



CANADA'S CHALLENGER BANK™



Environmental,

Social, and

Governance (ESG)

Performance Report 2021

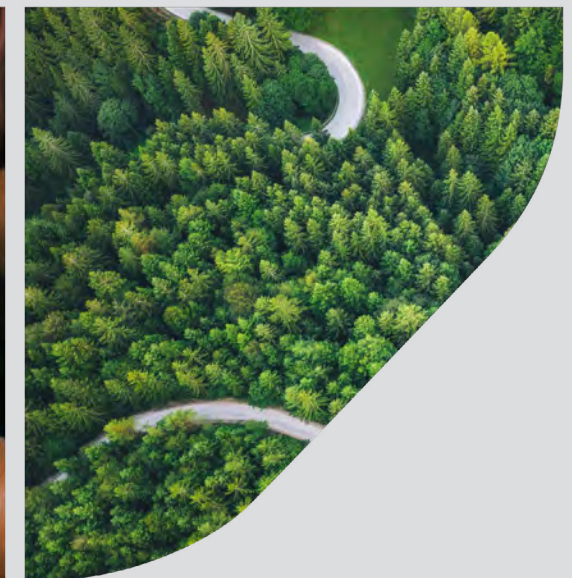


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Cautionary Note Regarding Forward-Looking Statements

Statements made by Equitable in the sections of 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 Equitable’s objectives, strategies and initiatives, financial performance expectations and other statements made herein, whether with respect to Equitable’s businesses or the Canadian economy. Generally, forward-looking statements can be identified by the use of forward looking terminology such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “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 actual results, level of activity, closing of transactions, performance or achievements of Equitable 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, impacts as a result of COVID-19, 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” and in the Bank’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 Equitable and the Canadian economy. Although Equitable 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. Certain material assumptions are applied by Equitable 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. Equitable does not undertake to update any forward-looking statements that are contained herein, except in accordance with applicable securities laws.

Message to Our Stakeholders

As Canada's Challenger Bank™, our purpose of driving change in banking to enrich people's lives comes with an implicit pledge to always do what's right for our employees, customers, shareholders, business partners, regulators, and the communities where we do business. To all the people who count on us to act in a responsible, sustainable, and compassionate manner, we dedicate this report. While we have produced Public Accountability Statements in the past, this is our first ESG report. Consequently, it goes into much greater depth, which we believe is both appropriate and necessary given Equitable's increasing presence in the banking sector.

A sustainability mindset is foundational to Equitable Bank's core values, long-term objectives, strategic priorities, and our pledge to advance ESG practices to meet the needs of Canadian society and evolving disclosure requirements. In this regard, we applaud efforts by the Canadian Securities Administrators (CSA) together with the recently formed International Sustainability Standards Board (ISSB) to work together to introduce ESG reporting guidelines. ISSB's prototype standards in the four pillars of governance, strategy, risk management, and metrics/targets will provide a future framework for reporting that is useful for all stakeholders, and that aligns well with Equitable Bank's approach.

To determine our sustainability focus areas, the Bank's Executive Management and Board of Directors, with dedicated support from our Governance and Nominating Committee (whose mandate was expanded in 2022 to include ESG strategy), assess sustainability risks and opportunities in the context of our business model, corporate strategies, individual business operations, and markets. We also engage with our stakeholders to understand their perspectives, priorities, and views on ESG reporting and disclosure practices. Through these processes, we identified the following areas of importance within each ESG dimension:

We report on these areas in this report and provide the ESG framework that serves to guide our actions. We are pleased to say that sustainability has strong support in every corner of the Bank, most especially among the more than 1,100 Challengers who work here. While tone from the top is important, it is the individual efforts made by our talented and dedicated team of professionals that make all the difference.

Environmental	Social	Governance
<ul style="list-style-type: none"> Climate strategy Operational footprint Task Force on Climate-related Financial Disclosures (TCFD) 	<ul style="list-style-type: none"> Customers and financial inclusion Employees: safety, development, retention Equity, Diversity & Inclusion (ED&I) Community 	<ul style="list-style-type: none"> Code of Conduct Board diversity and development Controls, capital, security, and privacy



We are proud of our progress made on sustainability matters in 2021, even as we navigated through the various waves of the COVID-19 pandemic. Among key accomplishments and developments, we:

- Grew our Challenger workforce by 26% over 2020 to 1,161, invested in our employees through training and development and health and wellness, and had a return engagement on the list of best workplaces in Canada
- Served more than 325,000 customers with enriching products and services as an essential business
- Financed \$481 million of CMHC-insured affordable housing projects throughout Canada
- Followed the guidance of our own Seniors Champion – who promotes seniors’ interests within our Bank – and continued to apply the principles of the [Canadian Bankers Association Code of Conduct for the Delivery of Banking Services to Seniors](#) in substantially growing our decumulation business
- Created a climate strategy to guide our actions over the short-, medium-, and long-term, which will see us tackle weighty matters such as target setting, risk management, and governance over climate risks – all of which will complement the Bank’s other comprehensive enterprise-risk management activities

- Disclosed the Bank’s entire Scope 3 greenhouse gas (GHG) emissions portfolio, including financed emissions; a first for a Schedule I Canadian bank, reflecting our sophisticated data management systems and comprehensive understanding of our customers’ business activities
- Remained carbon neutral in Scope 1 and 2 emissions for 2021 through the purchase of verified carbon credits that support an important Canadian conservation project in British Columbia, and committed to maintaining carbon neutrality in future years
- Moved up to the 58th percentile of 382 bank respondents to the S&P Global Corporate Sustainability survey from the 19th percentile one year prior and the Bank’s Sustainability risk ranking reduced by more than one percentage point to 21.1 – both positive indicators of improvement
- Added to the mandate of our Human Resources and Compensation Committee of the Board the requirement to review the Bank’s approach to anti-racism, and tie variable compensation to the Bank’s executives to goals that actively combat racism in all its forms
- Organized training and events that celebrate and honour the diverse cultures in our workforce, through collaboration with the Senior Manager of Equity, Diversity & Inclusion and various Employee Resource Groups (ERGs)

- Built stronger, more supportive, and resilient communities by continuing to channel our volunteering and donations programs aligned with our strategic approach with an emphasis on the intersection between homelessness and mental health

We will continue to challenge ourselves to do more and do it better. In this regard, we are excited about the opportunity that lies ahead to incorporate Concentra Bank in our operations, subject to regulatory approval of this fully funded acquisition announced in early February 2022. The addition of this sustainability-focused bank’s employees, customers, and business partners will give us the opportunity to establish new baselines, set new goals, and strive to deliver on our pledge to enrich (more) people’s lives.

Yours sincerely,

David LeGresley
Chair of the Board

Andrew Moor
President and Chief
Executive Officer



About This Report

Scope

This Environmental, Social, and Governance (ESG) Report presents an overview of Equitable Bank's performance (a wholly owned subsidiary of Equitable Group Inc.) as it relates to ESG risks, opportunities, and the initiatives taken to strengthen our stature as Canada's Challenger Bank™. Activities outlined in this report include the Bank's wholly owned subsidiaries, consistent with the view presented in the "About Equitable Bank" section.

This publication should be read alongside our Q4 and Annual 2021 MD&A, 2022 Management Information Circular, and other disclosure documents found on our [Investor Relations website](#). Reference to 'Equitable', the 'Bank', 'us', 'our', and 'we' in this Report is to Equitable Bank unless otherwise specified.

Oversight and reporting

ESG is a priority for Equitable and formalizing oversight was important. Accordingly, in February 2022, the mandate of the Governance and Nominating Committee of our Board of Directors was expanded to include not only a review of this report, but also oversight of the ESG strategies implemented by the Bank. While ESG is a company-wide priority lived every day by our employees that also affects our customers, shareholders, bondholders, and partners, the Corporate Development and Investor Relations team – closely overseen by the Chief Executive Officer and the Chief Financial Officer – develops bank-wide ESG strategies and holds day-to-day accountability for ESG disclosures and reporting.



Assurance from KPMG

Independent Limited Assurance Report to Equitable Bank

We have been engaged by the management of Equitable Bank to undertake a limited assurance engagement, in respect of the year ended December 31, 2021, on certain quantitative Greenhouse Gas (GHG) Emissions information described below and disclosed in the 2021 Equitable Bank ESG Report (the "Report") as described below.

Subject Matter Information and Applicable Criteria

The scope of our limited assurance engagement, as agreed with management, comprises the following greenhouse gas emissions performance information (the 'Subject Matter Information'):

Table A: Subject Matter Information

#	Key Performance Indicator	Applicable Criteria	Assurance Standard
1	Scope 1 greenhouse gas emissions <ul style="list-style-type: none"> 366 tonnes CO₂e 	Greenhouse Gas Protocol Corporate Accounting and Reporting Standard, Revised Edition (the 'GHG Protocol')	ISAE 3410
2	Scope 2 greenhouse gas emissions <ul style="list-style-type: none"> 124 tonnes CO₂e (location based) 124 tonnes CO₂e (market based) 	Greenhouse Gas Protocol Corporate Accounting and Reporting Standard, Revised Edition (the 'GHG Protocol') GHG Protocol Scope 2 Guidance, an amendment to the GHG Protocol Corporate Standard	ISAE 3410

There are no mandatory requirements for the preparation, publication or review of sustainability performance metrics. As such Equitable Bank applies the World Resources Institute/World Business Council for Sustainable Development's Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (the 'GHG Protocol') and its own internal reporting guidelines and definitions for greenhouse gas emissions reporting (collectively the 'Applicable Criteria').



Management's responsibilities

Management is responsible for the preparation and presentation of the Subject Matter Information in accordance with the GHG Protocol and Equitable Bank's internal reporting guidelines and definitions for sustainability reporting, current as at the date of our report. Management is also responsible for determining Equitable Bank's objectives in respect of greenhouse gas emissions performance and reporting and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

Our responsibility and professional requirements

Our responsibility in relation to the Subject Matter Information is to perform a limited assurance engagement and to express a conclusion based on the work performed. We conducted our engagement in accordance with International Standard on Assurance Engagements 3410 Assurance Engagements on Greenhouse Gas Statements (ISAE 3410), issued by the International Auditing and Assurance Standards Board. ISAE 3410 requires that we plan and perform our procedures to obtain the stated level of assurance, in accordance with the applicable criteria.

Independence, quality control, and competence

We have complied with the 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 International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The engagement was conducted by a multidisciplinary team which included professionals with suitable skills and experience in both assurance and in the applicable subject matters.

Assurance approach

We planned and performed our work to obtain all the evidence, information, and explanations we considered necessary in order to form our conclusion as set out below. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Subject Matter Information and applying analytical and other evidence gathering procedures to the Subject Matter Information, as appropriate. Our procedures included:

- Inquiries with relevant staff at the corporate and facility level to understand the data collection and reporting processes for the Subject Matter Information;
- Assessment of the suitability and application of the Applicable Criteria in respect of the Subject Matter Information;



- Where relevant, performance of walkthroughs of data collection and reporting processes for the Subject Matter Information;
- Comparison of a sample of the reported data for the Subject Matter Information to underlying data sources;
- Inquiries of management regarding key assumptions and, where relevant, the re-performance of calculations;
- Walkthroughs of data collection and reporting processes, interviews with senior management and relevant staff; and,
- Reviewing the presentation of the Subject Matter Information in the Report to determine whether it is consistent with our overall knowledge of, and experience with, the sustainability performance of Equitable Bank.

The extent of evidence gathering procedures performed in a limited assurance engagement is less than that for a reasonable assurance engagement, and therefore a lower level of assurance is obtained.

Inherent limitations

Non-financial information, such as that supporting the Subject Matter Information, is subject to more inherent limitations than financial information, given the characteristics of significant elements of the underlying subject matter and the availability and relative precision of methods used for determining quantitative greenhouse gas emissions information. The absence of a significant body of established practice on which to draw allows for the selection of different but acceptable measurement techniques, which can result in materially different measurements and can impact comparability. The nature and methods used to determine such information, as well as the measurement criteria, may change over time.

Our conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that, for the year ended December 31, 2021, the Subject Matter Information, as described above and disclosed in the ESG scorecard on [page 12](#) of the 2021 Equitable Bank ESG Report, has not been prepared and presented, in all material respects, in accordance with the GHG Protocol and Equitable Bank's internal reporting guidelines and definitions for greenhouse gas reporting current as at the date of our report.

Chartered Professional Accountants, Licensed Public Accountants

May 9th, 2022

Toronto, Canada

Reporting frameworks and rating agencies

The ESG reporting landscape in Canada and around the world is evolving. Currently, there are several frameworks and rating agencies that organize and consolidate material ESG metrics for their scoring systems. We took frameworks such as [SASB](#), [TCFD](#), and other industry best practices into account while developing the content for this report and continue to engage with ESG rating agencies through surveys, feedback reports, and informational events.

MSCI, S&P Global Corporate Sustainability Assessment, and Sustainalytics Ratings

In 2021, we maintained an AA MSCI rating (on a scale of AAA-CCC) and engaged with other rating agencies including [CDP](#), [ISS](#), and [Vigeo Eiris](#), part of Moody's ESG Solutions. EQB ranked in the 58th percentile in the banks' industry group in the [S&P Global Corporate Sustainability Assessment](#). As of October 3, 2021, Equitable received an ESG Risk Rating of 21.1 from [Sustainalytics](#) and was assessed to be at medium risk of experiencing material financial impacts from ESG factors. Equitable's ESG Risk Rating places it 244th out of the 1,005 companies in the Banks industry assessed by Sustainalytics.

Currency

Unless otherwise noted, all financial figures in this report are in Canadian dollars.



Reporting period

All data in this report are from our 2021 fiscal year: January 1, 2021 to December 31, 2021. To provide transparent disclosure and the ability to analyze trends, historical data where available and applicable are provided.

Definitions and acronyms

At the end of this report, you will find a section of definitions and acronyms. This section should be referenced alongside the report for clarity.

Welcoming feedback

Our goal is to provide all stakeholders with relevant, insightful information with which to assess our risks, opportunities, and business philosophies. As part of our commitment to continuous improvement, we welcome all constructive feedback in our quest to refine this report in future periods. Please use the following communication avenues to contact us:



 esg@eqbank.ca

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Environmental, Social, and Governance

Environmental, Social, and Governance (ESG) scorecard

Based on our sustainability risk assessments conducted as part of our strategic planning, annual business planning and enterprise risk management program, we have identified the most important areas of risk and opportunity that we currently believe will have the greatest impact on our long-term sustainability, growth, and performance.

Environmental		
Metric	2020	2021
Total greenhouse gas emissions	537,445	610,999
Scope 1 emissions ¹	420	366*
Scope 2 emissions ^{1, 2}	133	124*
Scope 3 emissions	536,892	610,509
Carbon neutrality achieved	✓	✓
Square footage of LEED certified office space	126,972	126,972
% of office space that is LEED certified	77%	78%

¹Data assured by KPMG noted with an *

²The Company applies the GHG protocol Scope 2 Guidance and report Scope 2 emissions using both market-based and location based-methods. Based on current operations, the results for the location-based and market-based methods are equivalent.

Please refer to the [appendix](#) for additional notes related to the use of GHG protocol in the calculation of Scope 1 and 2 greenhouse gas emissions.

Social		
Metric	2020	2021
Total monetary donations to our community	\$405,532	\$636,087
Number of local artists supported	Not reported	90
Total number of digital customers, and average daily growth in the year	173,399 215	250,243 249
Customer satisfaction: EQ Bank Alternative Single Family Residential Reverse Mortgage Business Enterprise Solutions	Not reported	89% 84% 80% 80%
Financing provided to Canadian seniors through reverse mortgages	\$58MM	\$247MM
Percentage of total funding to self-employed customers	53%	59%
Percentage of women in our workforce	50%	51%
Percentage of employees who self-identify as a visible minority ³	50%	47%
Investment in training for our employees	\$328,000	\$937,000
Employee engagement score	81%	80%

Governance		
Metric	2020	2021
Percentage of directors who are independent ⁴	92%	91%
Percentage of independent directors that are women ⁴	45%	50%
Percentage of independent directors who self-identify as a visible minority ⁴	18%	20%
Percentage of active employees who have attested to the Code of Conduct	100%	100%
Average Board tenure	7	6
Percentage of employees who receive training on data privacy	100%	100%

³Excludes Bennington employees.

⁴Figures may differ from those presented in the Management Information Circular, which highlights director election that occurs at the Annual General Meeting each spring.

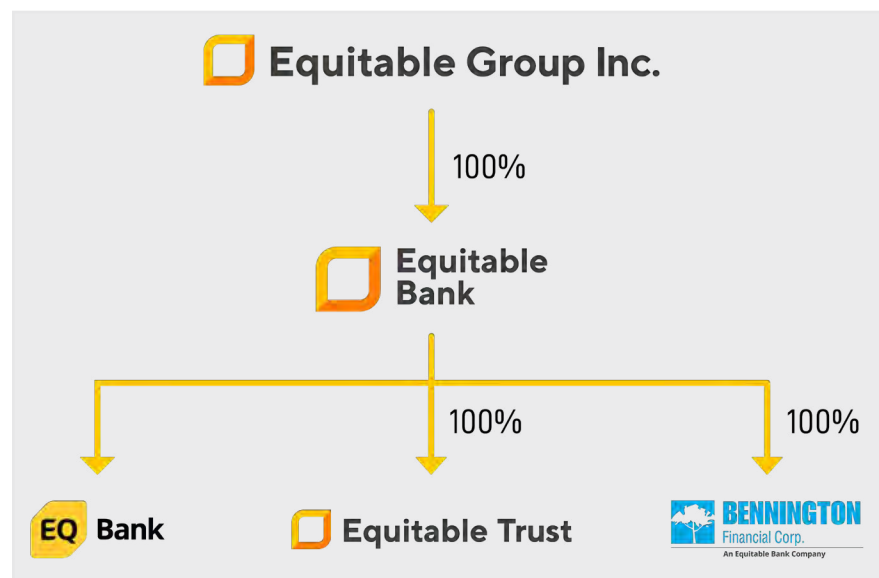
The [appendix](#) includes a comprehensive list of all ESG metrics relevant to Equitable. This list was compiled based on industry best practices, requests from ESG data providers, and the general evolution of ESG data collection, and interpretation.



About Equitable Bank

Equitable Group Inc. (TSX: EQB and EQB.PR.C) operates through its wholly owned subsidiary, Equitable Bank, Canada's Challenger Bank™. Founded in 1970, Equitable has grown to hold total assets under management of nearly **\$42 billion** and shareholders' equity of nearly **\$2 billion** as at December 31, 2021. Guided by our purpose to drive change in Canadian banking to enrich people's lives, we are a growing financial institution that uses responsive customer service, creative thinking, and innovative technology to develop new, no-nonsense ways to deliver meaningful and sustainable stakeholder value. Over **325,000 Canadians** count on our lending and deposit businesses that employ **1,161 Challengers** and the services available 24 hours a day through our digital channels.

Our success comes from nurturing a distinct Challenger culture, where employees work collaboratively to create positive outcomes for the world around us and our stakeholders.



EQ Bank is an Equitable brand and not a subsidiary

With our digital-first, branchless operating model, we provide value and smarter banking through two business lines: Personal Banking, and Commercial Banking. For more information on our core business offerings, please refer to our Management's Discussion and Analysis and Annual Information Form for the year ended December 31, 2021 at <https://eqbank.investorroom.com>

Befitting our status as Canada's Challenger Bank™, we are strong proponents of Open Banking, Real-Time Rail for payment modernization and the creation of digital identities, as we believe these innovations will benefit Canadians. Our CEO is on the Advisory Board of the [Open Banking Expo](#), a global community of Open Banking and open finance executives responsible for digital transformation across the Canadian financial services sector. He also serves on the judging panel for the Open Banking Expo Awards.

Key highlights:

325,000
Customers

\$42 billion
AUM

8th Largest
Canadian Bank

1,161
Challengers

Personal banking

Equitable's Personal Banking business line serves 310,000 Canadians, with total loans under management of approximately \$22 billion.

Our diversified personal banking product suite consists of single family loans, home equity lines of credit, and retirement decumulation solutions, which include reverse mortgages, loans backed by insurance policies. Loans are originated through the independent mortgage broker and financial advisor channels and third party financial institutions.

Our savings products are offered through EQ Bank (our digital banking platform – the first in Canada hosted in the cloud – which provides leading digital banking solutions and unprecedented value to all customers), Equitable Bank, Equitable Trust, and a network of independent financial planners and brokers.

EQ Bank is one of just a few digital bank platforms in North America hosted in the cloud. Cloud technology allows us to move quickly, securely, and cost effectively when we innovate new savings products and services for customers, which we do on a regular basis. In 2021, EQ Bank served approximately 250,000 Canadians and grew its customer base by 249 customers per day, on average. With this level of growth and increasing customer use of our digital services, EQ Bank is quickly becoming a primary banking option for Canadians.

