style-type: none"> Reviews and approves significant risk management frameworks and policies Oversees the promotion of a sound risk-aware culture throughout the company Receives reports on the integration of significant environmental and social risk exposures within the enterprise risk management framework | Ad hoc updates, as necessary. |

We have a Board Diversity Policy that articulates our commitment to diversity considerations including gender/gender neutral, sexual orientation, age, ethnicity, Indigenous peoples and persons with disabilities. Our guidelines are intended to promote inclusion of different perspectives and ensure EQB can benefit from all available talent to help drive growth, innovation and success.

The Board has established a target for women to represent at least 30% of its independent directors. The Board recognizes the importance of enhancing the representation of other diverse and historically under-represented groups. A commitment to further improving diversity on the Board will be considered when reviewing any anticipated vacancies. The table below provides key diversity as at October 31, 2023 and for the 11 directors on the Board at that time.

| Metric | 2023 | 2022 |
|--|-----------|-----------|
| % of independent directors | 91% | 92% |
| % of executive board members | 9% | 8% |
| % of independent directors self-identify as women (target is at least 30%) | 40% | 42% |
| % of independent directors self-identify as visible minority / racialized person | 20% | 17% |
| Average board tenure | 6.6 years | 6.6 years |

| Metric | 2023 | 2022 |
|--|-----------|-----------|
| Average board tenure of independent board members | 5.7 years | 5.8 years |
| Age diversity of directors: Youngest director | 47 years | 46 years |
| Age diversity of directors: Oldest director | 68 years | 71 years |
| Board age limit | 72 years | 72 years |
| Average mandates of board members (ex. Chair of the Board and President & CEO) | 2.3 | 2.3 |
| Number of independent board members with four or fewer mandates ¹⁸ | 10 | 12 |
| % of independent board members with four or fewer mandates | 100% | 100% |

4.1.2 Executive Management and The Team's Accountability

Responsibility is an enterprise-wide accountability and in 2023 we wanted a clearer articulation of our strategy and created the role of Vice President of Investor Relations and ESG Strategy. The ESG strategy team leads the enterprise-wide Responsibility initiatives and reporting and disclosures. The table below provides how we govern ourselves on Responsibility-related matters.

| Management group | Responsibility-related governance |
|---|--|
| President and Chief Executive Officer | <ul style="list-style-type: none"> • Sets the vision for the company's Responsibility ambitions, strategy and actions. • Reports to the Board on our approach and progress in managing Responsibility-related risks and opportunities. |
| Management Committee | <ul style="list-style-type: none"> • Provides approvals for material Responsibility-related projects and initiatives. • Embeds Responsibility-related targets and accountabilities into performance structures as required, working in collaboration with the HRCC. • For more information on executive compensation refer to the Management Information Circular. |
| Investor Relations and ESG Strategy team | <ul style="list-style-type: none"> • Leads enterprise-wide Responsibility initiatives and updates the Management Committee and GNC on key industry developments. • Leads the development of the Responsibility strategy and builds enterprise-wide knowledge of our Responsibilities. • Produces sustainability and climate-related disclosures in compliance with regulatory requirements. |
| Business Lines and Corporate Functions | <ul style="list-style-type: none"> • Liaises with ESG Strategy team to execute on Responsibility goals and projects. • Provides feedback to the ESG Strategy team regarding feasibility of Responsibility-related initiatives. |

¹⁸ This metric discloses the percentage of independent board members that were on fewer than four EQB Board Committees within the reporting period.

| Management group | Responsibility-related governance |
|---|---|
| Green Team | <ul style="list-style-type: none"> Provides suggestions on green initiatives to the ESG Strategy team. Liaises with execution teams as required. |
| Enterprise Risk Management Committee | <ul style="list-style-type: none"> Assists the RCC in fulfilling its oversight and governance responsibilities in relation to our risk management practices and Internal Capital Adequacy Assessment Process (ICAAP). Reviews and monitors our key and emerging risks (including climate), risk trends, results of enterprise-wide stress and scenario tests, relevant policies and related risk management considerations. |

4.2 Business Ethics

Our values are the foundation of who we are as a business and reflect our underlying commitment to our people, business partners, customers, shareholders and the public. One of our value pillars is integrity and it reflects our belief that through mindful personal behaviour we consistently produce good ethical outcomes.

4.2.1 Code of Conduct

At EQB, living our values is simply not about following the law and conforming to our policies; it is about doing the right thing and striving for the highest standards in everything we do. Our Code of Conduct (the “Code”) provides guidance and expectations on how we should behave and how to make sound decisions. The Code outlines the mandatory minimum standards of behaviour expected from all employees, including directors and contractors.

Within the Code, we have several policies and procedures that underpin our commitment to operating with high ethical standards, including the Insider Trading Policy, Related Party Policy and Conflict of Interest Policy. The Code of Conduct Procedures describes roles and accountabilities relating to training, investigating, monitoring and reporting. Description of these policies can be found in Appendix 1.

The Board oversees our business conduct and reviews and approves the Code. Our CEO is responsible for ensuring the Code is duly implemented and monitored. Our Chief Compliance Officer (CCO) works closely with our CHRO to promote awareness, adherence and compliance. On an annual basis, our CCO also reports to the Board whether our directors and employees operated in accordance with the Code.

Training on the Code begins immediately and is refreshed annually. New employees undertake mandatory training on the Code within 90 days of joining and must complete an assessment to demonstrate their understanding of the Code. For all other employees, they are required to attest that they understand the Code on an annual basis.

| Metric | 2023 | 2022 |
|--|------|--------------------|
| Percentage of active employees who have attested to the Code of Conduct | 100% | 100% ¹⁹ |
| Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws and regulations | \$0 | \$0 |

¹⁹ Excludes Concentra Bank as the acquisition of Concentra was completed in November 2022.

4.2.2 Third Party Code of Conduct

We try to bring our standards of business dealings with our suppliers as well. When sourcing products and services we try to partner with sustainable third-party organizations that show a strong commitment to human rights, ethics and the environment. Our Third Party Code of Conduct outlines our corporate values and communicates the principles and minimum expectations that we either desire or require from our suppliers, vendors, partners, service providers and subcontractors across Canada who conduct business with us.

At the minimum, we require these partners to:

- Comply with all applicable laws and regulations (including, legal and regulatory, bribery and corruption, anti-money laundering and anti-terrorist financing, taxation);
- Avoid (or successfully manage) conflict of interests (including promoting moral and ethical behaviour and following all rules with respect to proffering gifts and entertainment); and
- Protect personal and confidential information (including following all insider trading rules, managing non-public information, privacy and information security, data retention and destruction).

4.2.3 Competing Responsibly

Equitable Bank, as Canada's Challenger Bank, competes vigorously for customers with its differentiated products, services and digital capabilities. We believe in the value of competition conducted legally and ethically.

Our Code expressly prohibits anti-competitive practices such as price fixing, collusion or prohibited conduct (including coercive selling) and we have processes in place to live by our commitments. Employees are taught to identify potential red flags, how to handle such situations and are assessed on their knowledge. We also eschew anti-competitive conduct such as market division, are cautious when contemplating exclusive deal arrangements and regularly review best practices under the supervision of our General Counsel and CCO. Moreover, we also employ a Conflict of Interest Policy, which holds our people, including Executive Management and our directors, to high ethical standards and promotes transparency and fairness.

| Metric | 2023 | 2022 |
|--|------|------|
| Percentage of employees who completed training on conflict of interest | 100% | 100% |

4.2.4 Marketing and Sales Approach

In pursuing our purpose, our goal is helping Canadians maximize their financial potential and it extends to how we communicate with customers. Our responsible marketing and sales practices are founded on six principles:

- **Ensuring fair treatment** of all customers regardless of their financial status.
- **Encouraging customers to ask questions** and providing them with the information they need to make informed decisions.
- **Being transparent** about the terms, fees, rates and conditions associated with our products and services across all operations including our EQ Bank digital platform, deposit services, single-family and commercial lending, leasing and credit union services.
- **Avoiding conflicts of interest** in sales practices which means putting the best interests of customers ahead of promoting our products or services and avoiding high-pressure sales tactics.
- **Providing accurate information** to customers about the products and services we offer and never making false or misleading statements or overstating product/service benefits.
- **Protecting customer information** through the implementation of strict controls, policies and procedures (see Section 4.4 on page 36).

We believe in honest, plain and transparent communication with customers and ethical remuneration practices for loan originators. We state our obligations to responsible customer-facing and shareholders communications in our Disclosure of Information Policy.

| Metric | 2023 | 2022 |
|--|------|------|
| Total amount of monetary losses as a result of legal proceedings associated with selling practices and servicing of products | \$0 | \$0 |
| Total amount of monetary losses as a result of legal proceedings associated with communications to customers or remuneration of loan originators | \$0 | \$0 |

4.2.5 Whistleblower Policy and Program

Our Whistleblower Policy establishes how we report concerns, perceived or otherwise, about unethical behaviour, violations of the Code or breaches of our policies and financial matters (such as fraud, misstatements, deliberate omissions or errors). All employees receive training on the policy as well as their rights and protections. Anyone reporting concerns in good faith will be protected from reprisals, harassment or victimization. The following internal and external reporting channels are available for use by directors, officers, employees and stakeholders on a confidential and anonymous basis:

Internal:

- Contacting the CCO or the Chair of the Audit Committee via mail, email or telephone; and
- The Complaints Hotline and email may also receive potential whistleblower concerns and complaints, which will be escalated to the CCO for further assessment.