In 2021, we lived our vision by expanding EQ Bank's innovative financial services to address the core banking needs of Canadians at all stages of life, while enriching the customer experience from end to end. To achieve this, we:

- Launched our US Dollar Account with a competitive exchange rate and interest rate, enabling customers to easily convert currencies and save money in US dollars
- Improved our *Interac* e-Transfer® process, by significantly enriching the customer experience, modernizing the underlying technology infrastructure, and setting the groundwork for EQ Bank to be an early participant in the Real-Time Rail (RTR)
- Partnered with *nesto* to launch Mortgage Marketplace, a service that allows our customers to shop over 2,000 mortgage products offered by Canadian lenders to get the best rates in the market
- Increased the number of currencies offered through our innovative and cost-effective international money transfer service to 49 currencies

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Commercial banking

Equitable's Commercial Banking business line serves over 18,000 customers, with total loans under management of \$16 billion. Our diversified Commercial Banking product suite consists of mortgages (lending on multi-unit residential, industrial and office buildings, and other commercial property), specialized financing solutions, and equipment leases. Our products are offered through a network of independent mortgage and leasing brokers, lending partners, third-party financial institutions, and direct to Canadian businesses. Among our 2021 key milestones, we:

- Delivered record originations across the Commercial Banking business lines including total conventional origination growth of 51%, leading to portfolio growth of 28%
- Completed the roll out of the RAISE underwriting platform, a multi-year project undertaken to digitize our core Commercial underwriting processes
- Completed the technology integration and onboarding of new partner relationships to grow CMHC insured originations in future years
- Grew the lower risk "prime" equipment finance assets with these leases now comprising 32% of the equipment leasing portfolio

Bennington, a wholly owned subsidiary of Equitable Bank and part of our Commercial group, is a commercial vehicle and equipment finance company, providing solutions for

businesses across Canada. Bennington strives to provide competitive, unique, and innovative equipment financing products and services to help end customers achieve growth and capability.

In 2021, Bennington surpassed \$700 million in loans under management. 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 a wide range of credit profiles.

Continuing focus on innovation

With our continuous focus on innovation, product development, and integration of fintech and emerging technologies, we are well positioned to make it easier for all Canadians to reach their financial goals, with fingertip access to valuable financial products and services. As customers increasingly choose to bank digitally, we continue to grow our digital platform so that we can offer a banking ecosystem best fit for Canadians in all walks of life. We are positioned for broad and anticipated developments in three areas: Open Banking, payment modernization, and digital identity. For more information, please refer to our Management's Discussion and Analysis for the three and twelve months ended December 31, 2021, at <https://eqbank.investorroom.com>.



Challenger Bank purpose

Our purpose is to drive change in Canadian banking to enrich people's lives. As a Challenger Bank, we continuously strive to expand our product and service offerings to address evolving consumer needs and pain points and to diversify our business. We push the boundaries of imagination and speed at which we bring services to market, by leveraging our capabilities and partnership models. As we explore growth and partnerships, we strive to ask smart questions about our own personal banking behaviours to trigger value moments that lead us to better ways of banking – those that are simpler, deliver more value, and drive positive life changes. Our innovations are intended to nudge our customers to ask similar questions. Through a thoughtful, customer-centric approach that instills trust and manages risk, we seek to redefine banking to make it uncomplicated, frictionless, and intuitive.

Challenger ESG pillars

The activities that drive our ESG agenda are best defined within the following five pillars. In this report, we provide detailed metrics and discussion on the critical topics included within each pillar.

	Environmental	Social			Governance
	Climate	Customers	Community	Challengers	Controls and capital
Description	Our business and all stakeholders are dependent on a healthy climate. We consider the following within our climate strategy: emissions, targets, risks, governance, and products and services. We are focused on doing our part to conserve resources and preserve/protect the natural environment.	Our Bank would not exist without customers. Since our customers have choices of where to bank, our differentiating purpose is to drive change in banking to enrich people's lives. We work tirelessly to provide a best-in-class customer experience, and products that serve this purpose.	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.	All 1,161 employees of Equitable are Challengers as they deliver our Bank's purpose. As a matter of principle, structure, strategy, and practice, the Bank seeks to develop, empower, reward, and nurture its Challengers.	These are the principles by which we are governed. 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.
Stakeholder groups	All Canadians	Canadian consumers and businesses Permanent residents and newcomers to Canada Canadian seniors	Mortgage brokers Business partners / suppliers Community partners Charities Artists	Current employees Prospective employees Former employees	Customers, shareholders, bondholders, regulators Board of Directors, Executive Management

Challenger ESG Framework

We are keenly focused on the role we play in people’s lives as Canada’s Challenger Bank™. It is important for us to do business in ways that make Canada more sustainable, inclusive, and responsible. By ensuring effective governance structures exist within the Bank, optimizing our efficiency and environmental footprint, and supporting social causes, we create value for all stakeholders. We consistently evaluate how each of our five ESG pillars lines up with our corporate values, which guides us to live our purpose every day.

	Environmental	Social			Governance
Our values	Climate and impact	Customers	Community	Challengers	Controls and capital
Respect	We work collaboratively with our peers, customers, Challengers, and communities to minimize the impact of climate change.	We embrace our customers with compassion, celebrate their diversity, and work to ensure our approach helps them to thrive.	We pursue opportunities for engagement, celebrate the diversity of our local communities, serve underbanked groups, and learn and grow as an organization from our interactions.	We provide our employees with meaningful work and opportunities for advancement and growth.	We are led by skilled individuals with diverse backgrounds who use their varied experiences to drive change that delivers value to our stakeholders, while building our inclusive culture.
Integrity	We are intentional: we only promise what we can deliver, and we measure, disclose, and manage what matters for the environment.	We deliver value through cost-effective financial solutions, transparency, inclusive communication, and an obsession with privacy.	We are committed to justice and reconciliation in all communities across Canada.	We treat employees fairly through clear and honest training and development, provide transparency on roles and expectations, and clearly live our corporate values.	We protect privacy, manage risk, and do good because we want to, not just because we have to. We use proven governance frameworks and controls, provide transparent reporting, and manage risk through processes that ensure ethical behaviour.
Service	We focus on operational efficiency and zero-waste, empowered by our branchless, digital-first business model.	We believe that all customers are entitled to accessible and flexible banking, accompanied by exceptional service.	We work with like-minded community partners who share our values and amplify their missions, while making authentic differences through thoughtful contributions.	We listen to our people and make changes, protect employee health and wellness, and strive for full engagement.	We forge Board and management relationships with key stakeholders, and treat our investors like our customers, by developing products and services that do good and enrich Canadians’ lives.
Empowerment	We aim to support our customers, communities, employees, suppliers, and regulators as they continue along their decarbonization pathways through a shift to green initiatives, products and services.	We offer education, customer-centric product development, and support. We constantly research customer behaviour and are there when our customers need us to empower them.	We support local arts and charitable causes with time, money, and education to enhance their ability to serve key stakeholders and help communities build resiliency.	We give our employees responsibility and autonomy by minimizing traditional hierarchies, and opening avenues for them to show value, innovate, develop, and connect over our shared purpose.	We deploy governance structures that enable confident decision-making while maintaining checks and balances. We deploy capital responsibly to customers and businesses who align with our values.
Agility	We track and assess climate and environmental risks as they emerge, keep a pulse on industry developments, and stay responsive to customer needs resulting from climate-related disasters.	We are receptive to customer needs at all times including during periods of economic strife through customer care, and we rely on data and advanced cloud technology to stay responsive.	We recognize the changing shape of our communities by addressing the needs of underserved groups, and offering products that keep pace with demographic and psychographic changes.	We encourage our employees to challenge the status quo, develop ideas, create solutions, and be prepared to pivot to address opportunity and risk.	We have efficient risk, monitoring, and reporting mechanisms that allow us to address challenges in real-time and focus on new opportunities for effective product development.



Challenger Bank stakeholder engagement

Successful execution of ESG priorities requires meaningful stakeholder engagement as well as smart management decisions. Why we do what we do comes down to understanding the needs of our stakeholders, so it is necessary for us to engage deeply and broadly.

The mandate for our Board of Directors explicitly outlines a requirement for receiving external feedback. This sets a tone from the top and sends a signal to everyone at Equitable Bank to do the right thing, the right way, and in alignment with the needs of our stakeholders. At the management level, we converse regularly with shareholders to understand ESG issues and opportunities from their perspectives, and engage with our employees on subjects that matter to them. A practical example exists in our [Employee Resource Group \(ERG\)](#) model. Our employees at all levels engage with customers, business and community partners, creating a virtuous cycle of information and understanding.

Industry engagement

We are an active participant in the [Canadian Bankers Association \(CBA\)](#) and the [Banks and Trust Companies Association \(BATCA\)](#). Our CEO is a member of the Executive Council of the CBA and Chair of BATCA. The CBA is the voice of banks operating in Canada and as such, advocates for public policies that contribute to a sound, thriving banking system to ensure Canadians can achieve their financial goals. It also develops industry consensus on regulatory changes and issues impacting the banking sector. BATCA aims to foster sound and equitable principles in the conduct of all segments of the industry with a focus on issues relevant to small and mid-sized banks, like Equitable, and promotes the interests and welfare of the industry in consultation with governments, consumer groups, financial institutions, and the public.

We are also an active member of the Global Risk Institute (GRI). The GRI brings together leaders from industry, academia, and government to draw actionable insights on a wide range of risk practices which includes sustainable finance and climate risk.

Through these organizations, we gain insight into industry developments, share experiences with other financial institutions, and engage with regulatory bodies on emerging issues and legislation.

Challenger Bank perspectives

COVID-19 pandemic

The COVID-19 pandemic caused a shift in the way we communicate, do business, consume products, and communicate with others. As one example of a behavioural change among Canadians, the pandemic encouraged a pivot to digital. If we can work, exercise and shop at home, why can't we bank at home? The answer is, we can and throughout 2020 and 2021, many Canadians embraced our EQ Bank platform to do so. Over this two-year period, EQ Bank's customer base grew by 154,888 to 250,243 and deposits grew by \$4.3 billion to \$7.0 billion. Our dedication to offering a digital platform that is capable, convenient, intuitive, and accessible to all Canadians allowed us to help people navigate the pandemic.



While we saw some positive developments stem from COVID-19, the pandemic was disruptive, challenging, and heartbreaking for many Canadians. In this context, it was important for the Bank to take a measured approach to addressing the situation within our risk tolerance framework and commitment to responsible, compassionate action. At a high level, we employed five steps:

- **Validation:** We took guidance from qualified health personnel, regulatory bodies, and governments on the nature of the virus and its potential to harm the health of our employees. As we are a digital, branchless financial institution, we knew there would be no effect on the health of our customers from our service activities.
- **Assessment:** Our crisis management committee assessed the scale of the problem, stayed attuned to the progress of the virus, and identified potential responses.
- **Solution:** Steps included work from home arrangements, VPN services, fresh workflows, and the introduction of mechanisms to maintain a high level of productivity.

- **Communication:** Stakeholders, including employees, business partners, customers, and investors, were kept informed of how the Bank was responding to the pandemic, including key steps that would affect them.
- **Monitoring:** The Bank actively followed the rise and fall of the various strains of the virus and public health guidelines, and adjusted its return to office plans/timing to ensure the safety and wellbeing of its workforce.

Open Banking

Equitable is an advocate for Open Banking because we believe it will have a significant, positive, and empowering impact on our customers and the Canadian economy. Among our recent advocacy efforts, our CEO gave a keynote address to the thought-leading members of the Empire Club in December 2021 entitled “Open Banking: A Societal Imperative for Canada.”

By definition, Open Banking is a policy prescription that can inject dynamism into Canadian society by ensuring that citizens are free to use the data generated by their

financial transactions to improve their lives. In simple terms, Open Banking allows consumers and businesses to access their own data including savings, spending, credit, and borrowing histories across every financial institution they deal with, and then safely and securely share that information with regulated third parties who use it to provide customized services. The central idea is when consumers have the power over when and how to share their financial data, suppliers of capital and services will respond by creating tailored products including better-priced offerings using that data. The outcome – greater competition and more innovation – will benefit Canadians across all parts of the economic spectrum. We also support Open Banking because it gives more control to consumers, empowers Canadians to make fully informed decisions about their financial lives, and eliminates the current and comparatively risky practice of screen scraping.

Other Western societies including the UK and Australia have been faster at adopting Open Banking than Canada. However, an Open Banking Advisory Committee of Canada’s Ministry of Finance recently recommended a limited initial phase of Open Banking with an operational date of January 2023. We remain optimistic that Open Banking will be advanced with a customer-centric approach that would ensure a fair market, with user-permissioned data bringing innovation to our industry.

For more information on Open Banking, visit <https://eqbank.investorroom.com/open-banking>

Our commitment to reconciliation

Equitable recognizes that its Toronto office is situated on the traditional territory of many Nations including the Mississaugas of the Credit, the Anishnabeg, the Chippewa, the Haudenosaunee and the Wendat peoples. We also recognize that we are here without consent on land that is home to many First Nations, Inuit, and Métis people. We honour the enduring presence of Indigenous peoples on this land and pay respect and gratitude to Elders, past and present.

Equitable is committed to **reconciliation** and **allyship** as an extension of our core values. It is not enough to acknowledge past hardships: we must also take action by creating immediate change and committing to ongoing work.

September 30th, 2021 marked the first National Day for Truth and Reconciliation in Canada. Leading up to that historic day, Equitable's senior leaders prepared and shared a video challenge to encourage all staff to pledge an act of reconciliation. Many Challengers chose to share their pledges on the company intranet. These included listening to podcasts, visiting museums, reading books to their children, and participating in Indigenous-specific training courses, such as the University of Alberta's [Indigenous Canada course](#). These actions expanded conversations around the injustices faced by Indigenous peoples – including those directly affecting our own coworkers. On this same day, Bennington sponsored concerts from two Indigenous musicians for employees

and their families. Tom Wilson, a renowned Canadian Indigenous musician, and Shannon Thunderbird, a [Coast Tsimshian First Nations](#) singer-songwriter, speaker, educator, recording artist, playwright, and author, shared songs, stories, and experiences that highlighted the need for Truth and Reconciliation.

At a practical level, we are working to try and ensure that there are no systemic issues to Indigenous Canadians accessing financial services and have attended education sessions, engaged with regulators and made changes to our onboarding process. With this goal in mind, we introduced the [AI-powered onboarding](#) functionality which allows for easy onboarding using a valid government ID, including a Certificate of Indian Status. This work is one of many intentional efforts designed to educate and encourage bank-wide participation towards creating meaningful change.

Challenger Bank recognition

In April 2021, EQ Bank was named the #1 Bank in Canada on the Forbes World's Best Banks 2021 list. In April 2022, EQ Bank solidified its stature on this list as the top Schedule I bank in Canada for the second year in a row. The World's Best Banks are selected based on over 43,000 consumer surveys representing 28 different countries. Knowing that these awards are based on such elements as trust and customer service instills great pride and demonstrates that the Bank is living its purpose and following through on its commitments.



EQ Bank was also recognized by Ratehub.ca with three Personal Finance Awards (PFAs): Canada's top high-interest savings account, top RRSP savings account, and top TFSA savings account. With more than 1.2 million users, Ratehub's awards are a meaningful benchmark for our industry, and we were proud to sweep all three savings product categories and to receive praise from Ratehub.ca, including this: EQ Bank "provides an intuitive easy-to-use website and smartphone app experience, with the ability to set up recurring deposits to automate your savings (specifically for EQ Bank's high interest Savings Plus Account) and Electronic Fund Transfers that allow you to move large sums of money between different banks (up to \$100,000 in as little as five business days)." The inaugural PFAs recognized offerings that made it easier for Canadians to choose the best options to achieve their financial goals. Equitable's award-winning performance is a testament to the strength and depth of our savings products and services.

Recognition was also given for improvements to the Bank's ESG disclosure. By providing further transparency with rating agencies, the Bank's Sustainalytics risk ranking was reduced by more than one point to 21.1, and we moved up to the 58th percentile of respondents to the S&P CSA after completing the survey for the first time. These are both positive indicators of improvement, and we aim to continuously improve our ESG disclosure to instill trust in our stakeholders.

In 2021, we maintained our AA MSCI rating (on a scale of AAA-CCC), continued responding to the CDP climate change questionnaire, and engaged with other rating agencies including ISS and Vigeo Eiris, part of Moody's ESG Solutions.



Challenger Bank commitments

In a [November 2021 announcement](#), Equitable noted it was carbon neutral in Scope 1 and 2 greenhouse gas (GHG) emissions for 2020. The Bank is committed to remaining carbon neutral in future years.

We believe that *what gets measured gets managed*, and our commitment to doing both is an important first step in our approach to operational emissions. The Bank's Scope 1 and 2 GHG emissions decreased by 11% in 2021 to 490 tCO₂e from 553 tCO₂e in 2020.

In early February 2022, Equitable announced an agreement to acquire Concentra Bank, expected to close in the second half of 2022. Furthermore, the Bank's headquarters location will move to a [brand-new office building](#) in 2023. The Bank is going through a period of change, and as a result, we have made the strategic decision to delay the process of setting emissions reductions targets.

As we build out our climate commitments with an expected base year of 2023, we will leverage resources and partnerships to ensure that the goals we set are concrete, attainable, and contribute to the Canadian government's objective for Canada to become net zero by 2050.

Climate and Environment



Lake Louise, Alberta, Canada

Climate and environment

Why it matters to Equitable Bank

Climate change is a serious threat to our world that has recently precipitated devastating flooding and forest fires in British Columbia, where some of our customers, employees, shareholders, and business partners reside. Beyond the human costs of climate change, there are also economic costs that are likely to increase in future years, both in respect to property damage/loss and government-driven mitigation strategies. Equitable Bank recognizes that we must do our part to protect and preserve Canada’s natural environment and address the causes of climate change. Our digital, paperless business and branchless operating model provides us with an environmental edge in the form of a low-carbon footprint. We are the only bank out of the nine largest banks on the S&P/TSX Composite Index that operates without a retail presence, and the only bank in Canada to host its digital core banking system in the cloud. According to a [study](#) conducted by Microsoft Corporation and WSP, the Microsoft cloud is up to 93% more energy efficient and as much as 98% more carbon efficient than on-premises solutions. Beyond these structural advantages, we acknowledge that we can and must do more. Consequently, we are evaluating how to include climate impact in our financing decisions, how we can constructively incent lower carbon emissions for our customers, and how we can contribute to a net zero transition for Canada.

2021 Climate and environment highlights

- Became **carbon neutral in Scope 1 and 2 emissions** for 2020 and committed to carbon neutrality going forward.
- Disclosed the Bank’s **entire Scope 3 GHG emissions’ portfolio**, including financed emissions; a first for Schedule I Canadian banks, made possible by our sophisticated data management systems and comprehensive understanding of our customers’ business activities.
- Continued to **manage our operational footprint** using a hybrid work from home/office workforce model throughout the pandemic.
- Developed a **climate strategy** to guide our actions over the short-, medium- and long-term, and began to work on key subjects such as **target setting** and **risk management**.

Links to resources

[Carbon Neutrality](#)

Connection to ESG Framework

	Environmental	Social	Governance
Our values	Climate and impact		
Respect	We work collaboratively with our peers, customers, Challengers, and communities to minimize the impact of climate change.		
Integrity	We are intentional: we only promise what we can deliver, and we measure, disclose, and manage what matters for the environment.		
Service	We focus on operational efficiency and zero-waste, empowered by our branchless, digital-first business model.		
Empowerment	We aim to support our customers, communities, employees, suppliers, and regulators as they continue along their decarbonization pathways through a shift to green initiatives, products and services.		
Agility	We track and assess climate and environmental risks as they emerge, keep a pulse on industry developments, and stay responsive to customer needs resulting from climate-related disasters.		

Climate strategy

To guide our initiatives over the short- to medium-term, in 2021 we developed a climate strategy. It rests on four key pillars:

- 1 Perfecting our internal capabilities**
 Ensuring proper governance and management of climate-related risks and opportunities; leveraging our data and technology capabilities to enhance analytics
- 2 Enriching people's lives**
 Identifying product and service offerings to drive growth and change in the lives of our customers, suppliers, and employees
- 3 Committing to our strategy through tangible goals**
 Backing up our climate ambition with specific emissions and financial targets
- 4 Reporting, disclosures, and compliance**
 Transparently disclosing results in keeping with industry standard practices, frameworks relevant to our business and evolving regulations

We are motivated to align our environmental actions with this intentional strategy, and will report on our progress and evolution in future editions of this report. Of note, when we developed this strategy, we evaluated several components relevant to climate, and proceeded with those integral to stakeholder and Bank sustainability. As Canada's Challenger Bank™, we recognize that we will not be all things to all people.

Greenhouse gas emissions

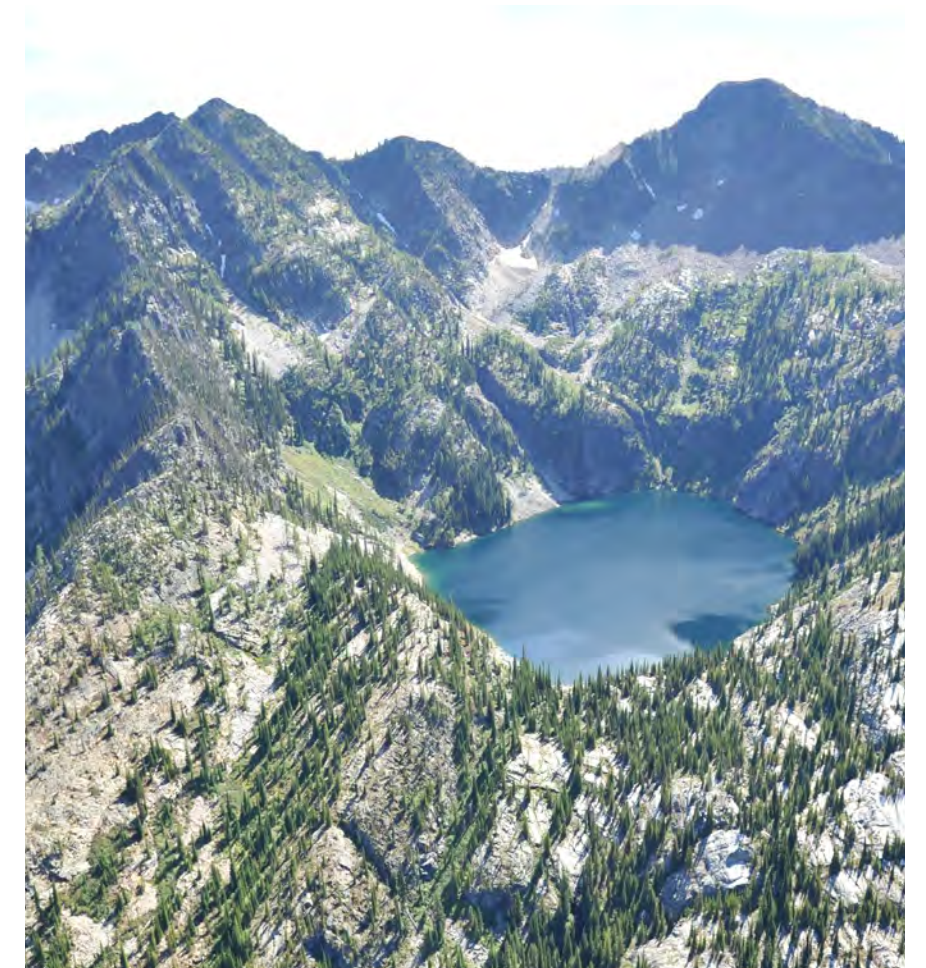
Metric	2020	2021
Scope 1 GHG emissions ¹	420	366*
Scope 2 GHG emissions ^{1,2}	133	124*
Carbon credits purchased	553	490
Scope 1 and 2 carbon neutrality	√	√
Scope 3 GHG emissions	539,711	610,509
Category 1: Purchased goods and services	4,371	4,882
Category 2: Capital goods	117	539
Category 3: Fuel and energy-related activities	104	90
Category 5: Waste in operations	8	12
Category 6: Business travel	279	121
Category 7: Employee commuting	461	433
Category 15: Investment emissions (i.e., financed emissions)	531,552	604,432

¹Data assured by KPMG noted with an *

²The Company applies the GHG protocol Scope 2 Guidance and report Scope 2 emissions using both market-based and location based-methods. Based on current operations, the results for the location-based and market-based methods are equivalent.

Please refer to the [appendix](#) for additional notes related to the use of GHG protocol in the calculation of greenhouse gas emissions.

A low carbon footprint is a structural feature of our digital, paperless, business and branchless operating model. In 2021, we made significant progress in measuring our greenhouse gas (GHG) emissions, becoming the first Schedule I bank in Canada to disclose our entire Scope 1, 2, and 3 GHG emissions. This significant accomplishment was enabled by the Bank's sophisticated data management systems and comprehensive understanding of customers' business activities.



Darkwoods Conservation Area, B.C., Canada



Scope 1 and 2 emissions are those resulting from carbon-producing activities at our office locations. Our branchless structure not only leads to financial efficiencies, but also affords an extremely low emissions intensity in comparison to the average of our peer group. Even with a low emissions intensity, we felt it was important to offset these emissions by becoming carbon neutral in our Scope 1 and 2 emissions. To do so, we purchased Verified Carbon Standard (VCS) emission reduction credits for the Darkwoods Forest Conservation in partnership with Natural Capital Partners, a leading provider of carbon neutrality and climate finance solutions. Located in B.C., Darkwoods is the single largest private land conservation project in Canada. In line with our Challenger ethos, it was important for us to support a project in Canada that we will be able to follow for years to come. For more information, please read our [press release](#).

As noted, we are committed to maintaining carbon neutrality in our Scope 1 and 2 GHG emissions. Consistent with our strategy, we intend to create meaningful reduction targets and climate commitments that align with the Bank’s purpose, and give customers, shareholders, partners, and our team the means of evaluating our performance and risks. We are staying abreast of evolving trends and guidance in our industry, and will create our reduction targets based on science and industry best practices.

Operational impact

We are the only bank out of the nine largest banks on the S&P/TSX Composite Index that operates with a branchless approach, and the only bank in Canada to host its digital core banking system in the cloud, giving us the advantages of scalability, reduced costs in the long run, enhanced security, and agility to change our products and services quickly. We invest in the energy efficiency of our operations, product development, and integration of fintech and emerging technologies.

Our office locations are easily accessible by public transit, and we use video conferencing in lieu of travel for business to reduce carbon emissions.

Before the COVID-19 pandemic, approximately 2% of our employees travelled on a regular basis by plane. Between March 2020 when the pandemic was declared and December 31, 2021, our employees worked in a hybrid format – partially working from home and partially working in the office – and travel for business was greatly reduced along with resulting emissions.

Our current corporate head office was designed using Leadership in Energy and Environmental Design (LEED) Green Building System for Environmental Design standards and became LEED certified in 2018. This certification provides verification that an office was designed and built keeping environmental health and sustainability in mind. We lease 163,142 square feet of offices across Canada and use this space responsibly. In Toronto, our customized interior features low-energy consumption LED lighting and sensors that automatically extinguish lights when rooms are not in use. We manage recycling efforts and discourage use of single-use plastics.

Greenhouse gas emissions and waste

Metric	2020	2021
Energy use (GJ)	17,178	15,866
Electricity purchased (GJ)	9,227	8,961
Total waste (metric tonnes)	33.9	50.2
Waste recycled (metric tonnes)	20.6	30.5
Leased square footage	164,527	163,142
Square footage of LEED certified office space	126,972	126,972
% of office space that is LEED certified	77%	78%

Spotlight: Road to EQ Bank Tower

Equitable Bank's headquarters will move to the new, state-of-the-art EQ Bank Tower at 25 Ontario Street in the downtown east core of Toronto in 2023. This move was precipitated by growth, as our Challenger workforce could no longer be efficiently accommodated at our current head office in mid-town Toronto. We are energized by the opportunity to leverage new building designs and accommodate our growing workforce. As we don't see ourselves as a traditional bank, operating just outside the financial district provides the appropriate location for our workforce culture. 25 Ontario will also serve as a cost-effective destination to achieve our long-term goals, with relative leasehold savings passed along to customers.

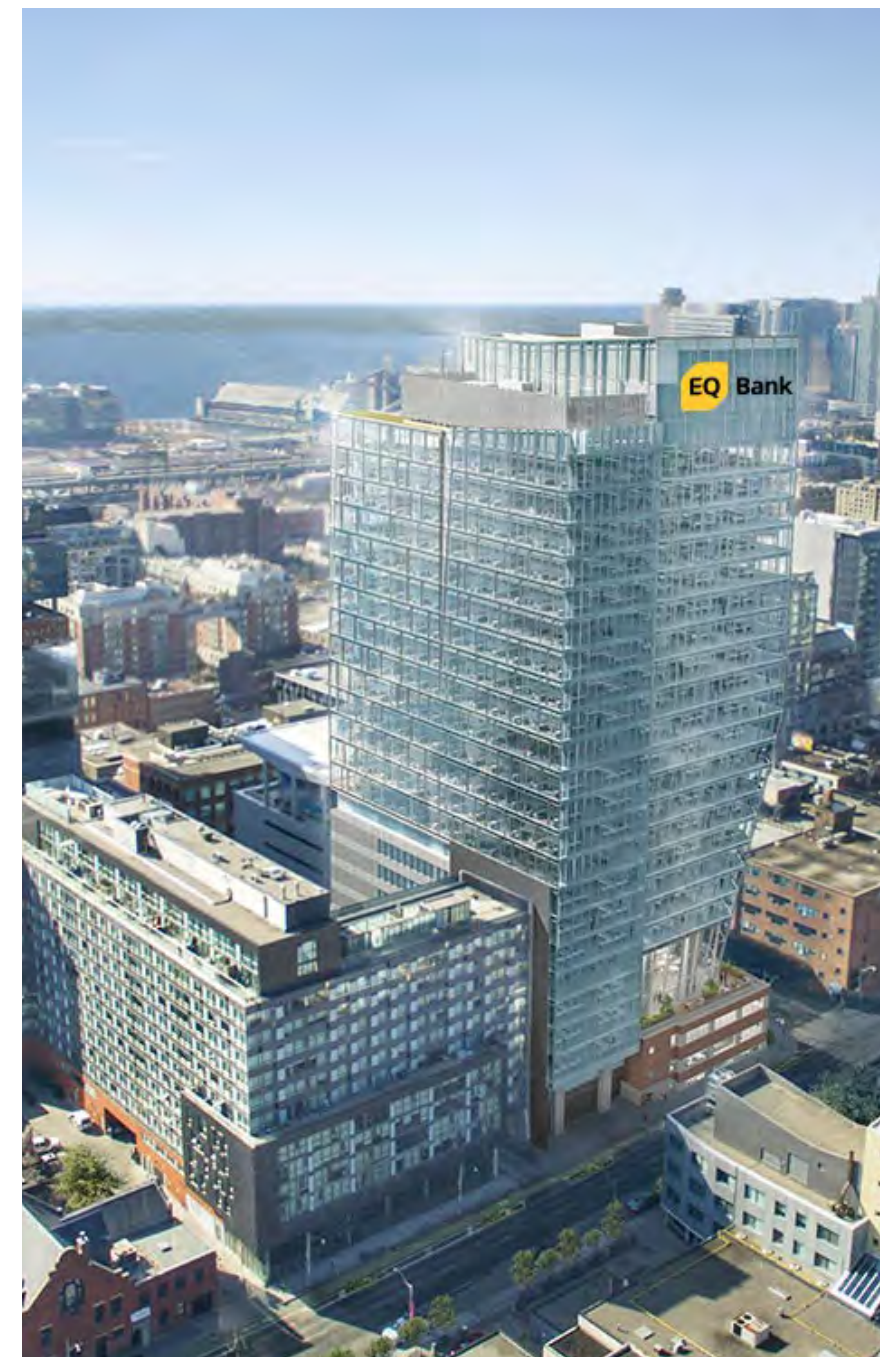
As we prepare for this move, we are taking health, well-being, acoustics, sustainability, and accessibility into account. 25 Ontario will incorporate advanced audio/visual technology to accommodate a hybrid working model from the start. This model will reduce employee commuting and travel-related emissions, and encourage work-life balance.

25 Ontario is pursuing Leadership in Energy and Environmental Design (LEED) Core and Shell certification as well as WELL Core and Shell certification. For our tenanted floors, we are pursuing LEED Interior Design and Construction, LEED Operations and

Maintenance, and the WELL Building Standard as it applies to New and Existing Interiors. Combined, this means we will create and occupy a space that is resource-efficient and resilient, and an environment for our employees that is healthy and conducive to teamwork and strong productivity.

To further our ambitions and commitments, we are working with an accessibility consultant and the Rick Hansen Foundation to integrate universal design, and ensure our future home is proactively inclusive for all. We plan to use the Rick Hansen Foundation Accessibility Certification (RHFAC) to certify the level of access at our site.

In our future corporate home as in our existing facility, we are committed to reducing carbon emissions, saving water, conserving energy, and reducing waste. Equitable's Green Team has proposed several ways to weave sustainability into the design of our new head office, such as staying paperless, cleaning with green materials, and acquiring sustainably made furniture sourced through a local vendor.





Darkwoods Conservation Area, B.C., Canada

Task Force on Climate-Related Financial Disclosures (TCFD) action plan: Report on progress and update on go-forward plans

TCFD was established in 2015 by the Financial Stability Board (FSB), a G20 body charged with developing a set of consistent disclosure recommendations for companies to use, when providing information about climate-related financial risks and opportunities. The TCFD provides useful definitions that frame key issues for investors in assessing climate-related risks and opportunities. Equitable is a supporter of the FSB's TCFD recommendations and plans to continue enhancing reporting on climate-related disclosures.

We see TCFD as a framework that will guide our ongoing efforts to formalize practices around climate-related risks and opportunities, with the intention of doing more each year. In 2021, the Bank performed a comprehensive analysis of what it takes to report on climate-related risks and opportunities based on the framework provided by the TCFD.

In the context of Equitable's recently announced intention to acquire Concentra Bank, which is expected to close in the second half of 2022, we have made the decision to not assign timelines to the TCFD action plan until we close the Concentra Bank acquisition and build a current state understanding of climate-related actions within Concentra Bank.

This section (pages 28-30) outlines actions that we have taken in 2021 and plan to take in future years as we begin to operate under our new climate strategy, perfect our internal capabilities, and add sophistication to our climate-risk management. We will continue to evolve our TCFD reporting in future years.

TCFD action plan: Report on progress and update on go-forward plans

Our 2021 accomplishments set the foundation for coming years, as we embed climate strategy into the Bank's overall strategy outlined in phases 1, 2, and 3.

2021 Accomplishments	<ul style="list-style-type: none"> • Measured and disclosed entire greenhouse gas emissions portfolio • Began measuring and reporting metrics related to organizational energy use, water use, and waste management • Reviewed existing climate disclosures to identify gaps to TCFD recommendations and best-in-class peers • Assessed desired future levels of climate-related disclosures based on gaps and developed a preliminary TCFD action plan • Reviewed the TCFD framework with the Board of Directors to refine the action plan on climate-related disclosures 		
	Phase 1	Phase 2	Phase 3
Governance	<ul style="list-style-type: none"> • Designate management-level responsibility & processes for sharing climate-related information • Designate Board responsibility for climate-related matters and define frequency of discussion 	<ul style="list-style-type: none"> • Develop an incentive structure linked to climate-related initiatives • Establish management-level processes for assessment and management of climate-related risks 	<ul style="list-style-type: none"> • Establish process for Board management of climate-related information
Strategy	<ul style="list-style-type: none"> • Establish a process for determining and prioritizing climate risks and opportunities 	<ul style="list-style-type: none"> • Identify climate-related opportunities • Identify transition, physical, and regulatory risks • Determine and explain how climate risks and opportunities will impact strategic planning 	<ul style="list-style-type: none"> • Plan to conduct a climate scenario analysis to assess exposure & strategic resilience • Ensure strategic alignment with the Paris Agreement
Risk management	<ul style="list-style-type: none"> • Assign responsibilities for decision-making in relation to climate risks • Categorize climate risks as per TCFD recommendations 	<ul style="list-style-type: none"> • Determine how climate-related risks are identified and assessed relative to other enterprise risks • Establish how climate risks are reflected in risk management processes, including materiality 	<ul style="list-style-type: none"> • Establish processes for integration of climate-related risks within credit/investment decision-making
Metrics and targets		<ul style="list-style-type: none"> • Establish science-aligned scope 1 & 2 GHG emissions target • Establish an internal carbon price 	<ul style="list-style-type: none"> • Commit to setting a science-based GHG emissions target (all scopes) • Track lending or financing activities associated with climate-related risks and opportunities

Governance

Equitable is actively committed to establishing the appropriate level of Board and Executive Management-level guidance over climate-related risks and opportunities. As we establish formal governance, we will consider the appropriate data, delivery, and frequency of climate-related reporting in relation to recommendations and guidelines from governing bodies, and will evaluate the appropriate department within the organization for this accountability to sit.

Board oversight

We believe climate risks and opportunities are specific and important subsets of environmental sustainability matters. Given this perspective, we will explicitly define distinct Board responsibilities for climate-related issues, establish a process for Board oversight of such matters, and define the frequency of Board meetings dedicated to this topic.

Management oversight

To encourage ownership over, and engagement with climate-related metrics and targets across the organization, we will undertake the following actions to ensure proper management oversight of climate-related risks and opportunities:

- Designate management-level responsibility, and establish the process by which climate information is shared.
- Develop an incentive structure linked to climate-related initiatives. In 2022, executive compensation will be impacted as it relates to Scope 3 supply chain data.
- Decide how senior management will be educated on climate change and associated risks and opportunities
- Establish the process for assessment and management of climate-related risks at the management level

Strategy

Part of our broader climate strategy includes a focus on climate-related risk. It is important for our Bank to work through the exercise of identifying climate-related risks and opportunities, integrating them within our strategic planning process, and conducting the proper analysis to understand the Bank's resilience across various climate scenarios. This work lies ahead.

Risks and opportunities

A first step for the Bank will be to establish a process for identifying and prioritizing climate-related risks and opportunities. We believe that a formal process will provide the proper structure to be thorough in our analysis of this prominent risk. It is also important to consider the various types of climate-related risks, including transition, physical, and regulatory risks. We look forward to formally considering the opportunities associated with the transition to a low-carbon economy, consistent with our purpose of enriching people's lives.

Impact on strategic planning

Our strategic planning process will consider short-, medium- and long-term time horizons for climate-related matters. This will help us communicate how climate risks and opportunities will impact our strategic plans over the foreseeable future. This crucial step will make an important connection between our business strategies and our climate strategy.

Resilience under climate scenarios

Completing a climate scenario analysis enables us to assess the potential impacts of climate-related risks to support the development of business resilience strategies and enable asset allocation decisions. We understand the detriments of climate change and to avoid its effects, we must align with the Paris Agreement target of keeping global warming below 1.5°C.

Risk management

The benefit of aligning with the TCFD framework is its transferability across several different types of risk. Equitable has a strong track record of prudent risk management. The most obvious and longstanding risks faced by our organization are outlined in detail in our annual MD&A. Consequently, our existing risk management practices lend well to addressing climate risk. A discussion of our current approach to this risk is available starting on page 78 of our [Q4 and Annual 2021 MD&A](#). As we build out our understanding of climate-related risks, we will work to identify, categorize, manage, price, and integrate these risks into our credit and investment decision-making.

Identification

We will determine the most appropriate way for our business to align climate-related risk identification with the Bank's broader Enterprise Risk Management Framework. Further, we will ensure that risks are categorized according to the industry standard for physical and transition risks.

Management

Once the proper identification process is outlined, we will assign responsibilities for decision-making in relation to climate risks. For transparency, we will clearly articulate how we consider the intensity of climate risk from a financial impact perspective relative to other enterprise risks.

Integration

As we become more sophisticated in our climate risk management, we will consider how best to integrate climate-related risk indicators in the assessment of business decisions, including into credit and investment decision making.

Metrics and targets

Climate-related metrics

We believe in the adage *what gets measured gets managed*. In 2021, we made meaningful progress by measuring our entire greenhouse gas emissions portfolio, including financed emissions, and becoming carbon neutral in our Scope 1 and 2 GHG emissions. This benchmarking effort will allow us to work to identify ways to optimize our operational and financed footprint. We intend to actively monitor the development of carbon offset markets to understand the appropriate carbon price for our business in the long term.

Greenhouse gas measurements

Please see the table on [page 24](#) for our 2021 greenhouse gas emissions.

Climate-related targets

Our goal in the short term is to establish a baseline for operational, supplier, and financed emissions to inform appropriate targets and reduction paths for our business. We hope to establish targets aligned with science for our emissions footprint to ensure accountability and do our part for the planet.

Customers



Customers

Why they matter to Equitable Bank

Our purpose is to drive change in Canadian banking to enrich people’s lives. As Canada’s Challenger Bank™, customers are among the people at the centre of our business. As a digital bank, we are uniquely positioned to reach all Canadians, including underserved customer groups. As the Canadian demographic shifts with an ageing population and growth in immigration, we seek to provide banking services that accommodate the needs of a shifting society and reduce barriers to access such services. We achieve this objective by providing financial education and access to free banking to all our customers, and by challenging conventional banking approaches to provide financial solutions to underbanked communities.

2021 Customer highlights

- We introduced two new products: the **US Dollar Account** and **Mortgage Marketplace**.
- Our EQ Bank **customer base increased by 44% Y/Y**, with an average of 1.56 products used per customer.
- We achieved a customer **satisfaction rate above 80%** from each of our Digital Banking, Single Family Residential, and Reverse Mortgage customers.
- We listened to the needs of Canadian seniors, introducing **new products/features and channels in the reverse mortgage and the line of credit secured by life insurance policy businesses**.
- We continued to provide **financial support to small and medium-sized businesses**, especially as they faced uncertainty with COVID-19, and worked collaboratively to create payment terms that mutually benefited them and our Bank.
- We provided \$481 million in **financing for CMHC-insured Affordable Housing projects** throughout Canada.

Links to resources

[Customer Complaint Handling Procedures](#)

[EQ Bank Education Center](#)

Connection to ESG Framework

	Environmental	Social	Governance
Our values	Customers		
Respect	We embrace our customers with compassion, celebrate their diversity, and work to ensure our approach helps them to thrive.		
Integrity	We deliver value through cost-effective financial solutions, transparency, inclusive communication, and an obsession with privacy.		
Service	We believe that all customers are entitled to accessible and flexible banking, accompanied by exceptional service.		
Empowerment	We offer education, customer-centric product development, and support. We constantly research customer behaviour and are there when our customers need us to empower them.		
Agility	We are receptive to customer needs at all times including during periods of economic strife through customer care, and we rely on data and advanced cloud technology to stay responsive.		