External:

- Individuals may also seek advice, report concerns or complaints via a submission to an independent third party through the Ethics Hotline or online report. Complaints received through these channels will be circulated to both the CCO and Chair of the Audit Committee for independent review.

- Employees may also report directly to the Commissioner of The Financial Consumer Agency of Canada (FCAC), OSFI, any other government agency that regulates or supervises the financial institutions or law enforcement agency.

On average, less than five complaints are received under this policy per calendar year and all concerns are reviewed, investigated and escalated by the CCO. The CCO reports the concerns to the Chair of the Audit Committee, the CEO and the CRO. The Audit Committee assists and oversees the investigation to conclusion and action taken depends on the type of concern.

| Metric | 2023 | 2022 |
|--|------|------|
| Percentage of employees who completed whistleblower training | 96% | 99% |

4.2.6 Anti-Money Laundering and Anti-Terrorist Financing Program

As Canada's 7th largest bank by assets, Equitable Bank plays an important role in helping Canadian and international authorities stop financial crimes and corruption. Corruption and bribery are not tolerated in any form. Our extensive and effective Anti-Money Laundering (AML) and Anti-Terrorist Financing (ATF) program is strictly enforced. The Anti-Money Laundering and Anti-Terrorist Financing Policy and corporate procedures outline our expectations that all employees are required to meet. The Chief AML Officer maintains overall accountability for the implementation and effectiveness of the program. The Board has oversight accountability for monitoring the effectiveness of the AML policy and corporate procedures and has delegated this responsibility to the GNC.

All customer-facing employees and those supporting customer-facing efforts receive and complete AML/ATF training when onboarded and annually thereafter. We employ robust internal controls, keep appropriate customer and transaction records, conduct customer due diligence, log and report, when required, suspicious activities and assess risks and mitigants while developing new products. As part of our standard practice, our Risk team conducts regular risk assessments as well as internal and external audits and reviews to detect and prevent money laundering and terrorist financing activities including corruption.

We comply with all appropriate rules, regulations and guidelines applicable to EQB, including the *United Nations Act (Canada)*, *Canada's Criminal Code*, *the Corruption of Foreign Public Officials Act (Canada)*, *Freezing Assets of Corrupt Foreign Officials Act (Canada)* and *Special Economic Measures Act (Canada)*.

| Metric | 2023 | 2022 |
|--|------|------|
| Percentage of employees who completed AML/ATF training | 99% | 95% |

4.2.7 Lobbying and Political Expenses

The Bank engages with OSFI, its prudential regulator, as well as appropriate public and private bodies to gather insights, research and opinion on public policy matters. Our approach is collaborative, data-driven and stakeholder focused. We strive to bring the greatest good to stakeholders and support the integrity of the financial system. All activities are driven by the Code and with strict adherence to our core values, particularly:

- Integrity – Engaging in mindful personal behaviour that produces good ethical outcomes;
- Respect – Cherishing differences and respecting others including customers, regulators and the broader industry; and
- Service – Delivering outstanding service and engaging at a policy level that enhances customer choice and experience.

The Bank has one registered lobbyist: Andrew Moor, President and Chief Executive Officer. Lobbying represents under 20% of his duties. While we do not make political donations, nor do we receive any subsidies or financial assistance from governments inside or outside Canada, we do engage with government bodies in a variety of ways including:

- Through responses made during government consultation periods, including those held on Open Banking (see our [Open Banking](#) webpage);
- Membership in the Canadian Banking Association (CBA) and Banks and Trust Companies Association (BATCA); and
- Bilaterally on specific priorities we feel would help drive change in banking to enrich people's lives.

Engagement with government provides us with the ability to discuss legislative proposals and initiatives directly, advocate for consumers and better understand and help shape banking policy. We believe in fostering respectful, transparent relationships with regulatory bodies.

4.2.8 Respecting Human Rights

We operate solely in Canada where human rights are enshrined in the *Human Rights Act* (Canada), the Canadian Charter of Rights and Freedoms, and the Canada Labour Code. We respect and are proudly compliant with all relevant federal, provincial, regional, and other human rights regulations. To operationalize human rights, we operate with internal policies including our Code, Employee Handbook, and our Violence and Harassment in the Workplace Policy. We also expressly prohibit discriminatory lending practices that are biased against people based on their race, gender, age, religion, and other protected characteristics. We have policies and procedures in place including training for our team, regular community outreach and education – to help all customers access our products and services. We recognize that equitable human rights are a precursor to successful business and societal development. We strive to give employees, customers and communities equality and dignity.

| Metric | 2023 | 2022 |
|--|------|------|
| Total amount of monetary losses as a result of legal proceedings associated with discriminatory mortgage lending | \$0 | \$0 |

4.3 Cyber Security: Using Technology to Safeguard Information

As a digital company at heart, how we develop, apply, protect and govern our technological advantages are all part of our competitive strengths and are of utmost relevance to our Board and Executive Management. Our advanced security frameworks and standards and the continuing investments we make in our systems help us to deliver digital banking services that are safe, secure, private and efficient; in short, worthy of the trust and confidence of our customers.

Cyber security continues to present a significant risk to financial institutions, with potential impacts that could include service disruptions, theft of customer information, reputational damage and litigation. The tactics and techniques used in cyber attacks have increased in sophistication, while the hackers behind these attacks have become more organized and well-financed.

To protect ourselves and our customers, the company has formed a team called Security Assurance Services (SAS), which actively engages in the identification and coordination of the remediation of technical vulnerabilities alongside our technology partners. The team manages cyber security controls with alignment to regulatory expectations and standards defined by the National Institute of Standards and Technology (NIST). As the technology and cyber security landscape is constantly changing, we update our cyber security strategy annually and execute several projects each year that improve our security controls. We also use a continual loop of measurement and testing practices to validate

the quality and completeness of security controls, identify opportunities for improvement and action those improvements to enhance the company's cyber security operational functions.

Our commitment to security extends throughout the organization, safeguarding our operations and ensuring a resilient security framework. In addition to executive oversight, the RCC provides oversight through a quarterly update on the Bank's cyber security risk posture; the Board also approves our Cyber Security Policy bi-annually. In terms of training, all new employees receive data security training within 60 days of joining and all employees receive training on an annual basis.

4.4 Protecting our Customers and their Information

4.4.1 Privacy Policies and Principles

Our Privacy Program follows the Privacy Principles in Schedule 1 of the *Personal Information Protection and Documents Act* (Canada) (PIPEDA), which requires us to receive customer consent before we collect, use or share their personal information. We have strict controls to ensure only authorized employees can access customer data and we use encryption to prevent unauthorized access to sensitive information. We only collect the information that we require and do not retain it longer than necessary.

As a demonstration of our commitment to privacy, we have a transparent [Privacy Agreement](#) that we sign with every customer, which explains how we handle their personal information and their rights. We also have a [Code of Privacy Principles](#) that guides our decisions and actions regarding customer data protection and security. Our data privacy team, led by our Chief Privacy Officer and Chief Information Security Officer, is responsible for ensuring that our systems and processes comply with the highest standards of privacy and security.

Policies not in the public domain, but that are key to our approach include:

- **Privacy Policy and corporate procedures** which include regulatory guidelines and other applicable regulatory norms, privacy management key steps, compliance agreements and roles and accountabilities. The Privacy Policy is a Board-approved policy.
- **Mandate of our Chief Privacy Officer** including scope of work, accountability and key duties.
- **Privacy Breach Investigation Report** which codifies key steps for investigating and, where applicable, reporting of privacy breaches.

To maintain a rigorous approach to privacy principles, we invest in best global practices and privacy tools available in banking. We provide mandatory privacy training for all employees within 60 days of hire and annually thereafter which covers (among other topics) how to classify data and handle it appropriately based on its sensitivity levels. 100% of our employees have received training on data privacy. Employees are encouraged to report privacy concerns to our Chief Privacy Officer.

Active collaboration involving our Chief Privacy Officer, CCO, Chief Technology Officer and Group Heads of Personal Banking and Commercial Banking allows us to advance our strategies and practices. We also operate in an environment where any stakeholder – employee, customer, partner or investor – can recommend privacy-related improvements.

We adhere to the provisions of Canada's Anti-Spam Legislation and associated guidance through our Electronic Messaging Policy and the requirements of the Financial Consumer Agency of Canada.

| Metric | 2023 | 2022 |
|---|------|------|
| Data privacy policy in place | Yes | Yes |
| Number of data breaches | 0 | 0 |
| Percentage of data breaches that are personal data breaches | 0% | 0% |

| Metric | 2023 | 2022 |
|--|------|-------------------|
| Number of account holders affected | 0 | 0 |
| Monetary losses from legal proceedings associated with customer privacy breaches | \$0 | \$0 ²⁰ |

4.4.2 Financial Protection

On June 30, 2022, Parliament put in place the Financial Consumer Protection Framework overseen by the Financial Consumer Agency of Canada. Since that time, we have continuously implemented changes to our approach both to comply with our increased obligations, but also to ensure customers are best served in a clear and transparent manner. Among the enhancements made: customers with low account balances and low available credit now receive electronic alerts, we updated our policies and procedures and used websites, brochures and posters to inform customers and staff about the revised regulations. Employees also received updated consumer protection and whistleblower training.

Of note, consumer protection training is a mandatory e-learning module on EQ University for all employees. A quarterly compliance attestation ensures that any employees who have yet to complete training do so before quarter end. The few who do not complete training are typically on leave or new to the organization.

| Metric | 2023 | 2022 |
|--|-------|-------|
| Number of employees who completed consumer financial protection training | 1,577 | 1,235 |
| Percentage of employees who completed consumer financial protection training | 96% | 92% |

4.4.3 Handling Complaints

Our purpose causes us to think and act differently by setting new standards for customer value and convenience. It also encourages us to be bold and innovative in our product and service offerings. At EQB, we feel a social responsibility to show there are new and better ways of doing business. Beginning on page 33 of this Report, you will read about our approach to customer service and how we strive to differentiate our Bank by being exceptionally responsive and respectful and expressing that responsiveness through our industry-leading digital capabilities and fee-free services.

While innovating, we ensure that our savings and lending products and services comply with consumer protection laws, regulations and voluntary industry codes of conduct.

Our Board is actively involved in reviewing new product and service strategies to ensure we meet our legal obligations, uphold our values and manage our risks.

Comprehensive workforce training is provided to encourage and perpetuate our customer service ethos and was recently expanded to include information on Canada's Financial Consumer Protection Framework. We also monitor customer satisfaction closely. Customer satisfaction is integrated into our executive compensation program.

We make it easy for customers to get help through contact with our EQ Bank Customer Care team or Mortgage Services teams for help with lending products. Our front-line Challengers follow a 3-step customer complaint handling

²⁰ Excludes Concentra Bank as the acquisition of Concentra was completed in November 2022.

process – Customer Complaint Handling Procedures, found on our websites and in brochures at our office locations – which all employees are expected to follow per our internal Complaint Handling Policy & Corporate Procedure. The Bank’s Dispute Resolution Office (DRO), the final step in the Bank’s Customer Complaint Handling Procedure, conducts investigations of complaints that were unable to be resolved within the first two steps. The DRO is committed to providing an impartial review based on the evidence available to help customers and Equitable Bank reach a fair, reasonable and transparent resolution. Where appropriate, the DRO recommends improvements to our operations, products and services.

In 2023, Equitable Bank published its 2022 DRO Annual Report for the fiscal year ended December 31, 2022. It provides an overview of the complaints received by the DRO, the most senior designated office authorized to address customer complaints. The fiscal 2023 DRO Annual Report is expected to be published on the Bank’s website in March 2024.

| Metric | 2023 | 2022 |
|--|------|------|
| Full investigation complaints conducted by the DRO | 11 | 7 |
| Number of full investigation complaints that were resolved by the DRO to the satisfaction of the person who made the complaint | 7 | 3 |

4.5 Risk Management

Like other financial institutions we face our own set of credit, financial, operational and reputational risks. Our Board recognizes this reality and that Canada’s Challenger Bank has similar but not necessarily the same set of risks and opportunities as other institutions because of our size, industry-leading cloud-native digital capabilities and the differentiated nature of our culture and services.

For these reasons, we employ purpose-built risk frameworks, policies and controls. Our Board-approved Enterprise Risk Management (ERM), Risk Appetite and Operational Risk Management frameworks and policies are described in our 2023 MD&A (beginning on page 59); there, we also describe the central role played by the RCC.

4.5.1 Enterprise Risk Management Framework

Equitable Bank’s ERM framework establishes a process for identifying, assessing, managing and reporting on the Bank’s seven categories of core risks. Each element of social, governance and environment, including climate risks, is considered within the Bank’s ERM Framework as a component of Business and Strategic risk, which is managed using the Bank’s Operational Risk Management program. The ERM framework ensures that all current and emerging risks are actively monitored and managed within our predefined Risk Appetite Framework (RAF) and that our risk management and capital allocation are aligned within our Internal Capital Adequacy Assessment Process (ICAAP).

4.5.1.1 Identifying, Assessing and Managing Climate Risk

Our approach to climate risk identification, assessment and management within our ERM framework draws on industry best practice and guidance from OSFI B-15 Guideline and draft publications from reporting bodies such as the ISSB and Canadian Sustainability Standards Board (CSSB).

Identification. ESG and climate risks, as components of the Business and Strategic risk category in our ERM framework, are environmental issues or concerns, including climate change, that may result in the loss of strategic, financial, operational or reputational value. Business unit leaders are our first line of defense for identifying and reporting such risks and are supported by Risk Oversight functions (which include the Finance, Risk and Compliance departments). Risks identified, including those related to climate, are reported and considered on a quarterly basis through the Business and Strategic Risk evaluation process, as part of ERMC meetings. Our climate scenario analysis is also a key process for climate risk identification that we are continuing to evolve.

Assessment. Once identified, all risks are assessed using the RAF, which outlines Equitable Bank’s pre-defined risk appetite thresholds for the type and amount of risk that the Bank is capable and willing to take on. At periodic intervals

throughout the year, we conduct analyses of environmental and climate risks to determine potential impact on Equitable Bank's assets particularly in geographic areas that have a greater propensity for natural disasters. Based on the results of these stress tests and analysis, refinements may be made to our RAF. The ERM and RAF are updated by senior management and approved by the Board on an annual basis or more frequently if required.

Management. The Bank's Operational Risk Management program, which includes the oversight of ESG and climate risks, is governed by a Board-approved Operational Risk Management Framework and accompanying Policy. This system of management is designed to monitor, review and report on operational risks across the Bank. Key management components of the Bank's Operational Risk Management program include: training for employees; annual risk and control self-assessments; key risk indicators for measuring, monitoring and reporting; and operational risk taxonomies, among other tools. Specific to environment and climate risk, the Bank evaluates environmental factors within the underwriting process for commercial loans and maintains a diversified lending portfolio, which improves our geographical or sectoral-specific environmental developments or events.

5. Helping the Environment

5.1 Our Commitment to Climate

Our banking business has a unique branchless, cloud-based digital footprint that gives us the advantage of a low carbon operational footprint and enables efficient growth as we respond to changes inside and outside our organization. Our lending business has very limited exposure to carbon-intensive industries and we continue to focus our growth efforts on where people live, being single family loans, and construction loans for multi-unit residential buildings. This strong foundation sets the stage for us to challenge ourselves, with rigour and discipline, to grow and drive change as a contributor to Canada's climate goals.

We continue to build the foundation for embedding climate-related risk and opportunities into our business strategy, operations and financial planning. This includes formalizing a governance structure and assigning accountability at the Board and Executive Management level, as previously described.

We are proud that out of the nine largest banks on the S&P/TSX Composite Index, we are the only one that is branchless. This enables us to maintain low Scope 1 and 2 emissions, which we discuss later in this Report. Our current corporate office in Toronto was awarded Leadership in Energy and Environmental Design (LEED)²¹ Gold certification for core and shell in 2008. In 2023, 66% of our leased office space was LEED certified.

In regard to climate reporting, this year we have successfully included a full 12-months of emissions associated with Concentra Bank's operations into our GHG emissions quantification and measurement, continue to maintain carbon neutrality in Scopes 1 and 2 GHG emissions and report on all applicable categories of Scope 3 emissions. We regularly reflect on the type of data we have and how we can use it to better ourselves. Over the coming years as we work on our Responsibility strategy, we hope our efforts will demonstrate our progress in the areas that we choose to challenge.

5.1.1 EQ Bank Tower

We expect to move to the new, state-of-the-art EQ Bank Tower in 2025. The EQ Bank Tower is pursuing LEED Core and Shell certification for its construction, as well as LEED Interior Design, LEED Operations and Maintenance and WELL Building Standards for our tenanted floors. Pursuing multiple LEED certifications throughout the project lifecycle ensures that our head office is aligned with our goals to conserve energy and use resources more efficiently and contributes to our efforts to reduce Scope 1 and 2 emissions. The new building will be accessible by public transit users and will accommodate a hybrid working model from the start, allowing us to reduce employee commuting and travel-related emissions. We are energized by the opportunity to accommodate our growing workforce without compromising our climate initiatives.

5.2 Climate Disclosure Requirements in Canada

The year 2023 was an unprecedented year for us regarding climate disclosure requirements. In prior years, there was limited mandatory disclosure and it permitted us to voluntarily disclose information pursuant to frameworks such as the Task Force on Climate-related Financial Disclosures (TCFD). Now we are faced with climate risk disclosure requirements by our banking regulator, OSFI, and expect our securities regulator, the Ontario Securities Commissions (the OSC), to adopt requirements similar to those issued by the ISSB.