Financial inclusion

Access to free banking

To all customers, we provide financial education and access to fee-free banking with no minimum balances. We also challenge conventional banking approaches to provide financial solutions to underserved communities. EQ Bank's digital platform and online information tools enable our customers to access easy-to-understand information about our products and make informed decisions when and where needed. Our platform provides secure and stable access to products and services 24/7, and is accessible to persons with disabilities.

In 2021, we onboarded more Canadians to our digital platform at all stages of their lives, while expanding EQ Bank's innovative financial solutions to address people's core banking needs. In particular, we introduced two new products that align with our purpose: the US Dollar Account and Mortgage Marketplace. The US Dollar Account provides Canadians with a competitive foreign exchange rate, high interest, no monthly fees or minimum balance requirements, and deposit security through CDIC. Additionally, a seamless integration with Wise allowed

us to expand our international foreign currency exchange service, which in 2021 allowed customers to convert Canadian dollars easily into 49 international currencies and send money abroad. These innovations addressed commonly expressed concerns among banking customers over the lack of interest paid on their US Dollar funds, and high foreign exchange markups by Canadian banks.

To launch Mortgage Marketplace, a one-stop digital shop that allows EQ Bank customers to identify the best mortgage rate available, we partnered with *nesto*. Mortgage Marketplace presents the interest rates and features of over 2,000 mortgage products in the market. We're committed to removing the nonsense of traditional banking and democratizing obtaining a mortgage, while delivering this through a seamless, digital-first experience. The result is an easy-to-use platform that offers Canadians a customized recommendation based on their unique needs, while being guided by a mortgage broker throughout the borrowing process.

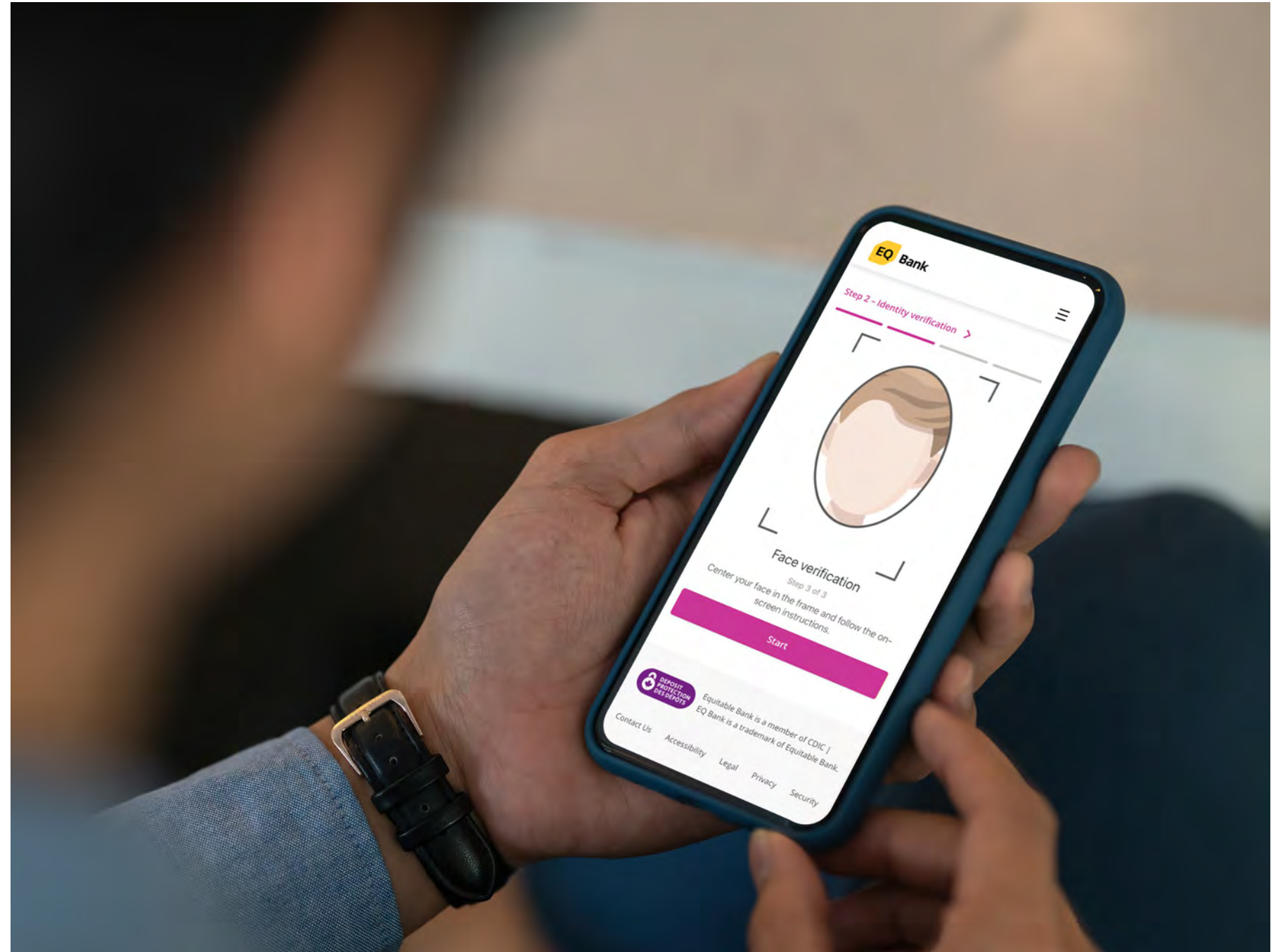
At EQ Bank, you get:	At other banks, you usually get:
High interest rates	Can-barely-see-them interest rates
The same best rates for all customers	Different rates for different customers...sigh
No monthly or hidden fees and free transactions	Monthly and hidden fees, transaction fees, etc.
No bank account minimum balances	Bank account minimum balances often required
No branches = more value	Expensive branches = more costs

Metric	2020	2021
Financial inclusion		
# of customers with free bank accounts	173,399	250,423
% of total bank accounts	100%	100%
Customer engagement		
Average number of logins per customer per month	Not reported	8.3
Average number of products per customer		1.6
Average number of transactions per customer per month		6.5
Average number of new customers joining per day	215	249

Product spotlight: AI-powered onboarding

In the spring of 2022, EQ Bank launched AI-powered onboarding, a new feature as part of our redesigned application for new customers. AI-powered onboarding allows prospective customers to validate their identity from the comfort of their home by taking a picture of their valid government identification and a selfie. The account application process can be completed in as little as five minutes. This new process eliminates the need for some applicants to visit a Canada Post outlet to verify their identity.

Various types of government identification can be used, and as part of this project, EQ Bank partnered with our technology provider to also ensure the Secure Certificate of Indian Status is supported at launch. Including the Certificate of Indian Status as a valid type of ID allows Indigenous people an additional honouring option for identification confirmation. Through this simple yet effective feature, the Bank is improving access to finance for all Canadians.



Credit support

Debt collection policy

We have a stand-alone, well-defined debt collection policy. Equitable is committed to supporting customers who are experiencing financial difficulties that affect their ability to make regular loan payments. We take a fair but firm approach when it comes to recovery of missed payments and dealings with customers. Our collections are handled in-house offering more control over our ability to balance the customer's experience with the risk to the Bank. A critical factor that underscores our approach is early contact, which enables us to work with the customer without delay and is critical in ensuring the highest potential for resolution, helping customers to stay on track with their payments and avoid further default, benefiting the customer and the Bank.

Loan modification options

Our agents are required to contact the customer within 3-5 days of receiving a notification of a missed payment. We take the time to listen and understand the individual circumstances surrounding a customer's financial difficulties to determine their ability to meet their payment obligations in the short and long term, and to determine the appropriate tools to support our customers where possible. Solutions may include income based considerations such as special payment arrangements and extensions in the short term.

In more complex circumstances, including where entire communities are hurt by large-scale disasters such as flooding, fires, or the pandemic, Equitable is committed to supporting customers by offering solutions, such as payment deferrals or other loan modifications that are aligned with the Canada Housing and Mortgage Corporation (CMHC)

guidelines and other relevant regulatory guidelines if applicable. At the onset of the COVID-19 pandemic, the bank developed its own Borrower Financial Relief Plan for its uninsured mortgage portfolio to accommodate customers who were directly impacted by COVID and experiencing financial hardship. Our approach balanced customer needs with the bank's risk and was well aligned with the larger financial institutions approach, as well as the Government and default insurers guidance to ensure that all customers were supported and able to weather through the pandemic. We continue to support all our customers who may still be experiencing financial difficulties as a result of COVID.

Employee training on consumer financial protection

Collection Agents are governed by the Bank's policies and procedures which are documented and made available in our knowledge management system (KMS). The KMS stores all of our procedures for quick access when agents are communicating with customers. Our Recovery and Default Management Guideline is also available, which outlines policies and provides guidance related to debt collection efforts and recovery during breach and default.

As part of our onboarding program, Collection Agents are provided with extensive training designed in-house by our training and development department. Agents are equipped with comprehensive instruction and tools focused on our collection approach and our customer service excellence standards, with additional focus on loan workouts for qualifying customers to prepare the agents to effectively engage with customers. Our training is designed to provide our Collection Agents with increased knowledge and skills to support their ability to act in accordance with our guidelines,

policies and procedures, and conduct day to day business activities in a compliant and service oriented manner. Included in their training are the debt collection best practices specified by the Financial Consumer Agency of Canada (FCAC).

Call auditing is an integral part of our process for ensuring that agents are equipped to effectively handle calls in alignment with our guidelines and adhering to best practices. Coaching is provided individually based on call quality results and ongoing call monitoring as needed, to ensure optimal levels of service and resolution are being met.

Result: low credit losses

The Bank's approach, which includes following our strategic, risk-based lending parameters as well as the solutions noted above, has proven successful, as reflected in our low loss rates and high recovery rates, which to a degree, are driven by the financial recovery of our customers supported by the Bank. We primarily lend in major urban centres with low exposure to flood and fire locations and where employment sources are diverse and steady. We further mitigate the need for credit arrangements due to the low LTVs across our entire lending portfolio.

Metric	2021
Credit Losses	\$9,555,458
Credit Losses as a Percent of Loan Book	0.03%
Credit Losses (excl. Bennington)	\$682,091
Credit Losses (excl. Bennington) as a Percent of Loan Book	0.00%
Loan Recoveries	\$137,299



Customer satisfaction

Customer service is central to our purpose of enriching people's lives. Again following the adage *what gets measured gets managed*, we survey customers and pay close attention to customer service response times.

For digital banking, customer satisfaction (CSAT) is measured in a large sample quantitative survey twice a year. This important survey helps us to understand EQ Bank customer sentiment, and isolate areas for improvement.

Metric		2021
Digital Banking Customers	CSAT ¹	89%
	Data coverage (% of customers/ customers surveyed)	70%
	# of quantitative surveys completed	23,789
	Participation in surveys	14%
Single family residential customers	CSAT ¹	84%
	# of quantitative surveys completed	988
	Participation in surveys	7%
Reverse mortgage customers	CSAT ¹	80%
	# of quantitative surveys completed	124
	Participation in surveys	28%
Business enterprise solutions customers	CSAT ¹	80%
	# of quantitative surveys completed	133
	Participation in surveys	11%

¹CSAT is measured by customers who rate 4 or 5 out of 5 for Top 2 Box Customer Satisfaction rating (i.e. percentage of customers who rate a 4 or 5 out of 5).

Overall customer satisfaction with our digital bank rose to 89% at the end of 2021, with improvements noted in customer sentiment toward the value we provide and our product offering. The increase in satisfaction in these areas is likely due to a period of HISA rate stability, and improvements made to online interfaces, including a better *Interac* e-Transfer[®] experience. We strive to do better for customers by increasing the size of our contact centre to reduce wait times and optimizing internal processes to speed up turnaround time on transferring RSP/TFSA accounts out to other banks.

For Single Family Residential (SFR) customers, we measure CSAT in an annual quantitative survey of existing, originating, and renewed customers. For SFR in 2021, CSAT was 84%. This reflected marked improvements in satisfaction with mortgage rates, refinancing options, and customer service.

For our reverse mortgage business, 2021 was the first year of monthly surveys to new customers. A baseline year-end survey was completed in 2020 with CSAT of 80% (vs. CSAT of 80% in 2021). However, given the different sampling methodologies and low sample size in 2020, it is difficult to comment on trends between the years.

Our Business Enterprise Solutions (BES) commercial business line was designed for small business owners, entrepreneurs, owner operators and emerging investors. The 2021 overall CSAT was 80%, based on proficiency, professionalism, and courtesy from our account managers. We understand that small business owners have busy lives, and as such, in 2021, we launched myEquitable, a portal that simplifies obtaining mortgage information. Going forward, we will continue to add new features to the platform, ultimately providing small business customers with an increasingly positive experience over time.

We provide these metrics to display our commitment to serving our customers and to strive for constant improvement in our product offerings and customer interactions.

[®]Trade-mark of Interac Corp. Used under licence.



Customer care

Our Customer Care team consists of in-house Challengers who provide telephone, live chat, and email support to EQ Bank customers.

With the rapid growth of both new customers and new product introductions in 2021 came an increase in call volumes, which required the Customer Care team to increase the number of trained agents. For Live Chat, the abandoned rate was 16%, while average wait time was 3.5 minutes. A tight labor supply during 2021 made it difficult to reach target staffing levels, which was reflected in a phone support abandoned rate of 12%, well short of our 5% target. To address these missed targets, a more aggressive hiring plan was put in place to more than double the number of agents within the contact centre in 2022. We are also providing additional training and quality assurance to improve agent performance, and launched an AI-based chatbot to contain 30% of our chats from needing to queue to a human.

Separately, the Mortgage Services team supports Equitable Bank's mortgage customers through telephone and secure message channels. This team's abandoned rate for 2021 was 12%, with average wait times of 6 minutes and 40 seconds, compared to its goal of 10% and 1 minute, due to staffing shortages and technical issues with the customer portal.

To guarantee outstanding customer service, Equitable maintains an inventory of all languages spoken, written, and understood by its staff. In 2021, our employees were able to provide service in over 40 languages, reducing barriers to banking for our customers, especially newcomers to Canada.

We emphasize the importance of superior, responsive customer service as part of our core ethos, and seek to continuously improve all measures of performance. We set high targets for both loan renewal rates and for customer retention rates. In both cases, we know service is a major driver of results, but only *one* driver: interest/deposit rates are another.



Ageing Canadian population

Seniors and those approaching retirement age are a growing demographic in Canada. Our view is that the financial services marketplace underserves seniors compared to other demographic groups. However, macroeconomic challenges such as rising housing costs, inflation, and inadequate savings influence seniors just as much as they do other demographics in Canadian society. These challenges will become more acute and apparent as more Baby Boomers (those born from 1946 to 1964) reach retirement age.

We believe seniors can be better served when financial institutions help them to optimize the use of financial assets to fund retirement years. Equitable Bank's decumulation business aims to address this need head-on, with innovative credit solutions such as reverse mortgages, and lines of credit secured by whole life insurance policies. Our products enable customers to access equity in low-risk and tax-efficient ways so Canadian seniors can age in place, maintain their lifestyle, and/or help loved ones.

We appreciate the contributions that seniors make to our society, and recognize them in our strategy by addressing their unique banking needs. As a member of the Canadian Bankers Association (CBA), we adopted the voluntary [Code of Conduct for the Delivery of Banking Services to Seniors](#) (the "Seniors Code"), which guides Canadian banks in providing banking products and services to Canadian seniors.

In 2020, we appointed a Seniors Champion to promote seniors' interests within our Bank. The Champion's duties are to provide leadership in the implementation of the Code, promote and raise awareness of matters affecting seniors, and engage with seniors, subject-matter experts, and organizations representing seniors.

In 2021, we continued to implement the principles outlined in the Seniors Code, and will look for opportunities to further strengthen and enhance our ability to address the unique and changing financial needs and concerns of seniors. By listening to the needs of Canadian seniors, we introduced new products/features and channels in the reverse mortgage and the line of credit secured by life insurance policy businesses.

Under the leadership of our Seniors Champion, we also implemented the following enhancements to better serve seniors:

- Created a corporate policy that helps guide us in the delivery of banking products and services to seniors, and describes how our employees and representatives are to behave as they serve seniors. This policy has been incorporated into our Regulatory Compliance Management obligations, and includes oversight review and testing of the Bank's adherence to the Seniors Code.
- Established dedicated webpages on our [equitablebank.ca](#) and [eqbank.ca](#) websites, called "Seniors & Us" and "Seniors Matter" respectively, which are tailored to and for seniors. The webpages provide comprehensive resources and helpful advice on matters of interest to seniors, including fraud protection, information on powers of attorney, joint accounts, accessibility options, products, services, and digital banking.
- To make content more accessible, we follow industry best practices, where feasible, by providing documents that require downloading and/or printing from our websites in 14-point font. Our reverse mortgage documents, a product tailored to those 55 years+, are in 12-point font, with bolded information in 14-point font. We endeavour to show the same care and attentiveness in creating marketing materials that are directed to a senior audience, such as specific product brochures.



- Developed annual mandatory training for customer-facing employees covering topics such as the principles of the Code, powers of attorney, joint deposit accounts, financial abuse and fraud, elder abuse indicators and scams, financial harm identification, escalation to the Seniors Champion, and available resources for seniors. This training includes case studies to assist staff in identifying seniors' concerns and spotting warning signs of elder abuse or exploitation. Since it can be difficult for our Bank to recognize these warning signs because we do not have traditional, face-to-face interactions with customers, we offer our products through a trusted network of brokers and investment advisors as well as through EQ Bank.
- Introduced a dedicated resource site on our intranet called the Hub for customer-facing employees to supplement their annual training, and build awareness of the tools and resources available to help them to assist and protect seniors. This includes effective communication tips, as well as how to identify and escalate incidents of suspected financial fraud, financial abuse, and scams.
- Strengthened and enhanced our existing anti-money laundering and fraud transaction monitoring scenarios to identify transactions that might be indicative of financial harm to all customers, including seniors, so that we can take steps to further mitigate fraud or financial abuse. We continue to enhance tools to help better detect, respond to, and prevent fraudulent activity on banking accounts and as it relates to services for customers. We reviewed our products and services to determine the impact of financial harm, and continue to do so with each launch of a new Bank product and service.

As noted previously, our products cater to all customer demographics. The value proposition of EQ Bank including free transactions, no monthly fees, and a banking experience from the comfort of home that is simple, safe, and secure is equally appealing to all age groups. We offer an online security guarantee by which we fully reimburse a customer in the unlikely event that they suffer direct financial loss due to unauthorized account activity, provided the customer adhered to their security responsibilities.

These steps demonstrate our dedication and adherence to the Seniors Code and its principles and cement our commitment to provide better banking experiences to Canada's seniors, and those nearing retirement now and in the future.

Metric	2020	2021
Financing provided to Canadian seniors through reverse mortgages	\$58MM	\$247MM

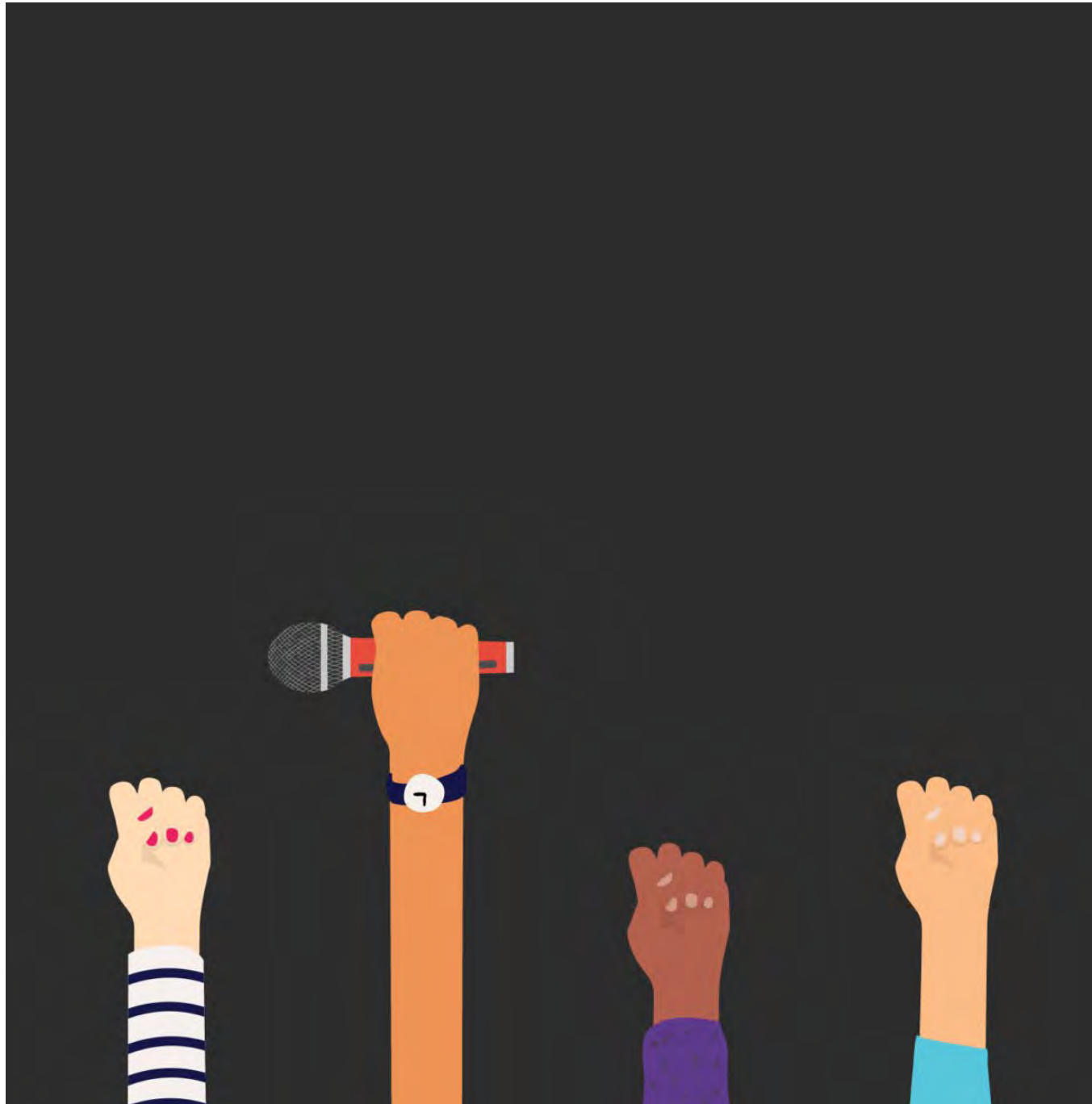


Permanent residents and newcomers to Canada

In 2021, the Government of Canada introduced the Immigration Plan, which [aims to welcome over 1.2 million new Canadians](#) over the next 3 years. Equitable recognizes that permanent residents and newcomers to Canada require unique products from their bank. When we introduced our international foreign currency exchange service through Wise, we had new Canadians in mind, enabling them to send money abroad to their friends and families in a simple, cost-effective, and secure manner.