Our Responsibility strategy reflects our commitment to act in accordance with laws and regulations. As a result, we are dedicating our internal resources to ensure that we can meet the anticipated disclosure requirements by OSFI and the OSC. Fortunately, we expect much of our progress under the TCFD to lay the groundwork for the Canadian disclosure requirements that will apply to us. Assuming that is the case, our medium-term priorities are:

²¹ Leadership in Energy and Environmental Design or LEED® is an international symbol of sustainability excellence and green building leadership. LEED's proven and holistic approach helps virtually all building types lower carbon emissions, conserve resources, and reduce operating costs by prioritizing sustainable practices. Details were obtained from: <https://www.cagbc.org/our-work/certification/leed/>

| Topic | Medium-Term Priorities |
|----------------------------|---|
| Governance | <ul style="list-style-type: none"> • Develop Board, executive and management-level training on climate and its related risk. • Integrate climate-related metrics and targets into executive compensation. • Establish management-level processes for assessment and management of climate-related risks. |
| Strategy | <ul style="list-style-type: none"> • Integrate results of climate scenario analysis into existing risk management processes. |
| Risk Management | <ul style="list-style-type: none"> • Determine how climate-related risks are identified and assessed relative to other enterprise risks. • Integrate identified climate risks from scenario analysis in risk processes, including materiality. |
| Metrics and Targets | <ul style="list-style-type: none"> • Establish a baseline to inform our decisions regarding target emissions setting. • Establish metrics for measuring performance against all physical and transition risks. |

5.3 Climate Strategy for Managing Climate Risks and Opportunities

5.3.1 Banking Regulations

In March 2023, OSFI issued its *Guideline B-15 – Climate Risk Management* (the “Guideline”). As of March 2024, updates to this Guideline have been released in efforts to streamline climate disclosures and promote transparency of climate-related risks. The Guideline’s purpose is to outline OSFI’s expectations related to a financial institution’s management of climate related risks. By complying with the Guideline, we hope to develop greater resilience to, and management of, these risks. Since its issuance, we have been working to build out:

- **Risk identification, measurement, and management processes**, which we expect will include (i) the integration of climate related-risks into our RAF and ERM framework; (ii) identifying, collecting, and using reliable, timely, and accurate data pertaining to physical risks (e.g., geophysical location of exposures) and transition risks (e.g., GHG emissions data) relevant to our business activities to inform our risk management and decision making;
- **Risk monitoring and reporting**, which we expect will include climate-related risks into our internal monitoring and reporting of business performance and risk management effectiveness;
- **Climate Scenario Analysis and Stress Testing** wherein when we undertake climate scenario analyses, we expect to consider a range of plausible and relevant models and climate scenarios, over various time horizons (i.e., short-, medium and long-term), when climate-related risks can materialize and drive the risks; and
- **Capital and Liquidity Adequacy** wherein we intend to include climate-related risks into our ICAAP or Own Risk and Solvency Assessment (ORSA) process. We intend to incorporate the impact of climate-related drivers on our liquidity risk profile and integrate a range of specific and market-wide severe, yet plausible, climate-related stress events when assessing the adequacy of our liquidity buffers.

Pursuant to the Guideline, we expect to implement its requirements for our fiscal period ending October 31, 2025. Absent any regulatory changes, it is our intention to make climate-related financial disclosures on an annual basis and that they will be publicly available on our website no later than 180 days thereafter.

5.3.2 Securities Regulations

In previous reports, we discussed our goal of aligning with the now disbanded TCFD as it met its purpose of improving and increasing reporting of climate-related financial information. The IFRS Foundation has taken over the monitoring of the progress of companies’ climate-related disclosures through the ISSB. In June 2023, the ISSB has developed

standards that should result in a high-quality, comprehensive global baseline of sustainability disclosures focused on the needs of investors and the financial markets.

In that same month, the International Organization of Securities Commissions (IOSCO) announced it endorses the sustainability-related financial disclosures standards issued by the ISSB. Our securities regulator, the Ontario Securities Commission, is a member of IOSCO. A collective statement was issued in July 2023 by the Canadian Securities Administrators (CSA) commending the ISSB for its development of the frameworks. In that announcement, the CSA said it was working with the CSSB in respect of the ISSB standards. As of the date of publication, the CSSB has invited comments through a public consultation process on Canada's first sustainability standards called Canadian Sustainability Disclosure Standards (CSDS).

We intend to prioritize the requirements of CSDS and expect to report under those requirements when required. As a result of this expectation, we have limited voluntary disclosure in anticipation of standardized reporting requirements.

5.4 Climate Scenario Analysis on Physical Climate Risk

Recall that in 2022, we advanced our understanding of climate risks and opportunities through a climate scenario analysis. It identified and qualitatively assessed our top physical climate-related risks over the short (2023-2027), medium (2028-2035) and long term (2036-2050). The resulting heat map was presented in our [2022 ESG Performance report](#) and visually displayed Equitable Bank's exposure²² to physical climate risks across our loan portfolio in each province and territory where it operates. The analysis included eight different climate hazards across the Intergovernmental Panel on Climate Change (IPCC) CMIP6 datasets for climate scenarios SSP1-2.6, SSP2-4.5 and SSP5-8.5.²³ Refer to our 2022 ESG Performance Report for more information on the approach taken for selecting the eight hazards and assessing our loan portfolio's exposure.

In 2023, we determined that there were no significant changes to our loan portfolio and our climate scenario analysis that was conducted last year.

As we receive further guidance from OSFI on conducting the climate scenario analysis and the Standardized Climate Scenario Exercise, we will revisit our climate scenario analysis approach and ensure it meets industry requirements. Our refreshed climate scenario analysis is expected to include an assessment on our Transition risks, as defined in our 2022 ESG Performance Report

5.5 Greenhouse Gas Emission Metrics

We track and report our Scope 1, 2 and 3 emissions and have been carbon neutral in our operations since 2020 by offsetting our Scope 1 and 2 emissions through verified carbon credit purchases.

In 2021, Equitable Bank became the first Schedule I Canadian bank to disclose its entire Scope 3 GHG emissions portfolio, including financed emissions. Following the acquisition of Concentra in November 2022, we began working towards full integration of its loan book and operations into our climate goals and strategy. For this Report, we are pleased to disclose a representative emissions profile for EQB. We quantify and measure our Scope 1, 2 and 3 emissions for EQB, based on our interpretation and application of the GHG Protocol Standards, as well as the Partnership for Carbon Accounting Financials (PCAF) for financed emissions. EQB defines the organizational boundary using the operational control approach according to the GHG Protocol Standards. Under this approach, we account for all GHG emissions from activities over which EQB has operational control.

Our performance metrics in this section, including reported GHG emissions, cover November 1, 2022, to October 31, 2023. This differs from our 2023 fiscal year (a 10-month reporting period from January 1, 2023, to October 31, 2023)

²² Exposure as defined by the IPCC is the "inventory of elements in an area in which hazard events may occur". Therefore, exposure ratings are driven by the geographic locations where the underlying properties of Equitable Bank's mortgages are physically located.

²³ As defined by the IPCC AR6, the climate scenarios "cover the range of possible future development of anthropogenic drivers of climate change". SSP1-2.6 is a scenario representing "low GHG emissions and CO2 emissions declining to net zero around or after 2050, followed by varying levels of net negative CO2 emissions"; SSP2-4.5 is a scenario representing "intermediate GHG emissions and CO2 emissions remaining around current levels until the middle of the century"; SSP5-8.5 is a scenario representing "very high GHG emissions and CO2 emissions that roughly double from current levels by 2100 and 2050".

and from our performance metrics noted within the Social and Governance section. Going forward, our reported GHG emissions will be aligned with our fiscal period. See “Climate performance table” for a tabular view of the metrics discussed in this section.

We have established our 2023 GHG inventory (November 1, 2022, to October 31, 2023) as a base year based on data reliability, the completeness of data that represents our emissions profile and our most recent year of Scope 1 and Scope 2 limited assurance. This base year has been established with the aim of providing consistent and comparable emissions data over time and informing the potential development of future targets and reduction plans that align with the goals of the Paris Agreement for Scope 1 and 2 emissions. Aligned with the GHG Protocol Standards, a recalculation of the base year will be undertaken in event of a significant change to our GHG emissions. We consider quantitative and qualitative thresholds when concluding whether recalculations should be performed. A base year recalculation will occur if the cumulative effect of a methodological or structural change occurs and exceeds a significance threshold of 10% of base year emissions of Scope 1 and 2, or Scope 3 emissions. The base year will not be adjusted for organic growth or decline, such as increases or decreases in business activity, or opening or closing of facilities when not part of a structural change.

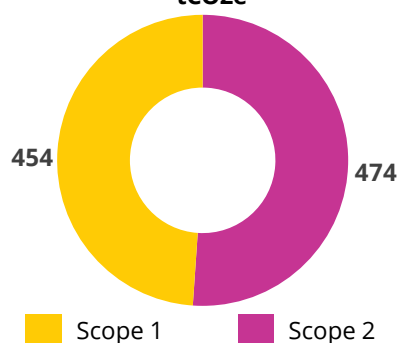
Operational emissions – Scope 1 and Scope 2

Our operational emissions include our Scope 1 and 2 emissions which result from carbon-producing activities at our office locations. Relative to our peers, we maintain a relatively low operational footprint due to our branchless structure, cloud-based operating system and energy-efficient office spaces.

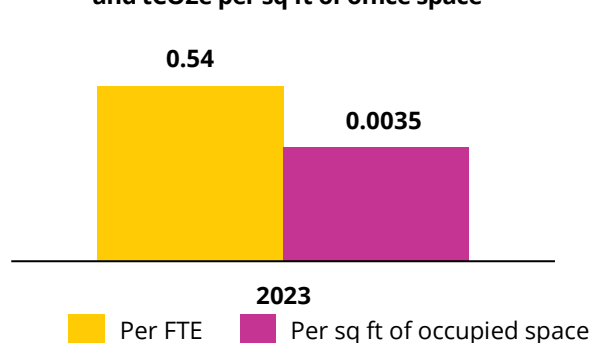
In 2023, our Scope 1 and Scope 2 resulted in 454 tCO₂e and 474 tCO₂e, respectively. GHG emissions (including Scope 1 and Scope 2) per square foot of office space were 0.0035 tCO₂e and 0.54 tCO₂e per FTE.

Although we have a branchless structure, we continuously assess ways in which we can reduce our direct emissions. Two of our regional offices, including our Toronto corporate office, are in LEED-certified buildings. In 2023, we made operational decisions to terminate lease agreements for select premises and consolidate office spaces, driven by our desire to continue to build company culture. Our regional offices are located across Canada and as a result, some of our regional offices are located within provinces with higher intensity of grid electricity and emission factors. Looking ahead with our base year established, we will assess the development and feasibility of a reduction plan, considering all factors within our influence as well as relevant policies, legislations and regulations that are supporting Canada’s transition to a lower carbon economy.

Absolute Scope 1 and 2 GHG emissions, tCO₂e²⁴



GHG emissions intensity, tCO₂e per FTE and tCO₂e per sq ft of office space²⁵



²⁴ Absolute emission metrics indicates the total amount of greenhouse gases (GHGs) emitted into the atmosphere over a specific period.

²⁵ Carbon intensity metrics refer to the amount of greenhouse gas emissions per unit of some activity or output (per FTE, per sq ft). Per FTE figures calculated using quarterly FTE averages for the period of November 1, 2022 – October 31, 2023.

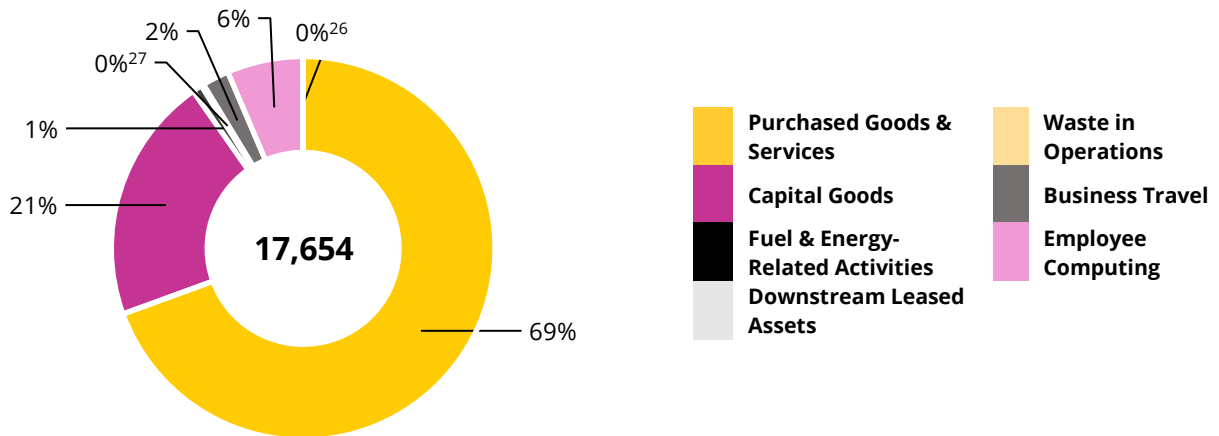
Scope 3 - Value Chain Emissions

In addition to our direct emissions, we also track and disclose Scope 3 emissions associated with our value chain. Using the categories referred to in the GHG Protocol Corporate Value Chain (Scope 3) Guidance, we have defined our value chain emissions as purchased goods and services, capital goods, fuel and energy-related activities, waste in operations, business travel, employee commuting and downstream leased assets. Details on these metrics are listed under “Climate performance table”. We rely on an international supply chain to source software, services and products, which are crucial to our ability to serve customers. We leverage supplier assessments, audits, due diligence and engagement with core suppliers to promote sustainable practices, including engaging directly with core stakeholders regarding climate. To reduce emissions associated with employee commuting and business travel while also promoting a strong corporate culture, we have adopted a hybrid work-from-home policy. As shown in the image immediately below, of the Scope 3 value chain emissions in 2023:

- 69% were due to Purchased Goods & Services; and
- 21% were due to Capital Goods.

In 2023, factors impacting Value Chain Emissions include integration of emissions associated with Concentra’s operations and increased expenditures for purchased goods and services; this included increased investments in EQ Bank products, services, and marketing to build long-term franchise value through customer account growth and account usage.

Scope 3 Value Chain Emissions by Category (tCO2e)



²⁶ Downstream leased assets.

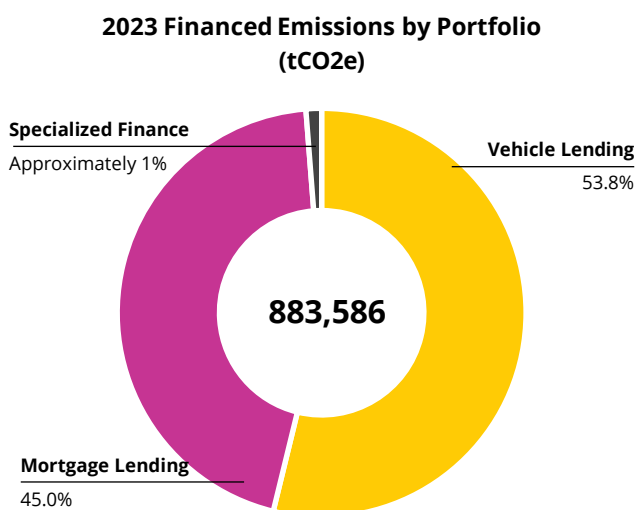
²⁷ Waste from operations.

Scope 3 - Financed Emissions

Scope 3 financed emissions comprises of ~98% of our total emissions. As the first Schedule I bank to disclose our entire Scope 3 emissions portfolio, we have been thinking of ways to improve our emissions while still serving the needs of our Canadian customers. There is no easy way to reduce financed emission while still increasing our lending efforts to support the financing of where people live (whether in single family homes or multi-unit residential buildings). This is due to a variety of factors, including the geographic differences to communities where we lend and the evolving regulatory landscape – down to the municipal by-law level – that affects our customers (and ourselves). We are committed to maintaining transparency in reporting and accountability in managing our financed emissions but do believe the driving force to change behaviours of borrowers on climate matters would be expedited with policy changes by government or regulatory bodies, whether related to how homes are built or risk-weightings regulators attribute to the financing of this asset class.

In 2023, our financed emissions were 883,586 tCO2e. Factors impacting financed emissions included (i) emissions associated with Concentra’s operations and loan book for the full year; and (ii) growth in our mortgage lending and vehicle lending portfolios. The graph below shows the composition of our lending portfolio emissions. Approximately two-thirds of our total lending supports residential mortgages and, within Commercial Banking, the Bank prioritizes lending against multi-unit residential rental properties, including affordable housing.

Financed emissions by category and Total Financed Emissions:



5.6 Carbon Offsets

As we gain more knowledge and data into our emissions and build on our GHG offset journey, we are beginning to explore ways that we can contribute to reduce GHG emissions while still growing our business. In 2023 we decided to broaden our carbon offset portfolio. For now, we view the purchase of carbon offsets as beneficial to Canadians in two ways:

1. The proceeds used to purchase the offsets are a means through which we can support local communities to fund themselves; and
2. Purchases from companies are a way where we can indirectly fund research and development in GHG reduction.

For 2023, we continued to support Darkwoods Forest Conservation Project (“Darkwoods”), which we wrote about in 2022. In addition, we expanded our carbon offset purchase by ordering offsets in three other projects. In selecting these projects, we relied on a third party to help us verify the validity of the project and use of the offset. A summary of our entire portfolio is below.

Darkwoods Forest Conservation Project

Since 2020, we have purchased Verified Carbon Standard (VCS) VERs for Darkwoods. Located in British Columbia, Darkwoods is the single largest private land conservation project in Canada. It protects approximately 156,000 acres of private Boreal forest from development, high-impact logging, and other environmental threats.

Great Bear Forest Carbon Project

The Great Bear Forest Carbon Project is a 218,000 hectare forest carbon project located in BC and owned and managed by the local Coastal First Nations. This project aligns with our ongoing commitment to reconciliation as proceeds are used to generate environmental steward jobs, support community development, youth programs and seniors' centers.

Quinte Conservation Forest Project

The Quinte Conservation Forest Project is a 25,400 acre forest located on the Northeast shores of Lake Ontario. The project is close to our headquarters and Ontario is our largest market. Recognizing many of our emissions occur in the province, we found it prudent to support a project that was close to home.