Furthermore, our alternative mortgage product takes a unique underwriting approach that is designed to help permanent residents and newcomers with little to no credit obtain a mortgage at near-prime rates to buy their first home in Canada. Due to the timing difference between moving to Canada and purchasing a home, we're not able to easily measure a true percentage of clients that are newcomers to Canada.

We aim to understand the story of our customers to provide them with a mortgage that fits their needs. At Equitable, our goal is to enrich the lives of **all** Canadians, including new ones.



Financial education

Equitable Bank is committed to encouraging women to confidently take ownership of their finances. We know from research that 90%¹ of women will be sole financial decision makers during their lifetimes, 60%² of women do well on financial literacy tests, but only 30%³ of women are confident about their financial knowledge.

Our platform dedicated to building financial confidence among women is called *snce*. When we launched it in 2020, our vision was to reach audiences through a podcast, an email newsletter, a blog, and various social networks. In 2021, we noticed a substantial increase in downloads of our Take Back Talk Back podcast series. Our original podcast target was 2,000 annual downloads; from 2020 to 2021, this grew from 650 downloads to 55,000 downloads. As a result, the primary method for *snce* to reach women and achieve its objective going forward is our podcast. The spirit of open conversations about taboo financial topics will continue on the EQ Bank Education Centre. Through this resource hub, we will share both 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.

Check out the “Take Back Talk Back” podcast to learn more.

Metric	Target	2020	2021
# of Take Back Talk Back podcast downloads	2,000	650	55,000

¹[Women in Wealth White Paper by Strategic Insights](#)

^{2,3}[Envionics Research Poll Reveals Gap in Financial Confidence of Women](#)

Small and medium-sized business (SMBs)

Equitable Bank provides financing including mortgage lending and equipment leasing to small and medium-sized businesses, entrepreneurs, owner operators, and emerging investors. These groups are underserved by larger banks, but addressed by Equitable's Business Enterprise Solutions (BES) and Bennington (equipment leasing) business lines. As every industry has different needs, Equitable spends time learning about the unique needs of each SMB owner including their credit history, ability to repay, and more, to provide customized and comprehensive mortgage and equipment lending solutions. Equitable's experience in lending against multiple real estate types, such as storefronts and retail spaces, and equipment types, such as commercial vehicles and construction equipment, is integral to our success in offering outstanding and unique lending solutions to our clients. Equitable aims to support the entrepreneurial spirit by empowering businesses with financing solutions to realize their vision of success, and help maximize returns on commercial investments.

Bennington, our equipment leasing business, has become an important service provider to SMBs. At year-end 2021, many customers comprising Bennington's \$710 million portfolio were small, owner-operator or family-run businesses. Bennington operates with a "Customer for Life" philosophy, whereby many customers come to Bennington to start their business and end up becoming lifelong customers as they graduate to different products throughout their growth cycle. Approximately 4.7% of our total lending portfolio was comprised of loans to SMBs¹, relative to the peer average of 3.6%. This puts us in the highest quartile relative to all Schedule I Banks in the S&P/TSX total capped financials index.

Equitable aims to empower the entrepreneurial spirit with financing that helps Canada's SMB community realize success. This goes beyond commercial loans and leases. Through the independent mortgage broker network, we simplify the process of home ownership for self-employed customers. At the end of 2021, approximately 58.9% of the more than \$14 billion of mortgage loans in our Alternative Single Family portfolio were to self-employed customers.

¹Includes all Business Enterprise Solutions (BES) loans and Bennington equipment leases.

Spotlight: SMB customer

Natalie Voland has been reinventing the process of real estate development in Montreal for over 25 years. With roots as a social worker, she applies a unique, purpose-driven and design-centered outlook on development. Her work prioritizes historical protection of civic assets, while thinking ahead to unite communities and push environmental advocacy.

Through her company, GI Quo Vadis, Natalie manages 1.5 million square feet of real estate in Montreal, and is a proud customer of Equitable's Commercial Banking department. The Bank is financing the core project in GI Quo Vadis' portfolio, Complexe Dompark, which is certified by the Canadian Green Building Council's Zero Carbon Building standard. This framework helps buildings achieve zero carbon in design and annual operations. Natalie, through GI Quo Vadis, is a model client who is keenly and equally focused on economic development and environmental excellence, illustrated by the company's B Corp Certification and continued innovation in line the UN SDG's.

“

“We are proud to be financed by Equitable Bank, as their values align with ours. They put people first and are committed to ESG principles, as demonstrated by their recent carbon neutral announcement. Equitable Bank was there for us when we wanted to scale our projects and treated us as valued clients.”

***Natalie Voland
President, GI Quo Vadis***



Product responsibility

We strive to enrich people's lives and constantly evaluate opportunities to better serve our customers. Over the coming years, we will continue to add products that support our customer base. As we build out these product offerings, we are committed to transparency and fairness.

Financing affordable housing

While we don't have specific targets for financing CMHC-insured affordable housing projects, we were pleased to see our activity in this sector grow substantially in 2021, with loan approvals totalling \$481 million. This included financing for both construction financing and term loans across 26 affordable housing projects in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, and Quebec. The growth of our affordable housing portfolio was in large part fueled by a new partnership with an Alberta-based broker/partner, which created more lending opportunities in Western Canada. As federal, provincial, and municipal governments recently reconfirmed their commitment to increasing the availability of affordable rental housing, we expect our involvement with this segment of the multi-unit rental market to continue to expand.

Responsible marketing

In 2021, we had no complaints from the [Financial Consumer Agency of Canada \(FCAC\)](#), no instances of litigation dealing with irresponsible marketing, and no monetary value at risk due to lack of responsible marketing. The Bank captures its obligations with respect to market conduct in customer-facing communications including marketing in its Disclosure of Information Policy. The Bank also establishes and maintains disclosure controls to ensure communication with its shareholders, the investment community and the public is in accordance with all applicable legal and regulatory requirements as per the Disclosure Control Policy. Last, the Bank is committed to adhering to the provisions of [Canada's Anti-Spam Law \(CASL\)](#) and associated guidance through the Electronic Messaging Policy.

We are a customer-centric bank that aims to build trust with our customers by prioritizing data security, honesty, and transparent, plain, and no-nonsense communication. EQ Bank is positioned as a high-value solution for Canadians, and part of the value we bring comes with our promise to put our customers first.

Community



Community

Why it matters to Equitable Bank

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. At Equitable Bank, we do good because we want to, not because we have to.

2021 Community highlights

- We donated over **\$355,000 to worthy causes** and provided **sponsorships totalling \$280,000**.
- We **strengthened our longstanding relationships** with Madison Community Services, Fred Victor and Community Resource Centre (CRC) – 40 Oaks, and Mount Sinai Hospital Foundation.
- We supported the arts community through the **Emerging Digital Artists Award (EDAA), art acquisitions, and support of local art events**. We provided \$100,000 of financial support to 90 individual artists.
- We began to **engage with our largest suppliers** to discuss their social and environmental impact in **alignment with our ESG framework**.

Links to resources

[Emerging Digital Artists Award 2021 Winners](#)

Connection to ESG Framework

	Environmental	Social	Governance
Our values	Community		
Respect	We pursue opportunities for engagement, celebrate the diversity of our local communities, serve underbanked groups, and learn and grow as an organization from our interactions.		
Integrity	We are committed to justice and reconciliation in all communities across Canada.		
Service	We work with like-minded community partners who share our values and amplify their missions, while making authentic differences through thoughtful contributions.		
Empowerment	We support local arts and charitable causes with time, money, and education to enhance their ability to serve key stakeholders and help communities build resiliency.		
Agility	We recognize the changing shape of our communities by addressing the needs of underserved groups, and offering products that keep pace with demographic and psychographic changes.		



Corporate citizenship and philanthropy

Our community development and philanthropic activity

We build stronger, more supportive, and resilient communities through employee-led volunteering and giving initiatives, as well as corporate giving to charities, charity events, and the arts across Canada. To ensure impact, we prioritize our activities.

- CRC – 40 Oaks is a resource centre in Toronto’s Regent Park neighbourhood, where visitors are welcomed into a community and connected with resources needed to improve their lives. Equitable Challengers are encouraged to volunteer with the **40 Oaks Community Meal Program**. In June 2021, Equitable Bank Challengers also participated in a virtual event called “Fred’s Walk” and held a raffle to support the organization.
- The Bank’s IT team led an initiative where employees purchased raffle tickets to win company-refurbished iPhones – a great way to recycle and go green. All proceeds were donated to **Kids Help Phone**, a Canadian organization that provides volunteer-led, free telephone counselling to youth. With our contribution of \$6,300, we enabled a decrease in the wait time for kids to get help across Canada.

- During the holiday season, we strive to make positive change amongst marginalized groups and the less fortunate as this can be a difficult time of year. In particular, every child should feel special during the holidays and we want to help make it so. In 2021, Equitable Bank organized a **toy drive** that raised **over \$7,860** and accumulated **395 toys** that were delivered to Fire Departments across Canada.
- Several Equitable Challengers volunteered at the **Accelerate Her Future™ Annual Summit** in November 2021. Accelerate Her Future is a career accelerator providing tailored programs for self-identifying Black women, Indigenous women, and women of colour to launch their careers in business and STEM while building networks of solidarity and action. This initiative was led by the Women in Technology [Employee Resource Group \(ERG\)](#).

Donations

In giving back, we are intentional: we focus on long-standing community partnerships and those causes that are close to our employees’ hearts.

Following this approach, 2021 saw the Bank strengthen partnerships with Madison Community Services, CRC – 40 Oaks, Mount Sinai Hospital Foundation, and Fred Victor. We take great pride in the shared success of these strategic engagements, which are described in detail below. In 2021, we donated over \$355,000 and provided sponsorships of \$280,000 to worthy causes.



Community Investments

Madison Community Services (\$50,000 donated in 2021)

Since 2008, we've supported Madison Community Services, a registered charity formed in the late 1970s that promotes the health, recovery, and community integration of those with addiction and mental health challenges. Madison operates seven homes across the GTA, providing residential support to those at risk of homelessness. Madison has the distinction of being the first community-based supportive housing agency in Toronto and the first to offer mental health case management services. Included in its services portfolio is a multicultural, expressive art-based support group that provides Madison clients with an outlet for expression and meaningful opportunities to develop important life skills, build community, and engage in creative healing processes.

In 2013, we launched the Equitable Bank – Bill Walker Memorial – Madison Client Education Bursary Fund, to support individuals living with addiction and mental illness to pursue formal education or life skills development and foster independence.

Mount Sinai Hospital Health Foundation (\$80,000 donated in 2021)

Our partnership with Mount Sinai Hospital Health Foundation is important to us. Our contributions improve the hospital's facilities and overall care of its patients, and advance innovative research. We've partnered with the Foundation for more than two decades. With our 2021 contribution, we're pleased to have contributed more than \$700,000 over the past 10 years.

Fred Victor and CRC – 40 Oaks (\$150,020 donated in 2021)

Fred Victor is a social service charitable organization at 40 Oak Street in Toronto's Regent Park. It fosters long-lasting and positive change in the lives of homeless and low-income people living across Toronto. Every year, Fred Victor hosts Street Eats where attendees enjoy a street food-inspired dinner at one of a select group of culturally diverse local restaurants. Fred Victor aims to raise \$250,000 in ticket sales to continue providing vital food services for Torontonians experiencing poverty and homelessness. In 2021, Equitable Bank was the presenting sponsor for Street Eats.

Since 2012, we have been working with CRC – 40 Oaks, described in the community development and philanthropic section above. Groups of Equitable Bank Challengers regularly volunteer with the 40 Oaks Community Meal Program, spending their lunch hours preparing and serving nutritious meals to an average of 250 diners each day. When pandemic restrictions were lifted in the fall of 2021 and Covid numbers were low, CRC – 40 Oaks opened its doors once again, and required assistance in their kitchen with food prep and lunch distribution. Ten Challengers contributed 22 hours in total.



Photographer: Darren Rigo

Investing in the arts

Since 2015, Equitable Bank has deepened its investment in Canada’s rich and thriving arts communities.

As a private collector of contemporary Canadian art, the Bank distinguishes itself by supporting early-career artists and emerging practices, and by extending the reach of its mandate through external sponsorships and programming. We strive toward an alternative, socially responsible, and ethical approach to collecting.

Despite challenges presented by COVID-19 and related safety measures that extended into 2021, we continued our important work in Canada’s arts communities. This included acquiring works by emerging Canadian artists, supporting independent commercial art galleries, and contributing to public non-profit organizations that form our national arts culture.

In 2021, we acted as a sponsor for several arts-based initiatives, contributing more than \$40,000 to the arts sector, including \$6,400 to Art Starts, \$20,000 to Trinity Square Video, \$10,000 to Inter/Access, and \$5,000 to ImagineNATIVE. In total, we provided \$100,000 of financial support to 90 Canadian artists.

Digital banking meets digital art

As a leading digital bank, we understand the importance of fostering innovation, and finding new ways to use technology to better people’s lives. The strong affinity we feel for all things digital is what led us to launch our own program for artists doing exemplary work in digital media. Established in 2015, the Emerging Digital Artists Award (EDAA) provides funding to early-career artists who demonstrate a critical and creative use of digital technology in their work, including videos, animations, websites, apps, and games. Through the EDAA, Equitable Bank contributed to the professional development of 35 emerging digital artists in Canada who share our desire to innovate. Since 2017, the EDAA has been a collaborative effort with Canada’s oldest media arts centre, Trinity Square Video.

The 2021 EDAA continued with a new award structure introduced in response to the pandemic, in which all five shortlisted artists received a grand prize of \$5,000 for their exceptional work. For the first time since its inception, the EDAA also awarded five additional artists a \$1,000 prize each in recognition of their work in a particularly competitive year. The 2021 EDAA winners were Aljumaine Gayle, Erin Konsmo, Katelyn Hawley, Olivia Dreisinger, and Shonee, whose works will be proudly displayed at Equitable Bank’s Toronto headquarters. Since the EDAA was

established in 2015, Equitable Bank has awarded \$100,000 to emerging digital artists to assist in developing their craft.

Art collection

Established in 1993, the Equitable Bank Art Collection consists of over 200 works of contemporary Canadian art, spanning painting, drawing, printmaking, photography, textiles, sculpture, and digital media. In response to the Bank’s remote working structure, 2021 saw the launch of a new collection of digital artworks intended specifically for enjoyment in employees’ home offices. Additionally, we continued to acquire works by early-career Canadian artists that align with our ethos as Canada’s Challenger Bank™. The unique and imaginative perspectives displayed in 35 works, including 13 screen-based digital works, acquired in 2021 prompted critical reflection and sparked nuanced conversations.

Our acquisitions were made primarily through independent galleries in Vancouver, Montreal, and Toronto, and the remainder directly from independent artists, non-profit arts organizations, and the EDAA. Our total investment in art acquisitions for 2021 was \$114,000 CAD.

Metric	2021
Number of local artists supported	90
Financial support provided to local artists	\$100,000

Supplier relations

To ensure excellent customer service, the proper breadth of product offerings, and quality engagement, we work with partners across every facet of our business.

Our Code of Conduct emphasizes the requirement that interactions with all stakeholders, including suppliers, are in line with our values of Respect, Integrity, Service, Empowerment, and Agility. As we intertwine more with our suppliers through partnerships, we hold an elevated responsibility to ensure they conduct their own relationships according to proper Human Rights and Equity, Diversity & Inclusion principles.

As a starting point, in 2021 we began to engage with our largest suppliers to understand their social and environmental impact. By starting the conversation, we're displaying our commitment to accountability for ourselves and our suppliers and partners. In 2022, we intend to develop a Supplier Code of Conduct to formalize this accountability.

Fintech partnerships

The Bank is focused on enriching the lives of Canadians, enabled by making investments in and forming partnerships with leading fintechs. Our approach is driven by:

- Investments that enable participation in new businesses delivered through innovative platforms
- Partnerships in distribution, marketing, and white label
- Engagements with external technology solutions, leveraging Application Programming Interfaces ("APIs") to offer an innovative range of services

The Bank continues to participate in multiple fintech funds focused on investing in early-stage startups. As a result of these strategic investments, the Bank has been able to partner with multiple fintechs to support our business lines as well as strengthen and accelerate the growth of these new fintechs, and foster innovation and competition to the benefit of Canadian consumers and businesses alike.

For example, we now work with Novisto, a Montreal-based software solution startup for integrated corporate sustainability management. Novisto measures, stores, and benchmarks our ESG-related metrics. The Bank has distinguished itself for developing partnerships that enhance both its consumer brands and its potential for revenue growth, while delivering the best customer service.

EQ Bank, Deposit Services, Investments	Decumulation
Residential and Commercial Lending	Specialized Finance



Challengers



Challengers

Why they matter to Equitable Bank

Given the Bank's relative size and our branchless structure, our employees – known as Challengers – must punch above their weight to deliver Equitable's purpose of enriching people's lives. While market-leading technology helps, the Bank seeks to unleash the creativity and passion of our Challengers by empowering employees to make crucial decisions and hone their skills in alignment with our values. Our ability to attract, train, retain, and satisfy our diverse employee population is vital for success on every level. We strive to cultivate and nurture a team culture that is welcoming, collaborative, supportive, and rooted in our purpose.

2021 Challengers highlights

- We invested in our employees' learning and development, **enabling over 10,000 training hours and \$937,000 in funded training** through our EQ University platform and external training programs.
- We achieved **Great Place to Work®** certification and were recognized as one of Canada's top employers since 2015.
- We continued to closely **follow public health guidelines** and provided **safety protocols** for employees who voluntarily returned to the office during the pandemic.
- Our Senior Manager of Equity, Diversity & Inclusion collaborated with our various Employee Resource Groups (ERGs) to **organize events that celebrate and honour the diverse cultures in our workforce.**
- A Black Collective ERG member and our Senior Manager, Equity, Diversity & Inclusion created and implemented the **Equitable-built Unconscious Bias and Anti-Racism course.**

Links to resources

[Our Culture](#)

[Best Workplaces in Financial Services & Insurance 2021](#)

[Our Employee Development Programs](#)

[Best Workplaces in Canada 2021](#)

Connection to ESG Framework

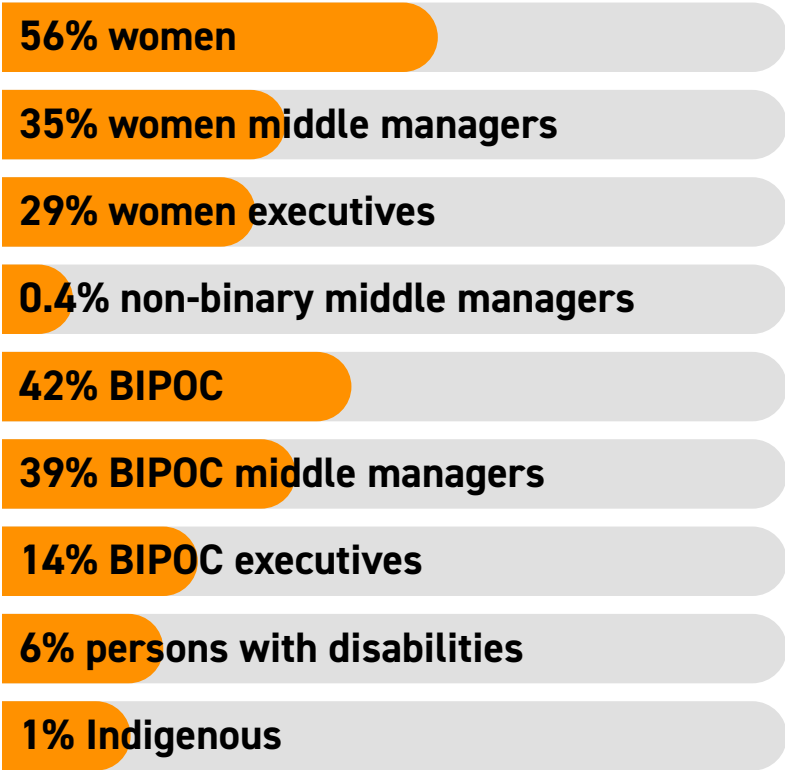
	Environmental	Social	Governance
Our values	Challengers		
Respect	We provide our employees with meaningful work and opportunities for advancement and growth.		
Integrity	We treat employees fairly through clear and honest training and development, provide transparency on roles and expectations, and clearly live our corporate values.		
Service	We listen to our people and make changes, protect employee health and wellness, and strive for full engagement.		
Empowerment	We give our employees responsibility and autonomy by minimizing traditional hierarchies, and opening avenues for them to show value, innovate, develop, and connect over our shared purpose.		
Agility	We encourage our employees to challenge the status quo, develop ideas, create solutions, and be prepared to pivot to address opportunity and risk.		



Equity, diversity & inclusion

Celebrating diversity is central to our Challenger Bank mindset. From our Diversity & Inclusion Committee and our growing list of Employee Resource Groups (ERGs) to employee-led cultural days of commemoration – such as Diwali, Pride, Black History Month, National Day for Truth and Reconciliation, and beyond – our diverse perspectives and lived experiences create the rich fabric of our workplace culture. We celebrate our people for who they are and the valuable experience they bring.

A look at representation across our 1,161 employees in 2021:



As part of our commitment to inclusion, we work continuously to identify and remove systemic barriers in the workplace. This intentional lens is applied throughout our organization, from how we recruit staff to our Challenger mentorship and advancement programs. In addition, we regularly seek innovative partnerships and opportunities to learn from diverse educators so that our senior leaders and people managers are equipped with the latest best practices.

Inclusion, like sustainability, has no endpoint. This is why we commit to ensuring all employees are set up for equal opportunities for success throughout their careers.

In 2021, we continued to expand upon our commitment to inclusivity – at all levels – not only by identifying barriers in the workplace and removing them, but also by adding responsibility to the mandate of the Human Resources and Compensation Committee of our Board of Directors, which now includes a commitment to “support an inclusive workplace culture and environment that is actively anti-racist.” Please see [Anti-Racism and Unconscious Bias Training](#) section.

Equity, Diversity & Inclusion programs

Our Senior Manager of Equity, Diversity & Inclusion (ED&I) is a subject-matter expert responsible for leading the development, coordination, and implementation of strategies, initiatives, and programs that focus on supporting the Bank's inclusion- and equity-focused goals and objectives. The role's main priority is to empower our workforce and to challenge the boundaries of inclusion status quo.

Challengers are honoured and celebrated for who they are, and our leaders consistently learn from and amplify the ways that each of our employee's uniqueness makes our organization great. As such, the Senior Manager of ED&I takes the lead in creating and fostering meaningful inclusion practices and building on the strong foundation of our positive culture.

The recent change to the mandate of our Human Resources and Compensation Committee includes two important responsibilities: to, at least annually, review the Bank's approach to anti-racism; and, set specific goals for all the Bank's executives – which are tied to compensation – as a means of actively combatting racism in all its forms.

“

“Our Employee Resource Groups let us know what successful ‘inclusion evolutions’ look like, and their wisdom guides our path. Our JEDI Mentorship-Meets-Leadership program focuses on empowering mentees while ‘uncovering’ inequities for mentors. Our internally-created Anti-Racism and Unconscious Bias course uses words like ‘privilege’, ‘justice’, and ‘reconciliation’ throughout. These words are key to the learning and unlearning required to drive change at organizations.”

‘Shep’ DS Sheppard

Senior Manager, Equity, Diversity & Inclusion





Anti-racism and unconscious bias training

For our Bank, it is not enough to be anti-racist; we must be actively anti-racist. The same goes with all biases and injustices – those who fail to commit to being actively part of the solution, are part of the perpetuation of the problem. As such, we know that to move the dial, we must commit to continuously evaluating and scrutinizing our processes. Not just within HR, but by providing a myriad of outlets for our employees to share anonymous feedback on opportunities for improvement. This extends from how, who, and where we recruit to ongoing assessments of how and why promotions do or do not happen. We have a tenacious focus on ensuring that all Challengers are engaged, valued, and empowered to do their best work. As part of our ongoing fight against racism and other biases, we amplify the voices and lived experiences of our employees.

One of our most significant ED&I accomplishments in 2021 was the implementation of our internally built Unconscious Bias and Anti-Racism course. As a personal target, every employee was asked to enroll and participate in this frank and thought-provoking nearly two-hour course. It was co-created internally by our Senior Manager of ED&I in collaboration with a Senior Manager from our Commercial team, who is part of our Black Collective ERG. Before it was launched, the course was presented to members of multiple ERGs – including Black, Indigenous, LGBTQ+ ERG members and more – as well as our longstanding Diversity & Inclusion Committee. During testing, all participating group members were encouraged to offer their own

recommendations via anonymous feedback forms. With the approval of the members of the Black Collective ERG, the course was then offered Bank wide.

Anonymous course feedback reflected the true success of this program. 92.3% of participants said the course was good or great. We know that this is an effective way to bring our organization together and have honest, vulnerable and even uncomfortable conversations, all focused on progress in the battle against bias and hate.

Going forward, we commit to putting significant time, energy, and resources into continuing this meaningful conversation and providing education: this is not a ‘check the box’ exercise. Our employees stated that this course was profoundly impactful. We commit to presenting the course to every new employee and expanding anti-racism and unconscious bias education.

“*The reality is that homophobia, racial discrimination, sexism, classism, ableism and more still exist – frequently – in the world today. Our challenge while creating this course was to develop engaging content to ensure that attendees remembered what they heard, felt, and learned long after the conclusion of the course. We did that by incorporating real-life stories – presented through graphics and videos – created and scripted entirely by Equitable’s own employees.*”

*Kerry Ann Poorman
Senior Manager, Commercial Credit*





JEDI Program – Where mentorship meets leadership

It is an immutable truth that racism, classism, homophobia, sexism, ableism and all other injustices and inequitable systems appear in our lives well before we understand what they mean. From childhood, society perceives us as being capable or incapable based on many biased factors. Bias affects what we are offered to learn, or how we are mentored (or not).

Our JEDI – Justice, Equity, Diversity, and Inclusion – Program seeks to counteract such injustices, aiming to cultivate future leaders who come from marginalized or underserved groups. Part of the magic of the JEDI Program is that it matches people who are specifically **different from one another**, be it straight and gay, a BIPOC person matched with a white person, a neurodiverse person with someone who is neurotypical, and so on.

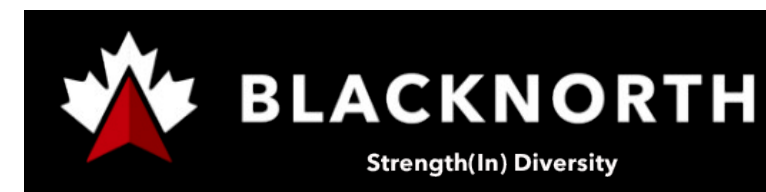
The JEDI Program ensures that conversations seek to intentionally educate both mentees and mentors well beyond traditional organizational leadership models. Monthly PowerPoint prompts plus regular speakers and courses tackle both traditional and non-traditional topics, including:

- What name do you use in the workplace vs at home? And why are they different? (especially to enlighten participants on the frequency of anglicization of names)
- Do you have photos of your family on your desk? Why or why not?
- Mentors: do difficult workplace conversations still make you uncomfortable? How do you prepare for them?

BlackNorth Initiative

In 2020, Andrew Moor signed the BlackNorth Initiative CEO Pledge on behalf of the Bank and committed to seven goals that include specific actions to combat anti-Black systemic racism. These actions include training, inclusive talent management, strategic planning, and hiring goals to remove barriers that prevent Black employees from advancing, and ensure that at least 3.5% of executive and board roles are held by Black leaders by 2025. This percentage was chosen because Black Canadians make up less than 1% of senior executives in our country, according to BlackNorth Academy.

To advance our commitment, our Board of Directors met with a representative group of Black employees to gain a better understanding of their lived experiences. We also made changes to our Board Committee mandates that ensure our internal processes are built to support the fight against systemic racism. These mandates are revisited and revised as necessary, in consultation with Black employees.





Employee Resource Groups

Our Employee Resource Groups (ERGs) differentiate the Bank from others and drive positive change in our organization. Each of our six ERGs are comprised entirely of individuals with lived experience:

- The Black Collective
- Indigenous ERG
- The Green Team
- Women in Tech ERG
- LGBTQ+ employees
- Newcomers to Canada

In 2021, there were 80 employees involved in ERGs, and each continues to grow in size, scope, and the way it helps our organization to become more aware and more inclusive every day.

Individuals are **experts** of their own lived experiences. As such, the members of our wise, diverse ERG teams provide inspirational and ongoing leadership to Challengers at all levels and are not only creating lasting change within our organization, but in our community, through activism, volunteering, and inspiring positive change.

Each ERG has a senior-level executive dedicated to amplifying and supporting their recommendations. This open communication builds strength and trust across the organization. ERGs act as consultative groups that senior leaders can approach for specialized advice. The opportunities to create change are abundant and surface constantly.

In early 2022, every ERG contributed powerful insights and recommendations to our 3-year Equity, Diversity & Inclusion plan.

Human capital

We recognize that our biggest asset is our employees. Respect and integrity form part of the foundation of our values, and service is our keystone. Our values are what make Equitable a satisfying place to work. We depend on skilled, productive, and engaged Challengers at all levels to deliver on our vision and meet our commitment to service excellence. For that reason, we prioritize providing our employees with a place to work that is inclusive, positive, and empowering. We do that through training and enablement opportunities, unique development programs, and competitive benefits.

Discrimination and harassment

The Bank is committed to providing a safe and respectful workplace for all employees. This is accomplished through equal employment opportunities, workplace anti-violence and harassment training, and an innate culture of inclusivity and empowerment. Our goal is a workplace that is free from discrimination, based on race, colour, sex, language, religion, political or other opinion, age, sexual orientation, physical and/or mental disability, gender identity, gender expression, family/marital status, pregnancy or pregnancy-related conditions, national/ethnic or social origin, property, birth, or other status.

We do not tolerate discrimination or harassment by, or against, employees, customers, or visitors in our workplaces. Living our values means cherishing our differences, respecting one another, and uniting as a team.

During the onboarding process, Challengers are enrolled in mandatory Workplace Violence and Harassment awareness and elimination training designed to:

- Ensure newly recruited Challengers understand our foundational principles for a safe workplace that are based on transparency and mutual respect and acceptance; and
- Equip employees with knowledge of violence and harassment warning signs, types of violence and/or harassment and common prevention techniques.



Empowerment: Training and development

Employee development programs

Our employees are encouraged to thrive on challenge and embrace their full potential. We offer three distinct types of employee development programs at Equitable to provide opportunities for career growth to all Challengers.

Leadership development programs

We offer the EQ Leadership Program, the Aspiring Leaders Program, and the High Potential Employee Program (HIPO). These programs teach employees how to enhance their understanding of emotional intelligence and develop coaching and leadership skills. The typical structure of an Equitable leadership program includes exposure to senior Bank leadership through networking, mentorship, and a speaker series. Also included in leadership programs are workshops, practical learning scenarios, and resource recommendations for individual development. These programs are always evolving based on feedback. In 2021, the average satisfaction score was 83% across the three programs. Through the curricula and hands-on experiences, we enable individuals to become future leaders.

Individual development programs

Sometimes Challengers look for lateral career moves to broaden their scope of expertise. This desire led us to create Internal Rotation and Job Shadowing programs, which enable employees to branch out into new operational areas of our business, while maintaining their current employment status. Our diverse and talented team has access to a variety of talent management programs designed to develop and retain employees. All Challengers benefit from customized programs for career coaching and development, job rotation and shadowing and training in financial services, diversity, and mental health. Our managers are empowered to lead on mental health and inclusion, and all employees are offered training to close the gap of injustice and move from words to action.

Student development programs

For students and recent graduates, we offer our [Rotational Leadership Development and Summer Internship programs](#).

Each year, the Rotational Leadership Development program provides up to eight recent university graduates with the opportunity to explore a variety of functions within the Bank over a two-year period. We have realized value in building up these Challengers as future leaders.

Most LDP students land a permanent role within one of our business units and come primed with a thorough understanding of our business model.

In 2021, we hired 65 interns and engaged them in meaningful assignments, where they worked directly with a manager and mentor to gain substantive experience in the financial services industry. We challenged them with a case competition evaluated by our CEO and Senior Vice-President, Personal Banking in order to enhance the learning experience in a work-from-home world. We strive to create networking opportunities and workshops for our interns to ensure an always meaningful developmental experience.

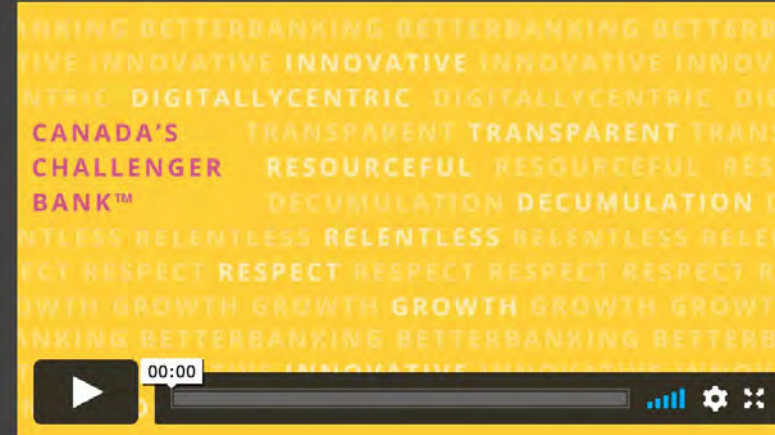
“

“The quality of the cases put together by our interns was truly fantastic! I hope the students got as much out of the case competition as I did.”

*Mahima Poddar
Group Head, Personal Banking*

Welcome to EQ University!

At Equitable Bank, we're committed to your learning and development. This interactive, up-to-date portal is your launchpad towards your growth – Happy Learning!



Strategic training

Launched in December 2020, EQ University is a comprehensive in-house resource that gives employees access to customized learning opportunities designed to make learning enjoyable and relevant. Our customized training materials are presented in a way that resonates with employees and provides the tools our Challengers need to successfully implement our enterprise-wide policies. Through EQ University, new hires are required to complete mandatory training on anti-money laundering and anti-terrorist financing, privacy, complaint handling and workplace violence and harassment training. All Challengers are required to complete refresher training in these important topics on an annual basis.

We actively encourage employees to recommend additional programs and efforts they believe would be beneficial, and welcome frank and frequent feedback. We

are committed to listening to our employees and providing them with the tools they need to ensure their successful professional development.

In 2021, based on feedback and to accommodate pandemic restrictions, we maintained our shift to online learning. We increased the frequency of our virtual lunch and learn sessions to offer a mindset shift away from work, leading to further engagement and productivity. Further, we added an emphasis on mental health training for managers and employees to foster a healthy work environment.

Metric	2021
Total training hours	10,245
Total internal training hours through EQ University	5,434
Total external training hours	4,811

All figures above exclude Bennington

Tuition reimbursement

Equitable's Education Assistance Program provides Challengers with up to \$2,500 each year for education, training, conferences, development opportunities, and memberships. In 2021, we funded training, and development in the amount of \$937,000 and shared resources to showcase new learning opportunities for employees to take advantage of this benefit.

Metric	2021
Total invested per FTE in formal training and development	\$902
# of interns, co-op students, and LDP associates	72



Talent attraction, engagement, retention, and turnover

We celebrate differences and diversity, engage our employees, and take pride in our successes together. From our employee-first focus on wellness to a strong sense of community, we take immense pride in creating opportunities for all Challengers to celebrate milestones, meaningfully recognize diversity, and approach everything they do with compassion and equity. We nurture a culture that engages and empowers our employees, and we survey our Challengers regularly for their thoughts.

Today's job market is extremely competitive and like all other Canadian organizations, Equitable was subject to the forces of the pandemic's so-called Great Resignation. Consequently, 2021 featured one of our highest turnover rates in 10 years against 2020, which saw historically low turnover industry-wide. Our 2021 turnover rate remains below Big 6 median turnover rate. Employees left the organization to work from home permanently, work from another country, or simply took another role for more compensation. While we are disappointed to lose valued Challengers, we are pleased that the Bank's employee engagement score was 80%. Employees quoted strong trust in senior leadership and freedom to be themselves as reasons for great engagement, among others.

Metric	2020	2021
Engagement score	81%	80%
Voluntary turnover	9.5%	15.3%
Involuntary turnover	Not reported	2.7%
Absenteeism rate		1.0%
Average tenure of employees		3.6 years

All figures above exclude Bennington except for average tenure of employees

Great Place to Work®

Equitable is Great Place to Work® certified and proud to be recognized as one of Canada's top employers since 2015. The Bank ranked among the 2021 Best Workplaces™ in Financial Services and Insurance, and in April 2021 was formally awarded the distinguished honour of placing on the 2021 list of Best Workplaces™ in Canada. Compiled by the Great Place to Work® institute, recognition on this list is based on confidential employee survey results and an in-depth, independent review of culture. Equitable also landed in the Top Employer category and Top Hybrid Workplace category. This independent survey revealed that employees have trust in Equitable's health and safety, and inclusion approach.

Promotion and referrals

We gratefully acknowledge the loyalty and contributions made by long-term employees, and our rewards and recognition programs celebrate employees that embody our values and exemplify dedication to customer service and exceptional passion and spirit.

We invest in our people with the goal of creating engagement, knowledge, and productivity, and believe in personal empowerment because it increases agility and fosters retention. In 2021, we promoted 16.1% of our employees into new roles in recognition of their growth potential.

We hire from within. Each time a new position opens, we post the job internally for seven days. In 2021, 484 open positions were filled by internal candidates through a mix of promotions and internal transfers. We also reward referrals of new employees from our existing team. In 2021, 12% of new hires were sourced from referrals.

[Employee development programs](#) are evidence of the Bank's commitment to growing and retaining talent. We are enriched by Challengers who graduate from the Rotational Leadership Development Program into a full-time role, and those who transfer to a different department to broaden their job skills and knowledge. These Challengers bring expertise to their peers, new and existing, and contribute to the wealth of knowledge-sharing across our organization.

Metric	2021	
Open positions filled by internal candidates	Promotions	187
	Internal Transfers	297
	Total	484
Percentage of new hires sourced through referrals	12%	

Performance evaluations

We offer regular coaching, goal setting, performance reviews, and mentorship programs for every Challenger.

We actively encourage employees to recommend additional programs and efforts they believe would be beneficial, and welcome honest and frequent feedback from our team. We listen to our employees and provide them with the tools they need to ensure their successful professional development.

Metric	2021
Total number of employees who received a regular performance and career development review	903
% of total employees who received a regular performance and career development review	95.5%

All figures above exclude Bennington

Regular performance and career development review received in 2021 by gender			
Metric	Female	Male	Non-Binary
Total number of employees who received a regular performance and career development review	474	427	2
% of total employees who received a regular performance and career development review	96.7%	93.9%	100%

All figures above exclude Bennington

SIERA Awards

Every quarter, all Challengers can nominate their colleagues for SIERA Awards. Recipients are recognized for going above and beyond in their daily job accountabilities by embodying Equitable's core values of Service, Integrity, Empowerment, Respect, and Agility, hence the name of this award. In 2021, 24 Challengers were recognized with SIERA Awards.

Strategic workforce planning

As a growing Bank, we need to be agile in the face of change within and outside of our organization. Strategic workforce planning involves the use of analytical models to solve long-term organizational planning issues. To align with our goal of creating an equitable, diverse, and inclusive workforce, we use strategic workforce planning tactics to measure our progress and remove bias. As a use case example, we built a diversity forecast in 2021 to model our future minority-to-non-minority workforce proportions based on historical hiring and retention rates. This statistical exercise supported our Human Resources team in predicting future hiring needs and creating awareness of potential biases faced by the Talent Acquisition team.

Incentives

In 2021, we increased our average Challenger workforce by 16.4%, and increased our compensation and benefits expense by 19.2%. The delta shows the Bank's commitment to paying our people fairly and competitively. In the context of our total non-interest expenses, compensation costs make up about half, proving that our people truly are our most important assets.

In addition to salaried compensation, our program includes long- and short-term incentives based on job level, as well as other forms of non-financial incentives through our comprehensive benefits packages.