CarbonCure Technologies

CarbonCure Technologies is a manufacturer of carbon removal and utilization technologies that inject captured CO₂ into concrete. As our balance sheet primarily consists of real estate loans, and 45% of our financed emissions are derived from mortgage lending, we wanted to support sustainability in the built environment. CarbonCure is a leader in sustainable concrete and carbon removals, reducing climate impact of construction activities.

5.7 Future Priorities

For 2024, our priorities will include integrating emissions associated with ACM's operations, per the GHG Protocol Standards, within our consolidated emissions calculations and reporting, just as we successfully completed with Concentra in 2023. Based on further guidance received from OSFI, we will also be looking to expand our climate scenario analysis to assess the resilience of our strategy, operations, and lending activities under different climate related scenarios.

5.8 Climate performance table

| Metric ²⁸ | 2023 |
|--|----------------|
| Absolute GHG Emissions (tCO₂e) ^{29,30,31} | |
| Scope 1 | 454* |
| Scope 2 ³² | 474* |
| Total Scope 1 and 2 | 928 |
| Procurement and retirement of verified emissions reductions | 928* |
| Scope 3 ³³ | 901,240 |
| Category 1: Purchased goods and services ³⁴ | 12,258 |
| Category 2: Capital goods ³⁴ | 3,681 |
| Category 3: Fuel and energy-related activities | 144 |
| Category 5: Waste in operations ³⁵ | 36 |
| Category 6: Business travel ³⁶ | 401 |
| Category 7: Employee Commuting ³⁷ | 1,132 |
| Category 13: Downstream Leased Assets | 2 |
| Subtotal Scope 3 – Total Value Chain Emissions | 17,654 |
| Category 15: Investment emissions (i.e., financed emissions) ³⁸ | 883,586 |
| Total Scope 1, 2 and 3 GHG Emissions | 902,168 |
| GHG Emissions Intensity | |
| GHG Emissions Intensity Scope 1 and 2 (tCO ₂ e per FTE) ³⁹ | 0.54 |
| GHG Emissions Intensity Scope 1 and 2 (tCO ₂ e per sq ft of occupied space) | 0.0035 |
| Energy and waste | |
| Energy use (GJ) ⁴⁰ | 17,456 |
| Electricity consumed (GJ) | 9,698 |
| Total waste generated (metric tonnes) ³⁵ | 75.2 |
| Total occupied space - leased and owned space (square feet) ⁴¹ | 261,578 |
| LEED certified office space (square feet) | 172,676 |
| LEED certified office space (%) | 66% |

²⁸KPMG has provided limited assurance of figures noted with an *.

²⁹We defined our organizational boundary using the operational control approach according to the GHG Protocol Standards. Under this approach, we account for all GHG emissions from activities over which we have operational control.

³⁰Scope 1 and 2 emissions are calculated using activity data (e.g., fuel and electricity consumption). Emissions factors and grid electricity in the province are sourced from publicly available government sources, i.e., the Canadian National Inventory Report (NIR) (2021).

³¹The GHG emissions included in our inventory are carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), and chlorofluorocarbon (CFC), principally from natural gas consumption, fugitive refrigerant leakage and purchased electricity.

³²We measure Scope 2 emissions using both market and location-based methods from the GHG Protocol Scope 2 Standard. Based on our current operations, the results for both methods are equivalent.

³³Scope 3 categories not listed were not applicable or relevant to our operations.

³⁴Emissions have been estimated using spend data and the US Environmental Protection Agency's Environmentally-Extended Input-Output (EPA EEIO) database, adjusted for inflation.

³⁵Waste generated in operations was estimated using proxy survey data collected in 2022 for the Bank's Toronto office, by waste type.

³⁶ Air travel emission factors were obtained from the US EPA Emissions Factors for Greenhouse Gas Inventories (2023). Assignment of flight category were based on the EPA's definitions of short-haul, medium-haul, or long-haul flight by distance.

³⁷ Passenger kilometers estimated per office based on employee home address (city). Mode of travel assumed based on city-specific data based on census data from Statistics Canada.

³⁸ Vehicle lending: emissions were estimated using motor vehicle type, with distance traveled assumed based on regional statistical data. Equipment and Trailers within the vehicle lending portfolio are excluded from inventory as they are currently out of scope under the PCAF standard. Mortgage and commercial real estate lending: emissions were estimated based on number of buildings, building type and location-specific average energy consumption. Business lending: very small proportion of financed emissions, estimated using economic activity-based emission factors and company revenue. Construction for commercial real estate lending: excluded from inventory as they are currently out of scope under the PCAF standard.

³⁹ Per FTE figures calculated using quarterly FTE averages for the period of November 1, 2022 – October 31, 2023.

Supplemental Financial Information.

⁴⁰ Includes total energy for natural gas and electricity.

⁴¹ As at October 31, 2023.



APPENDICES

Appendix 1 – EQB Corporate Policies

Throughout our company, we have several policies and procedures that underpin our commitment to operating with high ethical standards, many of which are included in our Code of Conduct. The following table includes a description of the policies that we adhere to, including to which entity(ies) they apply to.

| Policy ⁴² | Description |
|--|---|
| <u>Code of Conduct</u> | This Board-approved policy outlines minimum standards of behaviour expected from Equitable Bank's employees, including contractors and directors and provides guidance on how to make sound decisions, reinforces our risk culture and addresses conflicts of interest, data protection and environmental sustainability. |
| <u>Third Party Code of Conduct</u> | This policy outlines Equitable Bank's commitment to exceeding the highest degree of ethical conduct by actively sourcing products and services from sustainable third-party organizations who show strong commitment to human rights, ethics and the environment. |
| Whistleblower Policy | This policy establishes how we report concerns about unethical behaviour, violations of the Code of Conduct, breaches of policies or financial matters, perceived or otherwise. Employees and third parties may raise concerns anonymously and confidentially through internal and external channels, such as our Independent Ethics Hotline, Consumer Complaints Hotline, the Chief Compliance Officer or through FCAC and OSFI. Our policy commits us to timely investigations and resolutions of all concerns. Those who choose to report breaches of our policies or financial matters in good faith will be protected from reprisals, harassment or victimization. |
| Related Party Policy | This policy is designed to enable Equitable Bank to meet its obligations under the Self Dealing provision of the Bank Act. Specifically, it establishes procedures to assist in identifying the types of transactions the Bank may or may not enter into with its related parties. |
| Insider Trading Policy | EQB is committed to ensuring that Insiders and Persons in a Special Relationship with EQB who have access to Material non-public information about EQB do not gain an unfair advantage when trading in the Securities of EQB. This policy articulates the processes and key controls EQB has in place to identify Material information and effectively manage the use and disclosure of such information by Directors, Officers and Employees of the Company. In addition, assess, manage, mitigate, monitor and report regulatory, financial and reputational risks associated with non-compliance with Canadian securities laws. |
| Regulatory Compliance Management Policy | Equitable Bank is committed to establishing and maintaining a strong, sustainable and effective enterprise-wide Regulatory Compliance Management (RCM) program. This policy provides an overview on the regulatory requirements the bank faces and how Equitable Bank manages the laws, rules, regulations and prescribed practices that apply to the business. |
| Complaint Handling Policy & Corporate Procedure | Equitable Bank as a federally regulated financial institution, is committed to providing exceptional service to Consumers and to ensuring its employees respond to Complaints in a professional manner. This policy documents the bank's Complaint Handling Program which has been created to effectively manage complaints made by any person about the products and services Equitable Bank offers, sells or provides and about the way they are provided. The program consists of policies, procedures, monitoring, tracking, reporting and training that Equitable Bank has put in place to comply with complaint handling obligations as set out in Regulatory requirements. |
| Anti-Money Laundering and Anti-Terrorist Financing Policy | Equitable Bank's business must be conducted in full compliance with all laws and regulations relating to anti-money laundering and anti-terrorist financing activities. This policy sets guidelines to ensure employees exercise good judgement when dealing with unusual or suspicious transactions or |

⁴² Publicly available policies are hyperlinked.

| Policy ⁴² | Description |
|--|---|
| | activities. In accordance with this policy, Equitable Bank must report any known or suspicious concerns related to money laundering or terrorist financing to the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC). |
| Conflict of Interest Policy | As an operating entity, Equitable Bank acknowledges that conflicts of interests, actual or perceived, can be very damaging to one's reputation. This policy requires all directors, officers and employees perform their duties for the bank with personal integrity and honesty. This policy provides guidance on identifying, reporting and managing Conflicts of interest to ensure it is avoided or if not avoided, resolved such that the interests of the bank takes precedent over personal interests. |
| Health and Safety Policy | Equitable Bank is committed to protecting the health and safety of its Employees in accordance with industry standards and in compliance with requirements stated in Canada Labour Code and other applicable acts and regulations. Equitable Bank recognizes that the responsibility for health and safety is shared. Therefore, this policy outlines roles, responsibilities and procedures for all employees to adhere to in order to eliminate any foreseeable hazards which may result in property damage, accidents, or personal injury/illness. |
| Violence, Harassment in the Workplace | This policy is to ensure a safe workplace environment where all individuals are treated with dignity and respect and applies to Equitable Bank. We are committed to protecting employees from risks in the workplace, including the risk of workplace violence and harassment. This policy is in accordance with industry standards and in compliance with the requirements of the Canada Labour Code, the Human Rights Act, the Canada Occupational Health and Safety Regulations and other applicable acts and regulations including criminal, family and civil law. |
| Disclosure Control Policy | This policy ensures EQB establishes and maintains disclosure controls to ensure communications to its shareholders, the investment community and the public is in accordance with all applicable legal and regulatory requirements. |
| Disclosure of Information Policy | This policy is designed to enable Equitable Bank to meet its obligations to customers and consumers in respect of specific regulatory duties. Specifically, it establishes procedures and controls for outlining when Equitable Bank will review, approve and provide required disclosure (written, oral or electronic) to customers in accordance with its regulatory obligations. |
| Records Management Policy | This policy outlines Equitable Bank's requirements to establish an efficient record management framework for its business, regardless of format, relating to the processes of creation, storage, retention, destruction and management of corporate records. The Bank strives to retain corporate records for as long as necessary and destroy them thereafter. |
| Acceptable Use Policy | This policy ensures employees understand the policies and practices governing the use of Equitable Bank's equipment, systems, computers networks, applications, software, computers and portable devices, as well as messages communicated within them. |
| <u>Code of Privacy Principles</u> | This outlines the ten (10) core principles Equitable Bank follows when collecting, managing and using personal information it has collected. |
| Privacy Policy | Equitable Bank is committed to ensuring that it has effective enterprise-wide, risk-based program in place to manage and mitigate the privacy risk inherent in its activities and avoid undue risk to its reputation, integrity and ability to carry on its business. The purpose of this policy is to establish our privacy program as well as outline all associated accountabilities and authorities. This policy is established to address regulatory requirements in the <i>Personal Information Protection and Electronic Documents Act</i> and its associated regulations. |

Appendix 2 – SASB Index

The Sustainability Accounting Standards Board (SASB) publishes industry-specific sustainability accounting standards, intended to help companies disclose decision-useful sustainability information to investors cost-effectively and comparably. We have reported metrics from the SASB Standard applicable to our business which includes the Mortgage Finance Sustainability Accounting Standard, Consumer Finance Sustainability Accounting Standard and Commercial Banks Sustainability Accounting Standard. Any omissions or deviations from these Standards are explained in the table below.

| SASB Code | Metric | 2023 Disclosure | | | | | | | | | | | | | | | |
|---|--|---|----------------|-------------------|----------------|----------------|-------------|-------------|-------------|-------|------|---|------------|-------------|-----|------|---|
| Activity Metric – Commercial Banking | | | | | | | | | | | | | | | | | |
| FN-CB-000.A | (1) Number and (2) value of checking and savings accounts by segment: (a) personal and (b) small business | EQ Bank's everyday banking with no monthly fees with a competitive interest rate, no minimum balance requirements, and an unlimited of transaction volumes had 400,983 customers as of October 31, 2023. Total number of accounts was 727,481. No checking and savings accounts were offered to small businesses as at the end of October 31, 2023. | | | | | | | | | | | | | | | |
| FN-CB-000.B | (1) Number and (2) value of loans by segment: (a) personal, (b) small business, and (c) corporate | Refer to Table 7 in EQB Supplemental Financial Information Q4 2023 for additional details. | | | | | | | | | | | | | | | |
| Activity Metric – Consumer Finance | | | | | | | | | | | | | | | | | |
| FN-CF-000.A | Number of unique consumers with an active (1) credit card account and (2) pre-paid debit card account | EQ Bank does not offer a credit card product and the Bank does not disclose on its pre-paid cards. | | | | | | | | | | | | | | | |
| FN-CF-000.B | Number of (1) credit card accounts and (2) pre-paid debit card accounts | EQ Bank does not offer a credit card product and the Bank does not disclose on its pre-paid cards. | | | | | | | | | | | | | | | |
| Activity Metric – Mortgage Finance | | | | | | | | | | | | | | | | | |
| FN-MF-000.A | (1) Number and (2) value of mortgages originated by category: (a) residential and (b) commercial | <table border="1"> <thead> <tr> <th>Category</th> <th>Originations (\$)</th> <th>Originations #</th> <th>Purchases (\$)</th> <th>Purchases #</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td>\$5,089,420</td> <td>9,662</td> <td>\$ -</td> <td>0</td> </tr> <tr> <td>Commercial</td> <td>\$7,390,164</td> <td>686</td> <td>\$ -</td> <td>0</td> </tr> </tbody> </table> | Category | Originations (\$) | Originations # | Purchases (\$) | Purchases # | Residential | \$5,089,420 | 9,662 | \$ - | 0 | Commercial | \$7,390,164 | 686 | \$ - | 0 |
| Category | Originations (\$) | Originations # | Purchases (\$) | Purchases # | | | | | | | | | | | | | |
| Residential | \$5,089,420 | 9,662 | \$ - | 0 | | | | | | | | | | | | | |
| Commercial | \$7,390,164 | 686 | \$ - | 0 | | | | | | | | | | | | | |
| FN-MF-000.B | (1) Number and (2) value of mortgages purchased by category: (a) residential and (b) commercial | | | | | | | | | | | | | | | | |
| Business Ethics | | | | | | | | | | | | | | | | | |
| FN-CB-510a.1 | Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti- | 0 (Nil) | | | | | | | | | | | | | | | |

| SASB Code | Metric | 2023 Disclosure |
|--|---|---|
| | trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations | Refer to Section 4.2 Business Ethics for additional details. |
| FN-CB-510a.2 | Description of whistleblower policies and procedures | <p>Equitable Bank's whistleblower policy provides a confidential platform for employees to report unethical or illegal activities without fear of retaliation. The policy ensures that all concerns are thoroughly investigated, and appropriate actions are taken to uphold the bank's commitment to integrity and transparency.</p> <p>Please refer to Section 4.2.5 Whistleblower Policy and Program of this Report and page 15 of Equitable Bank's Code of Conduct for contact details and process.</p> |
| Customer Privacy | | |
| FN-CF-220a.1 | Number of account holders whose information is used for secondary purposes | <p>0 (Nil)</p> <p>Equitable Bank closely adheres to PIPEDA, obtaining customer consent for collecting, using, or disclosing personal information. The Privacy Program follows PIPEDA's Privacy Principles, implementing strict controls, limiting data access to authorized personnel, encrypting sensitive information, and retaining data only as necessary.</p> <p>Please also refer to Section 4.4, Protecting our Customers and their for additional details.</p> |
| FN-CF-220a.2 | Total amount of monetary losses as a result of legal proceedings associated with customer privacy | <p>\$0</p> <p>Monetary losses from legal proceedings associated with customer privacy breaches are discussed in Section 4.4, Protecting our Customers and their Information.</p> |
| Data Security | | |
| FN-CB-230a.1 FN-CF-230a.1 | (1) Number of data breaches, (2) percentage that are personal data breaches (3) number of account holders affected | <p>0 (Nil)</p> <p>Refer to Section 4.4, Protecting our Customers and their Information for additional details.</p> |
| FN-CF-230a.2 | Card-related fraud losses from (1) card-not present fraud and (2) card-present and other fraud | Equitable Bank does not disclose card-related fraud losses. |
| FN-CB-230a.2 FN-CF-230a.3 | Description of approach to identifying and addressing data security risks | Refer to Section 4.3, Cyber Security: Using Technology to Safeguard for additional details. |

| SASB Code | Metric | 2023 Disclosure |
|--|--|--|
| Discriminatory Lending | | |
| FN-MF-270b.1 | (1) Number, (2) value, and (3) weighted average Loan-to-Value (LTV) ratio of mortgages issued to (a) minority and (b) all other borrowers | Equitable does not have any data on minority borrowers as it is unable to ask borrowers for this information. As of October 2023, the average LTV of our total uninsured residential mortgages is 62%, and the average LTV of those newly originated in fiscal 2023 was 71%. |
| FN-MF-270b.2 | Total amount of monetary losses as a result of legal proceedings associated with discriminatory mortgage lending | \$0 Refer to Section 4.2.8 Respecting Human Rights for additional details. |
| FN-MF-270b.3 | Description of policies and procedures for ensuring non-discriminatory mortgage origination | Refer to Section 4.2.8 Respecting Human Rights for additional details. |
| Environmental Risk to Mortgaged Properties | | |
| FN-MF-450a.1 | (1) Number and (2) value of mortgage loans in 100-year flood zones | In 2022, we advanced our understanding of climate risks and opportunities through a climate scenario analysis (CSA). It identified and qualitatively assessed our top physical climate-related risks over the short (2023-2027), medium (2028-2035) and long term (2036-2050). The resulting heat map was presented in our 2022 ESG Performance report and visually displayed Equitable Bank's exposure to physical climate risks across our loan portfolio in each province and territory where it operates. In 2023, we determined that there were no significant changes to our loan portfolio and our climate scenario analysis that was conducted last year. Refer to Section 5.4 Climate Scenario Analysis on Physical Climate Risk for additional details. |
| FN-MF-450a.2 | (1) Total expected loss and (2) Loss Given Default (LGD) attributable to mortgage loan default and delinquency because of weather-related natural catastrophes, by geographical region | N/A, figure not actively tracked. |
| FN-MF-450a.3 | Description of how climate change and other environmental risks are incorporated into mortgage origination and underwriting | Refer to Section 4.5 Risk Management for additional details. |
| Financial Inclusion & Capacity Building | | |
| FN-CB-240a.1 | (1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development | SMBs - \$2,292,774,000 - 3.7% of the portfolio Self-employed - \$13,740,814,000 - 22.0% of the portfolio |