Pay Equity was formally introduced to all federally regulated workplaces by the Government of Canada in September 2021. We welcome this initiative and have just completed and expanded a new compensation structure within the Bank. Our Pay Equity committee was formed in Q1 2022 and an analysis into gender-pay gaps will commence. We will endeavour to disclose our 2022 gender pay-gap metrics next year.

Compensation decisions are guided by the Human Resources and Compensation Committee (HRCC) of the Board and are discussed in detail in our annual [Management Information Circular](#)

Types of employment

Metric	Competitive compensation	Benefits	Paid vacation days
Full-time	✓	✓	✓
Part-time	✓	✓	
Contract	✓		
Intern/Co-op	✓		

Employees by employment type, by region

Region/Type	Alberta	British Columbia	Ontario	Quebec	Total
Full-time	45	19	1,027	36	1,127
Part-time	0	0	0	0	0
Contract ¹	0	0	34	0	34
Total ²	45	19	1,061	36	1,161

¹Includes contractors on our payroll; excludes external contractors

²Excludes student interns and co-op students



Health & safety

Flexible work arrangement

Equitable Bank recognizes that flexible hours benefit employees by enabling them to meet the needs of work, home, and community. We developed our Flexible Work Hours Policy and Procedures to help employees balance their work-life schedules. Employees have various options from which to select.

Current	With flexible work hours
Work schedule with 60-minute lunch	Work schedule with 30-minute lunch
8:00 am – 4:30 pm	8:00 am – 4:00 pm
8:30 am – 5:00 pm	8:30 am – 4:30 pm
9:00 am – 5:30 pm	9:00 am – 5:00 pm

Many of our Challengers continued to work from home during 2021 due to the pandemic and we provided additional flexibility to them based on individual circumstances. Due to the Omicron wave near the holiday season, we made the decision to scale back our initial return-to-office plans. As COVID-19 restrictions are removed across the provinces we operate in, our gradual return-to-office plan will commence. Our response to changing public health restrictions demonstrates our agility and desire to work together as a team, no matter the circumstance.

Metric	2021
% of positions with opportunity for hybrid work arrangement	100%



Health and wellness

We care about the total health and wellness of our employees. Accordingly, Equitable Bank seeks to:

1. Promote a healthy workforce.
2. Constantly improve, recognizing that health and wellness can be improved, and health can be supported in the workplace.
3. Foster a culture of physical and mental wellbeing in our workplace, recognizing that this is a shared responsibility between employer and employee.

EQ Strong

We recognize that wellness is not only related to one's physical health, but financial, emotional, psychological, and social health as well. This holistic view informs our health and wellness program – EQ Strong – that encompasses all five pillars. EQ strong incorporates specific and intentional programs and resources:

- **Lifeworks** is an Employee Assistance Program (EAP) that provides confidential counselling, consultations,

community referrals, multimedia resources and online access to hundreds of articles, self-assessments, blogs, podcasts, calculators, and more. Services are anonymous, available 24/7 and are provided at no cost to Equitable Challengers and their dependents, as defined by our benefits plan.

- **Bright** is an online platform that provides daily live and on-demand classes ranging from workouts to yoga, mindfulness to stretching, nutrition classes and more. Employees have full access to Bright at no cost.
- All full-time permanent Challengers are eligible for a \$200 **fitness reimbursement** per 12-month period for a gym/fitness centre membership or at-home gym equipment.
- **Healthy snacks** are provided to Challengers at no cost. All we ask is that employees donate an amount they feel is appropriate. Every dollar raised is matched by Equitable Bank and donated to designated charities throughout the year.
- Every fall, Equitable invites a Registered Nurse to our head office to provide **flu shots** to any employee who wishes to receive one.
- **Monthly newsletters and webinars** promote various facets of health and wellness. Some highlights include Well-Being Challenges with Bright, Managing Personal Finances with Wealthsimple and Open Access, and Reading Food Labels with FreshTalk Wellness.

The wellbeing of our employees and engagement excellence will remain priority areas of focus in 2022.

COVID-19 Pandemic

With COVID-19 posing added health and safety risks to our employees, we closely follow public health guidelines and in 2021, continued to be flexible in timing our return-to-office strategy, while requiring that all employees be fully vaccinated to enter the office. In 2021, we launched multiple initiatives to help employees feel safe coming to work if they chose to do so:

- **Rapid antigen tests** were made available on a voluntary basis for all employees who came to the office
- Mandatory **online self-assessment screening** was completed by each employee every day that they came into the office
- **A transportation subsidy** of \$100 per month was given for Uber, taxi, public transportation, and parking fees (continuing into spring 2022)
- **Masks and hand sanitizer** were available on each floor of the office

Metric	2020	2021
Workplace accidents	0	0
Work-related fatalities	0	0



Corporate Governance



Corporate governance

Why it matters to Equitable Bank

We are led by a diverse, experienced Board of Directors that has strong conviction in our Challenger Bank purpose, business model, and strategy. Our Board and Senior Leadership Group work tirelessly to ensure that all Challengers and partners act in line with our corporate values to deliver the Bank's purpose. Our integrity, unique team culture and risk management framework guide all of our activities and ensure the Bank is appropriately managing risks. The Bank operates within a strict risk appetite and will not stretch that appetite to achieve growth objectives.

2021 Corporate governance highlights

- Maintained **best-in-class Board diversity**.
- 50% of independent directors were women; 20% of independent directors self-identified as a member of a visible minority; and our only non-independent director was our CEO.
- 100% of employees completed their **annual Code of Conduct attestation**.
- Followed **best-in-class cybersecurity practices**, aligning pillars with internationally recognized National Institute of Standards and Technology (NIST) framework.
- Provided **complaint-handling service** to our customers through the **Office of the Ombudsman**, and resolved all 5 matters raised to the customer's satisfaction

Links to resources

[Management Information Circular](#)

[Privacy](#)

[Corporate Governance Documents](#)

[Board of Directors](#)

[Q4 and Annual 2021 MD&A](#)

Connection to ESG Framework

	Environmental	Social	Governance
Our values	Controls and Capital		
Respect	We are led by skilled individuals with diverse backgrounds who use their varied experiences to drive change that delivers value to our stakeholders, while building our inclusive culture.		
Integrity	We protect privacy, manage risk, and do good because we want to, not just because we have to. We use proven governance frameworks and controls, provide transparent reporting, and manage risk through processes that ensure ethical behaviour.		
Service	We forge Board and management relationships with key stakeholders, and treat our investors like our customers, by developing products and services that do good and enrich Canadians' lives.		
Empowerment	We deploy governance structures that enable confident decision-making while maintaining checks and balances. We deploy capital responsibly to customers and businesses who align with our values.		
Agility	We have efficient risk, monitoring, and reporting mechanisms that allow us to address challenges in real-time and focus on new opportunities for effective product development.		



Board matters

Board structure and independence

Our Board of Directors is responsible for the overall governance of the Bank. The Board is committed to maintaining the high standards of corporate governance expected by our customers, investors, regulators, and the wider community in which we operate. The Board promotes and oversees a culture of integrity, approves the Bank's strategy, and provides oversight of management as the strategy turns into action. Key focus areas include long-term strategy, value creation, risk oversight, management succession, and workforce development and retention. Structurally, Equitable has a one-tier board and all members are independent except for our CEO.

Diversity

As set out in the 2022 Management Information Circular, we are committed to increasing diversity company wide but can also demonstrate best-in-class Board diversity today, at the time of report publication:

- Nine of ten director nominees are independent
- Four (or 44%) of our independent director nominees identify as women
- Two (or 22%) of our independent director nominees self-identify as a member of a visible minority group

Committees

Effective governance is achieved through our mature risk management framework and governance structure that is set out in the Management Information Circular and our Management Discussion & Analysis. The governance structure for Equitable comprises the following:

Committee Type	Responsibilities	Size of committee in 2021	Committee meeting attendance ¹
Risk and Capital Committee	<ul style="list-style-type: none"> Supported by the credit-risk sub-committee, enterprise risk management committee, and asset and liability committee Oversees Equitable's core and emerging risks, and the implementation of controls to manage risks 	5	100%
Audit Committee	<ul style="list-style-type: none"> Oversees the quality and integrity of our financial reporting processes to mitigate our exposure to financial risk 	4	100%
Governance and Nominating Committee	<ul style="list-style-type: none"> Oversees Equitable's environmental and social practices and related reporting 	5	100%
Human Resources and Compensation Committee	<ul style="list-style-type: none"> Oversees employee programs, compensation, equity, diversity, and inclusion, and senior management succession 	4	100%

¹All directors are expected to attend all Board meetings and all meetings of committees on which they serve. Attendance in 2021 was 100%, in line with expectations.

All Board committees are comprised of independent directors. Each committee has the authority to engage its own independent advisor. Committees meet in camera at each meeting. The Audit Committee also meets in separate in-camera sessions with the external auditor, the Chief Auditor, and with the Chief Financial Officer. The Governance & Nominating Committee meets in camera with the Chief Compliance Officer/Chief AML Officer at each meeting, and with the Chief Auditor annually. The Risk & Capital Committee meets in camera with the Chief Risk Officer at each meeting. The Human Resources & Compensation Committee meets with the independent compensation consultant, engaged by the Committee, at each meeting. All sessions are held without members of management present. In addition, with the exception of the Human Resources & Compensation Committee, all committees have the authority to engage independent reviews of the oversight functions reporting to the respective committee.

Resources

[Governance Documents](#)

[Board of Directors](#)

[Committee Composition and Mandates](#)



Experience

Board renewal is an important aspect of good governance. Our directors keep pace with the needs of the Bank and carefully recruit new Board members from time to time with relevant expertise, proven leadership experience, and broad perspectives. In May 2021, Eric Beutel retired from the Board due to the implementation of the 12-year term limit in 2020, after serving as a director since 1994. No new members were added to our Board of Directors in the year.

Board evaluations

Each year, the Governance & Nominating Committee (GNC) considers the type of Board effectiveness evaluation to be conducted based on different factors, such as new directors, external factors, etc. as well as areas to be evaluated each year. The Board is of the view that open-ended questions provide for more quality feedback. The Corporate Secretary drafts the questions with input from the Committee Chair and these questions are presented for review by the GNC at its Q3 meeting. Subject to any last-minute adjustments, the questionnaire is circulated with summary findings presented by the Board Chair for discussion at the annual strategy meeting. The Board Chair also meets one-on-one with each director to discuss board

performance, any areas of concern, and other matters to ensure the proper functioning of the Board.

Executive share ownership guidelines

The CEO's share ownership requirement is 5x base salary; the CFO and CRO are required to hold 2x base, and the remaining executive officers are required to hold 1x base and must meet these targets within five years of appointment to their position. The Human Resources and Compensation Committee monitors compliance by all executive officers. Please refer to pages 56 and 57 of our [2022 Management Information Circular](#), and to the Committee's mandate.

Director share ownership guidelines

Directors are required to hold 3x their annual retainer within five years of joining the Board, and the Chair is required to own 3x their annual retainer within five years of being appointed to that position. Refer to Page 26 of our [2022 Management Information Circular](#). The Governance & Nominating Committee reviews benchmarking data of director compensation biennially and makes recommendations for changes to the Board.

Metric	Target	2021	
Number of board members	Maximum 12 ¹	11	
Diversity			
% of independent directors	-	91%	
% of executive board members	-	9%	
% of female identifying independent directors	30%	50%	
% of BIPOC independent directors	-	20%	
Average board tenure	-	6 years	
Average board tenure of independent board members ²	-	6 years	
Age diversity of directors	< 50 years	-	1
	≥ 50 years	-	10
Board age limit	-	72 years	
Youngest director	-	49 years	
Oldest director	-	70 years	
Board participation and attendance			
Number of board meetings in fiscal year	-	7	
Average board meeting attendance	-	100%	
Voting rights (no dual class shares)³			
Votes per share	-	1	
Amount of shares	-	34,070,810	

¹Figures may differ from those presented in the Management Information Circular, which highlights director election that occurs at the Annual General Meeting each spring.

²The Board implemented a 12-year term limit for directors. This is explained in our information circular. This term limit does not apply to the director who serves as CEO.

³This information is available in Equitable Group Inc.'s 2021 financial statements filed on SEDAR on February 7, 2022, or on our [investor relations](#) website.



Business ethics

Code of Conduct

Every member of the Equitable team commits to exercising the highest degree of ethical and legal behavior in the conduct of our business. Our values, together with our Code of Conduct, guide us in everything we do. Compliance with our Code of Conduct is mandatory for all our employees and directors.

Our Code of Conduct speaks to the five key values that underlie all of the Bank's activities.



The Code outlines minimum standards of behaviour expected from all employees, including contractors and directors. It also sets out principles to guide our actions and decisions, and is supported by various policies and procedures.



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“In any difficult situation, ask yourself: Is this legal? Is this fair and ethical? If the situation became public, would it impact the Bank’s reputation?”

Bank’s Code of Conduct

As Challengers, we are all expected to:

- Understand our responsibilities under the Code and its supporting policies
- Comply with the Code and its supporting policies at all times

- Complete any required training on the Code and its supporting policies
- Ask for guidance when necessary
- Report suspected or actual breaches of the Code or its supporting policies

Other key items highlighted include compliance with laws and regulations, including those dealing with:

- Anti-money laundering (AML) & fraud
- Anti-terrorist financing
- Illegal and anti-competitive practices, including bribery
- Inappropriate sales practices
- Avoiding conflicts of interest

- Accepting gifts & entertainment
- Insider trading
- Professional conduct including on social media
- Violence & harassment
- Fair treatment of employees

All employees are required to demonstrate commitment to the Code of Conduct through an annual code compliance attestation. Employees are further obligated to report any breaches or exceptions.

Metric	2021
% employees validating Code of Conduct	100%



Anti-competitive practices

The Bank competes vigorously in the financial services marketplace and believes in ethical and legal practices. We never engage in practices such as price fixing, collusion, or coercive selling. Appropriate processes are in place to ensure our sales representations, communications, and advertising to consumers are fair, clear, and never misleading.

To satisfy the Bank's commitment against coercive tied selling, it does not impose pressure on customers to purchase any products or services as a condition of approving their request for another product or service.

Metric	2021
# instances the Bank was investigated for anti-competitive practices	0
Total contacts received by the Office of the Ombudsman	300
Full Investigation complaints conducted by the Office of the Ombudsman	8
# of Full Investigation complaints that were resolved by the Office of the Ombudsman to the satisfaction of the person who made the complaint	5

Corruption and bribery

Corruption and bribery are not tolerated in any form as outlined in our Code of Conduct and Anti-Money Laundering and Anti-Terrorist Financing Policy.

Employees undergo compulsory annual training to spot corruption and bribery. Our culture of ethical behaviour and focus on the triple bottom line (profit, people, planet) position us to avoid adverse outcomes.

The Bank's formal Whistleblower Policy helps us to capture inappropriate actions, such as unethical behaviour, violations of the company's Code of Business Conduct, breaches of company policies, or financial matters anonymously and confidentially.

We encourage timely and open communication of concerns, and ensure they are duly escalated, investigated, and dealt with promptly and appropriately. A whistleblower concern is taken seriously and is reported by the Chief Compliance Officer to the Chair of the Audit Committee following a thorough investigation. The Bank will protect anyone who in good faith reports a concern from discipline or retaliatory action. The Internal Audit department reviews the policy for effectiveness on a risk-based cycle, per the internal audit plan approved by the Audit Committee.



Anti-money laundering (AML) and anti-terrorist financing (ATF)

Equitable is committed to ensuring it has an effective enterprise-wide, risk-based framework for managing the risks arising from money laundering and terrorist financing activities. The Bank complies with all applicable laws, regulations, and standards to avoid risk to its operations, reputation, integrity, and ability to carry on business.

Our AML/ATF program defines the roles and responsibilities of employees within the lines of defence in managing risk and ensuring the relevant policies, practices, and procedures are appropriately documented and accessible. It provides a comprehensive approach to assessing risk, client due diligence, and employee training, amongst other AML/ATF-related matters. The Chief AML Officer is accountable for the implementation and maintenance of the AML/ATF program and keeping it aligned with identified inherent risks.

Employees complete regular AML/ATF training on our [EQ University](#) platform. The training is designed to provide the principles and foundation to detect and protect the Bank against money laundering and terrorist financing, while fostering compliance with applicable AML/ATF laws and regulations. It also outlines an ongoing risk assessment methodology that is customized for the Bank and takes into account the nature, scope, complexity, and risk profile of our institution and our customers.

Key elements for managing AML/ATF risks include:

- Detecting and deterring attempts at disguising such activities
- Building formal internal controls
- Complying with all appropriate rules, regulations and guidelines, such as United Nations Act, and Canada's Criminal Code
- Monitoring transactions and customers that pose higher risk
- Conducting internal audits of the effectiveness of the AML/ATF program at least every 2 years
- Not transacting with sanctioned individuals and entities
- Keeping appropriate client and transaction records
- Assessing risks and mitigants while developing new products



Lobbying and political involvement

The Bank engages with the Office of the Superintendent of Financial Institutions (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 Bank's Code of Conduct 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
- **Service** – Delivering outstanding service and engaging at a policy level that enhances customer choice and experience

Equitable 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
- Membership in the CBA and BATCA
- 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, and helps foster transparent relationships with regulatory bodies.



Privacy, data security and cybersecurity

Our privacy approach

Equitable makes privacy a keystone of all banking activities with an intrinsic focus on safeguarding client banking data and personal information from breaches. Our mindset is to be best in class among our peers and to ensure the use of the latest infrastructure that can adapt to an ever-changing and challenging landscape. Agility is a cornerstone of our corporate values and a key enabler of the implementation of the latest privacy tools and techniques. The Bank maintains a repository of privacy infrastructure, up-to-date policies, staff training approaches, and dedicated officers to track, monitor, and report privacy-related issues. Key privacy approaches include:

- Real-time measuring, tracking, and reporting of privacy-related issues
- A digital-first and cloud-first strategy to minimize potential privacy issues from legacy technology systems and physical handling of sensitive information

- Active collaboration on privacy between our Chief Privacy Officer (also our Chief Compliance Officer), Chief Technology Officer, and Group Head of Personal Banking, including regular and frequent contact within management that allows us to address items that could be easily missed
- Policy initiatives that reflect global best practices in banking and address the challenges of hacking, phishing, and fraud
- Privacy training for all employees
- An open environment where any stakeholder – whether customer, employee, or investor – can highlight privacy-related improvements
- Periodic audits by regulators and annual audits by third-party auditors to assess our cybersecurity controls and practices

On the following pages, we discuss our framework for the collection, protection, management, and disclosure of sensitive personal information of both our customers and employees. We also highlight the key principles of privacy legislation and how the Bank applies them in its day-to-day operations.



Our privacy goal

Our goal is to limit collection to essentially mandated customer information required by regulatory authorities. Our robust privacy policy ensures freedom from unauthorized intrusion and makes certain that customer data are safe from access by unauthorized parties.

“

“Trust is the #1 driver of our Bank’s growth story, and we maintain our customers’ trust through investment in robust privacy infrastructure, intensive staff training, and technology-driven agile approaches to managing privacy related challenges.”

*Andrew Vezina
VP and Chief Information Security Officer*

Privacy documentation

Equitable’s privacy program is supported by several documents available in the public domain.

Other policies not in the public domain, but which are key to the Bank’s Privacy Approach¹, include:

- Privacy Corporate Procedures: Details of all items pertaining to the Bank’s management of privacy including (a) Privacy Principles (b) Regulatory guidelines, including CASL², PIPEDA³ and other applicable regulatory norms, (c) Privacy Principles (d) Privacy Management Key Steps (e) Issue Management (f) Compliance Agreements (g) Roles and Accountabilities
- Mandate of the Chief Privacy Officer: Details the mandate of the Chief Privacy Officer, including scope of work, accountability, and key duties
- Privacy Breach Investigation Report: Operational document detailing key steps for investigating privacy breaches

Metric	2021
% of employees who received training on data privacy	100%

All employees of the Bank receive privacy training within 60 days of hire and annually thereafter. This training is mandatory, and completion of training is included in reports to the Enterprise Risk Committee of the Bank.

Resources

[Code of Privacy Principles](#)

[Privacy Agreement](#)

[Online Privacy Statement](#)

[Principles of Consumer Protection for Electronic Commerce: A Canadian Framework](#)

¹Bank limits sharing privacy management details to protect specific information from parties with potentially malicious intent

²[Canadian Anti-Spam Legislation \(CASL\)](#)

³[The Personal Information Protection and Electronic Documents Act \(PIPEDA\)](#)



Cybersecurity

Safeguarding privacy and cybersecurity

Our Board plays a key role in overseeing our security program, setting the tone at the top, and championing the importance of information and cybersecurity through well-designed policy and direction. Cybersecurity risk is considered an enterprise-wide business issue that cuts across all divisions and functions.

We remain focused on the confidentiality, integrity, and availability of information and cybersecurity controls that protect our network, data and infrastructure. The cybersecurity risk landscape includes numerous and increasingly sophisticated, complex, and potentially damaging cyber threats. To manage these risks, our defense systems are designed as an integral part of our infrastructure, our architecture, and the development for our digital banking platform.

We proactively maintain a defense-in-depth strategy with developed standards and guidelines to prevent, detect, respond to, manage, and address cybersecurity threats against our websites and digital banking platform.