| SASB Code | Metric | 2023 Disclosure |
|--|---|---|
| | | Refer to Section 3.4.3, Small and medium-sized businesses and self-employed borrowers for additional details. |
| FN-CB-240a.2 | (1) Number and (2) amount of past due and nonaccrual loans or loans subject to forbearance that qualify for programmes designed to promote small business and community development | N/A, figure not actively tracked. |
| FN-CB-240a.3 | Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers | We offer an everyday banking account with no monthly fees with a competitive interest rate, no minimum balance requirements and an unlimited number of transaction volumes. As a digital bank, EQ Bank is uniquely positioned to reach all Canadians, including underserved, underbanked communities whose needs are overlooked by other institutions or have difficulty accessing services. In Section 3.4.2, Everyday Banking for All, we disclose the number of customers with bank accounts with no monthly fee everyday banking, however, we do not disclose the number of customers of which are unbanked, underbanked or underserved. |
| FN-CB-240a.4 | Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers | <p>Our digital platform and online information tools enable our customers to access information about our products and make informed decisions when and where needed. Through our EQ Bank Education Centre, we share high-level summaries and in-depth reviews on topics ranging from saving and investing to home ownership and getting the most out of your money, in the spirit of having open conversations about taboo financial topics. Refer to the 2023 Public Accountability Statement for additional details.</p> <p>Equitable Bank does not disclose the number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers.</p> |
| Incorporation of Environmental, Social, and Governance Factors in Credit Analysis | | |
| FN-CB-410a.2 | Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis | Refer to Section 4.5 Risk Management for additional details. |
| Lending Practices | | |
| FN-MF-270a.3 | Total amount of monetary losses as a result of legal proceedings associated with communications to customers or remuneration of loan originators | <p>\$0</p> <p>Equitable Bank maintains transparent communication with customers and ethical remuneration practices for loan originators. This commitment to integrity and compliance has enabled the bank to avoid any monetary losses resulting from legal proceedings associated with these aspects of its operations.</p> |

| SASB Code | Metric | 2023 Disclosure |
|---------------------------------|---|--|
| | | Refer to Sections 4.2.4 Marketing and Sales Approach and 4.4.2 Handling Complaints for additional details. |
| FN-MF-270a.4 | Description of remuneration structure of mortgage loan originators | Equitable Bank mortgages are sourced through brokers who receive finder's fees, volume bonuses and fee splits. Fee structures vary by rate type and term. Uninsured residential mortgages have tiered fixed-rate fees and adjustable-rate fees for specific terms, with fee splits for select brokers. Insured residential mortgages offer finder's fees based on funded volume tiers, with the same compensation for fixed and adjustable rates. Equitable Bank also has contracts with large brokerage networks for additional volume bonuses, with differing arrangements and calculation methods for various mortgage types. |
| Selling Practices | | |
| FN-CF-270a.5 | Total amount of monetary losses as a result of legal proceedings associated with selling and servicing of products | \$0 Refer to Section 4.2.4 Marketing and Sales Approach for additional details. |
| Systemic Risk Management | | |
| FN-CB-550a.2 | Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities | Equitable Bank integrates results of mandatory and voluntary stress tests into capital adequacy planning by adjusting capital buffers and risk-weighted assets. Long-term corporate strategy is refined based on identified vulnerabilities, enabling proactive risk management and business resilience. Stress test outcomes also inform other business activities, driving product and service innovations, and optimizing resource allocation to ensure sustainable growth and financial stability. Refer to Section 4.5 Risk Management for additional details. |

Appendix 3 – Independent Practitioner's Limited Assurance Report



KPMG LLP
 Bay Adelaide Centre
 333 Bay Street, Suite 4600
 Toronto, ON M5H 2S5
 Canada
 Tel 416-777-8500
 Fax 416-777-8818

INDEPENDENT PRACTITIONER'S LIMITED ASSURANCE REPORT

To the Board of Directors and Management of Equitable Bank

We have undertaken a limited assurance engagement on certain performance metrics of Equitable Bank (the "Entity"), included in the accompanying EQB Inc. Responsibility Report (the "Report"), for the period from November 1, 2022 to October 31, 2023.

The scope of our limited assurance engagement, as agreed with management, comprises the following performance metrics (collectively, the "subject matter information") and criteria:

| Subject Matter Information | Units | Criteria |
|---|------------------------------|--|
| Scope 1 GHG emissions | 454 tonnes CO ₂ e | Internally developed measurement methods based on: |
| Scope 2 GHG emissions (location-based) and (market-based) | 474 tonnes CO ₂ e | <ul style="list-style-type: none"> Greenhouse Gas Protocol - Corporate Accounting and Reporting Standard (Revised Edition) ("GHG Protocol") GHG Protocol Scope 2 Guidance, an amendment to the GHG Protocol Corporate Standard |
| Procurement and Retirement of Verified Emissions Reductions (VER) | 928 tonnes CO ₂ e | Internally developed measurement methods based on GHG Protocol. |

The subject matter information is denoted by the symbol * in the Report.



Other than as described in the preceding paragraph, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

There are no mandatory requirements for the preparation or presentation of the subject matter information. As such, the Entity has applied the Greenhouse Gas Protocol - Corporate Accounting and Reporting Standard (Revised Edition) and the GHG Protocol Scope 2 Guidance, an amendment to the GHG Protocol Corporate Standard, in relation to greenhouse gas emissions, and internally developed criteria for the remaining subject matter information.

Management's Responsibility

Management is responsible for the preparation and presentation of the subject matter information in accordance with the applicable criteria.

Management is also responsible for such internal control as management determines necessary to enable the preparation and presentation of the subject matter information that is free from material misstatement, whether due to fraud or error. This responsibility includes determining the Entity's objectives in respect of sustainability performance and reporting, identifying stakeholders and material issues, and selecting or developing appropriate criteria.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the subject matter information based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with Canadian Standards on Assurance Engagements (CSAE) 3410, *Assurance Engagements on Greenhouse Gas Statements*. This standard requires that we plan and perform our engagement to obtain limited assurance about whether the subject matter information is free from material misstatement.

A limited assurance engagement involves assessing the suitability of the criteria used by the Entity in preparing the subject matter information in the circumstances of the engagement, assessing the risks of material misstatement, whether due to fraud or error, and responding to the assessed risks as necessary in the circumstances.

We exercised professional judgment and maintained professional skepticism throughout the engagement. Our procedures were designed and performed to obtain evidence that is sufficient and appropriate to provide a basis for our conclusion. In carrying out our engagement, we performed the following procedures:

- Inquiries with relevant staff at the corporate level to understand the data collection and reporting processes for the subject matter information;
- Assessment of the suitability, application and disclosure of the applicable criteria in respect of the subject matter information;

- Where relevant, performance of walkthroughs to understand the design of internal controls relating to data collection and reporting of the subject matter information;
- Comparisons of the reported data for the subject matter information to underlying data sources on a sample basis;
- Inquiries regarding key assumptions and the re-performance of calculations on a sample basis;
- Review of the presentation of the subject matter information to determine whether the presentation is consistent with our overall knowledge of, and experience with, the GHG emissions performance of the Entity; and
- Considered the presentation and disclosure of the subject matter information.

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

Our Independence and Quality Management

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

The firm applies Canadian Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* which requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Significant Inherent Limitations

Historical non-financial information, such as that contained in the Report, is subject to more inherent limitations than historical financial information, given the qualitative characteristics of the underlying subject matter and methods used for determining this information. The absence of a significant body of established practice on which to draw allows for the selection of different but acceptable evaluation techniques, which can result in materially different measurements and can impact comparability. The nature and methods used to determine such information, as described in the applicable criteria, may change over time.

It is important to read the Entity's reporting methodology disclosed on pages 47 and 48 of the Report.



Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Based on the procedures performed and evidence obtained, no matters have come to our attention to cause us to believe that the Entity's subject matter information for the period from November 1, 2022 to October 31, 2023, is not prepared, in all material respects, in accordance with the applicable criteria.

Our conclusion on the subject matter information does not extend to any other information, reports or documents that accompany, are presented with, or contain the subject matter information and our assurance report.

Restriction on Use

Our report is intended solely for use by Equitable Bank for the purpose set out in our engagement agreement. Our report may not be suitable for any other purpose and is not intended for use or reliance by any third parties. While KPMG LLP acknowledges that disclosure of our report may be made, in full, by Equitable Bank in the EQB Inc. Responsibility Report, KPMG LLP does not assume or accept any responsibility or liability to any third party in connection with the disclosure of our report.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants

Toronto, Canada

April 9, 2024