Cyber resilience

Our organizational practices to achieve and maintain cyber resilience are based on the following principles:

- **Build security in** - Ingrain security risk management into the day-to-day work of team members and our tools/processes
- **Control access** - Leverage identity and access management as a critical control to prevent and detect attacks
- **Engineer for security** - Thoughtfully build and sustain security controls to protect against modern security attacks
- **Smartly detect attacks** - Optimize tools and processes to ensure fast and flawless detection, investigation, and response
- **Relentlessly improve** - Constantly prepare for attacks, measure and test our defenses, and implement improvements

Our cybersecurity roadmap is updated regularly to stay current with emerging threats, with the objective of continuously improving the strength of our program and capabilities.

We continuously test the effectiveness of our controls and data protection processes through internal and external systems audits and assessments, including regular penetration tests, application code reviews, vulnerability scans, disaster recovery tests, and cyber exercises (Red Team, Tabletop) to simulate real-life hacker attacks.

We work closely with our critical cybersecurity and software suppliers to ensure that our technology capabilities remain cyber resilient and effective in the event of any unforeseen cyber attack. To stay abreast of developments in cyber and data security, our internal teams receive daily cybersecurity updates from partners and trade associations representing banks and other financial institutions, and take specialized training to thwart current and evolving threats. Our team of security specialists deploys tactical, operational, and strategic intelligence to analyze and prevent cyber attacks.

Program measurements and key controls

Our Chief Information Security Officer (CISO) oversees our cybersecurity program and transparently updates the Board and Risk Capital Committee each quarter. Updates include trending of our risk dashboard, events, changes in the risk landscape, and progress against our strategic roadmap.



Every month we review our cybersecurity program using effective key controls that cover six different domains. These key controls align with OSFI's Cybersecurity Self-Assessment controls and the NIST Cybersecurity Framework. Bi-monthly, these results are shared with our Executive Steering Committee. This measurement practice provides the opportunity to review a domain every month and highlights improvement opportunities. This disciplined practice includes identifying risks, deploying controls to detect threats, applying additional protective measures, and maintaining strong response and recovery capabilities should an incident arise.

Continuous improvement to the Bank's security is a practice that has become part of the security team's DNA. We improve by collaborating with industry associations and academia to advance cyber resilience in Canadian society, and we rigorously assess vendor partners and suppliers. Our CISO sits on an Advisory Board at the University of Guelph Master of Cybersecurity and Threat Intelligence (MCTI), where we have an innovative partnership and collaborate with students.

The Bank's Cybersecurity team is comprised of experienced professionals and is diverse: 42% of team members are women.

Training and best practices

All employees including executives are required to play a role in managing operational risk. In this regard, we conduct operational risk management and cybersecurity awareness training and testing for all Challengers across the Bank – to provide them with an overview of the various

types of operational risks, and their respective roles and responsibilities in helping to protect the interests and assets of the Bank.

We conduct additional security training for privileged users such as software developers and have adopted automated cybersecurity assessment tools that integrate security into application development. Vulnerabilities across the network, operating systems, application layer, and in-house custom software are managed centrally and remediated.

Customer security

To ensure security, we use risk-based authentication that enables a seamless customer experience while ensuring security of online bank accounts. This process forms an extra layer of defense to protect customer accounts and personal information. We also use HTTPS encryption to protect all transactions and ensure all communications are secure.

We provide customer education on how to keep their accounts and personal information safe, along with best practices to detect, track, and mitigate threats. Examples include:

- Bookmarking login pages
- Keeping mobile apps current
- Password protection (examples include strong, not something guessable, don't share)
- General online banking best practices



Risk management

Leadership and team

While the Chief Risk Officer oversees risk and compliance functions, the capital planning process, and provides oversight of enterprise risk management of the Bank's core risks, our Chief Compliance Officer is ultimately responsible for the compliance function of the Bank. Both the Chief Risk Officer and the Chief Financial Officer oversee the Bank's risks related to ESG. Key duties include identifying, measuring, and monitoring all risks for the Bank.

A broader risk committee aligns the Bank's risk appetite with business and strategic decisions. Team activities include managing credit risk through the portfolio, modeling risk, identifying risks around compliance, fraud, and operations, establishing risk policies, and articulating practices for respective business units and support functions. Beyond

our experienced Chief Risk Officer, there are dedicated leaders managing operational risk, fraud and compliance, risk policies, credit risk, risk modeling, and reporting.

Policy and strategy

While our operations may not be directly impacted by major environmental and related issues, our high level of preparation allows us to promptly handle major concerns within the broader ESG spectrum. The Bank's portfolio has a primary concentration in real estate, which may be impacted by ESG-related issues. The Bank's management team takes an active role in monitoring potential risks due to the exposure of our clients and the broader market.

This section of our ESG report should be read alongside our [Q4 and Annual 2021 MD&A](#), which provides extensive insight into our risk strategy on pages 63 - 81.

Organizational risk appetite

The Bank's risk appetite framework is designed to:

- Better understand and manage the Bank's core risks effectively in a changing environment by translating key risk indicators (KRIs) into day-to-day business decisions
- Better align the Bank's overall corporate strategy, capital allocation, and risk
- Enable more transparent decision-making for all stakeholders
- Build the Bank's capabilities by continuing to embed a strong risk culture across the Bank and strengthen its risk management processes
- Partner with the Bank's business units to generate opportunities with attractive risk-return profiles – within the limits of our pre-defined risk appetite



Our Bank maintains a Board-approved Enterprise Risk Management Policy. It was designed to establish our formal, mandatory, systemic, and integrated approach to identifying and managing risks and opportunities on an ongoing basis within the Bank's environment that may impact the achievement of strategic, operational, and financial objectives.

The Bank's Risk and Capital Committee reviews all identifiable risks to which the Bank is exposed, evaluates the level of those risks, selects the types of risk which represent the highest level of exposure to the Bank (core risks), establishes limits for those risks, and monitors and reports on the level of risk by means of risk dashboards customized for each core risk. The Bank's business model necessitates that it operates within a "low-to-medium" overall risk range for its core risk categories. Core risks include:

- Credit risk
- Market risk (consists of both interest rate risk and equity price risk)
- Liquidity and funding risk

- Operational risk
- Business and strategic risk
- Legal and regulatory risk
- Reputational risk

Our risk framework considers both potential ESG-related and non-ESG risks that could potentially impact the Bank's business. Potential ESG-related impacts could include a credit event arising out of extreme weather (i.e., forest fire destroying residential inventory of a customer), market risk arising from volatile commodity prices (i.e., volatile energy prices leading to an increase in operational expenses or loss of jobs in oil-producing regions), or liquidity risk (i.e., unanticipated liquidity event coupled with climate-related credit event challenging the Bank's liquidity management preparations). In all situations, our Bank has made extensive preparations to manage risk, while at the same time maintaining a low to moderate risk appetite.

Enterprise risk management framework

We developed a framework through which we evaluate all risks faced by the Bank. The framework follows a logical process applicable to all risks, so we can continue to operate within our risk appetite.

- **Risk identification** – Identify and assess the Bank's core risks and develop a risk profile/definition
- **Risk appetite** – Develop and maintain the risk appetite by utilizing a combination of regulatory approaches to set our tolerance level

- **Risk assessment** – Analyze inherent and residual risks in the context of probability and impact, and inter-relationships between risk types to determine the appropriate course of action
- **Models** – Develop internal risk management models for guidance where applicable and use for benchmarking
- **Risk response** – Develop an approach to respond to the risks identified within the Bank's risk appetite.
- **Control activities** – Establish and implement policies, procedures, and other control mechanisms, reporting, and initiatives to govern the effective management and oversight of risk
- **Tools** – Software platforms used include those that are best in class and accepted globally for risk management
- **Training** – Risk procedures and controls are deployed across the organization, and where appropriate, personnel are trained in the latest policies and risk management activities



Operational risk management

Operational risk events frequently involve procedural breakdowns, control failures, or control gaps that trigger events or further contribute to the severity of the consequences. The impact may or may not result in either a financial loss or gain. In any case, occurrence of an event provides an opportunity to identify, assess, and mitigate future recurrence. We also study the probability of future occurrences of such incidents.

We currently report internally on ESG-related risks as a subset of Business and Strategic risks but recognize that these risks span the entire risk profile of Equitable. Our robust set of risk controls allows our team to focus on critical and relevant items such as bribery, corruption, and fraud, to evaluate sustainable finance opportunities, and understand the scope of financing within mortgages that can lead to sustainability and financial inclusion.

Crisis management

Our operations can be affected by a crisis in a range of ways: operational, financial, strategic, and other. Besides disruption to our employees' work, our portfolio may be affected by a climate-related crisis, or we may be subject to a sudden change in market dynamics, cybersecurity issues, and the like.

We have a dedicated crisis management team consisting of Level 1 and Level 2 leaders:

- **Level 1 leaders** – Executive-level management team comprised of the Chief Executive Officer (CEO), Chief Risk Officer (CRO), and the Chief Financial Officer (CFO)
- **Level 2 leaders** – Crisis Management communications leader, SVP and Chief Human Resources Officer, SVP & Chief Technology Officer, Legal Counsel, Chief Compliance Officer, and all business unit heads of Digital Banking, Treasury, Personal Banking, Commercial Lending, Financial Planning & Reporting, Credit, Deposit & Mortgage Services, and Bennington Financial Corp.

In the event of a crisis, the Bank has a prescriptive list of steps to ensure early control of the situation. Steps for identifying a crisis include trigger and preliminary issue identification, investigation and assessment, trigger verification, corrective steps and making the call, and ongoing communication flows from senior leadership to crisis team, affected team, and external stakeholders. We recognize that in a crisis, time is of the essence to all affected parties.



Human rights

Equitable Bank operates solely in Canada, and complies with all relevant federal, provincial, regional, and other human rights regulations. We recognize that slavery and trafficking represent a violation of fundamental human rights, and do not tolerate these actions within our business.

We are compliant with all relevant laws, including but not limited to: The Canadian Human Rights Act, The Canadian Charter of Rights and Freedoms, and the Canada Labour Code. Equitable Bank also operates with internal policies, such as our Code of Conduct, Employee Handbook, and our Violence and Harassment Policy that explains employee rights and responsibilities in specific situations.

We recognize that equitable human rights are a precursor to successful business and societal development. The Bank strives to give employees, customers, and communities the best chance at equality and dignity. For more information, please consult the [Equity, Diversity & Inclusion](#) section of this report. We are proud of the strides we are making as we follow human rights guidelines in Canada.



Appendix

Sustainability Accounting Standards Board (SASB) Index

The Bank is committed to transparency in its ESG disclosures. We are motivated to provide our stakeholders with meaningful reporting on material ESG metrics. While the ESG space contains several market-leading standard-setting organizations, we have chosen the SASB standards as a starting point.

SASB was founded as a non-profit standard-setting organization that aims to help businesses and investors understand, identify, manage, and disclose financially material sustainability information to their stakeholders. SASB standards, which are maintained by the Value Reporting Foundation, are evidence-based standards, developed with broad market participation, and designed to be cost-effective for companies and decision-useful for investors.

For more information, visit sasb.org.

Equitable's business activities align with three of SASB's 77 Industry Standards: Mortgage Finance, Consumer Finance, and Commercial Banks. Some metrics are consistent across multiple industries, which will be presented in a consolidated table. While our business aligns with these three industries, not all metrics are relevant to our operations, and some are not within our current realm of measurement. We will continue to evaluate all metrics on a recurring basis to ensure that we are providing comprehensive disclosure to our stakeholders. Our perceived status of reporting completeness is displayed in the index, with a goal of increasing disclosure every year.

International Sustainability Standards Board (ISSB)

Investors are increasingly analyzing nonfinancial ESG-related metrics to assess companies' growth opportunities and risks. As a result, there is a need for high quality, transparent, reliable, and comparable reporting by companies on ESG-related matters. The IFRS Foundation Trustees announced the formation of a standard-setting

board, the ISSB, which aims to develop and maintain a comprehensive global baseline of sustainability-related disclosure standards that will provide investors with relevant information about sustainability-related risks and opportunities for decision-making purposes. Equitable supports the ISSB in its goal and intends on reporting the standards once they are published.





For more information, visit <https://www.ifrs.org/groups/international-sustainability-standards-board/>

Multiple Industries



Topic	Accounting metric	SASB code	Reporting status	Response
Data security	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of account holders affected	FN-CB-230a.1 FN-CF-230a.1		Equitable has not experienced any material cyber security breaches and has not incurred any material expenses with respect to the remediation of such cyber events.
	Description of approach to identifying and addressing data security risks	FN-CB-230a.2		The Bank does not report on the percentage involving PII or the number of account holders affected. Refer to the privacy, Data security and cyber security section of this report on page 74 or page 78 of the Q4 and Annual 2021 MD&A for more information.
Environmental risk to mortgaged properties	Description of how climate change and other environmental risks are incorporated into mortgage origination and underwriting	FN-CB-410a.2 FN-MF-450a.3		Refer to pages 78-79 of the Q4 and Annual 2021 MD&A .

Commercial Banks



Topic	Accounting metric	SASB code	Reporting status	Response
Financial inclusion and capacity building	(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development	FN-CB-240a.1		Refer to the small and medium-sized business section of this report on page 42 . The Bank does not report on the amount of loans outstanding in this category.
	Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	FN-CB-240a.3		Equitable offers no-cost retail accounts to customers through its digital bank, EQ Bank. Refer to the access to free banking section of this report on page 33 for more information. To learn about financial literacy initiatives, refer to the financial education section of this report on page 41 .

Topic	Accounting metric	SASB code	Reporting status	Response
Incorporation of Environmental, Social, and Governance factors in credit analysis	Commercial and industrial credit exposure, by industry	FN-CB-410a.1		Refer to page 35 of our Q4 and Annual 2021 MD&A for the industry exposure of the Bank's commercial loan book.
Business ethics	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 or regulations	FN-CB-510a.1		The Bank was not investigated for any instances of anti-competitive practices, and as a result did not experience any monetary loss. Refer to the anti-competitive practices section on page 71 of this report for more information.
Systemic risk management	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	FN-CB-550a.2		Refer to pages 50, 65, and 73 of our Q4 and Annual 2021 MD&A .
Activity metrics	(1) Number and (2) value of loans by segment: (a) personal, (b) small business, and (c) corporate	FN-CB-000.B		Refer to Table 7 on page 13 of our Q4 2021 Supplemental Information Package for a detailed view of our loan book by asset class. The Bank does not disclose the number of loans by segment.

Mortgage Finance

Topic	Accounting metric	SASB code	Reporting status	Response
Discriminatory lending	(1) Number, (2) value, and (3) weighted average Loan-to-Value (LTV) ratio of mortgages issued to (a) minority and (b) all other borrowers, by FICO scores above and below 660	FN-MF-270b.1		<p>Refer to Table 9 on page 42 of our Q4 and Annual 2021 MD&A for the value of our residential mortgage portfolio as at December 31, 2021.</p> <p>Refer to Table 17 on page 23 of our Q4 2021 Supplemental Information Package for the average LTV of the Bank's uninsured residential mortgage portfolio.</p> <p>Refer to Table 18 on page 24 of our Q4 2021 Supplemental Information Package for the weighted average beacon score of loans in our alternative single family portfolio.</p> <p>The Bank does not currently measure or disclose loans issued to minority borrowers. Mortgages are issued using a broker as an intermediary and as such, do not request that borrowers self-identify as part of a minority group. Our alternative single mortgage product is intended to provide mortgage financing solutions to self-employed, new Canadians with limited or no credit score.</p>
Activity metrics	(1) Number and (2) value of mortgages originated by category: (a) residential and (b) commercial	FN-MF-000.A		<p>Refer to Table 9 on page 42 of our Q4 and Annual 2021 MD&A for value of residential and commercial mortgages originated in the year.</p> <p>The Bank does not disclose the number of mortgages originated.</p>

Consumer Finance

Topic	Accounting metric	SASB code	Reporting status	Response
Customer privacy	Number of account holders whose information is used for secondary purposes	FN-CF-220a.1		Equitable's Privacy Agreement is available on the company website. It outlines how the Bank collects, uses, and shares personal information.
Selling practices	Total amount of monetary losses as a result of legal proceedings associated with selling and servicing of products	FN-CF-270a.5		In 2021, the Bank had no complaints from the Financial Consumer Agency of Canada (FCAC), no instances of litigation dealing with irresponsible marketing, and no monetary value at risk due to lack of responsible marketing. Refer to the responsible marketing section on page 43 of this report for more information.

Metrics

For ease of reference, please see below for a comprehensive list of metrics disclosed throughout the report, as well as additional ESG-related metrics.

Climate

Metric	2020	2021
Greenhouse gas emissions		
Scope 1 GHG emissions ^{1,3, 4, 5, 8, 9}	420	366*
Scope 2 GHG emissions ^{1, 2, 3, 4, 6, 7, 8}	133	124*
Carbon credits purchased	553	490
Scope 1 and 2 carbon neutrality	✓	✓
Scope 3 GHG emissions ^{10,15}	536,892	610,509
Category 1: Purchased goods and services ¹¹	4,371	4,882
Category 2: Capital goods ¹¹	117	539
Category 3: Fuel and energy-related activities	104	90
Category 5: Waste in operations ¹²	8	12
Category 6: Business travel ¹³	279	121
Category 7: Employee commuting ¹¹	461	433
Category 15: Investment emissions (i.e., financed emissions) ¹⁴	531,552	604,432
Total GHG Emissions	537,445	610,999
Greenhouse gas emissions and waste		
Energy use (GJ)	17,178	15,866
Electricity purchased (GJ)	9,227	8,961
Total waste (metric tonnes)	33.9	50.2
Waste recycled (metric tonnes)	20.6	30.5
Leased square footage	164,527	163,142
Square footage of LEED certified office space	126,972	126,972
% of office space that is LEED certified	77%	78%

¹Data assured by KPMG noted with an *

²The Company applies the GHG protocol Scope 2 Guidance and report our Scope 2 emissions using both market-based and location based-methods. Based on current operations, the results for the location-based and market-based methods are equivalent.

³The Company has selected the Operational Control approach to define its organizational boundaries and includes all material sources and sinks associated with its facilities and operations that it exercises direct operational control over.

⁴The Company will use 2023 as its base year pending the intention to acquire Concentra Bank announced on February 7, 2022. A baseline recalculation is required if one of the following adjustments to the inventory occurs: Structural Changes including: mergers, acquisition, and divestments or outsourcing and insourcing of emitting activities; Methodology Changes including: changes in calculation methodology or improvement in the accuracy of emission factors or activity data that result in a significant impact on the base year emissions data, discovery of significant errors, or a number of cumulative errors, that are collectively significant. For Scope 1 and Scope 2 emissions, Equitable Bank has a significance threshold of 5% (i.e. a change of more than 5% to overall emissions) in these cases to trigger re-calculation of the base year, applicable to both GHG emissions increases and decreases.

⁵Scope 1 emissions are calculated using activity data (e.g. fuel consumption) and emission factors sourced from the Canadian National Inventory Report (NIR) (2021).

⁶Scope 2 emissions are calculated using activity data (e.g. electricity consumption) and emission factors sourced from the Canadian National Inventory Report (NIR) (2021).

⁷The Company applies the GHG protocol Scope 2 Guidance and report our Scope 2 emissions using both market-based and location based-methods. Based on current operations, the results for the location-based and market-based methods are equivalent.

⁸The greenhouse gases included within the Company's inventory are CO₂, CH₄, N₂O, R-123 and R-410A

⁹Immaterial sources include fugitive emissions - release of CO₂ from fire extinguishers.

¹⁰Scope 3 categories not included were not applicable or relevant to the bank's operations.

¹¹Emissions estimated using spend data and the US EPA EEIO database.

¹²Emissions estimated using a 2019 waste survey for the bank's Toronto office. Average amount of waste generated per employee was applied to all other office locations.

¹³Passenger kilometers estimated per office based on employee home address (city). Mode of travel was assumed based on city-specific data for office locations.

¹⁴Vehicle lending: emissions were estimated using motor vehicle type with distance travelled assumed based on regional statistical data. 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 emissions and company revenue. Emissions associated with lending for construction of commercial real estate are excluded from the inventory as they are currently optional for reporting under the PCAF standard.

¹⁵Due to the identification of an emission factor error within our 2020 GHG inventory, we are restating our 2020 scope 3 emissions. This correction has resulted in a reduction of approximately 37% across both category 1 (purchased goods and services) and category 2 (capital goods) emissions, and a 14% reduction in category 6 (business travel) emissions. Cumulatively, the impact on our total scope 3 emissions is a reduction of 0.5%.

Customers

Metric	2020	2021
Financial inclusion		
# of customers with free bank accounts	173,399	250,423
% of total bank accounts	100%	100%
Metric	2020	2021
Customer engagement		
Average number of new customers joining per day	215	249
Average number of logins per customer per month	Not reported	8.3
Average number of products per customer		1.6
Average number of transactions per customer per month		6.5
Metric		2021
Customer satisfaction¹		
Digital banking customers	CSAT ¹	89%
	Data coverage (% of customers/ customers surveyed)	70%
	# of quantitative surveys completed	23,789
	Participation in surveys	14%
Single family residential customers	CSAT ¹	84%
	# of quantitative surveys completed	988
	Participation in surveys	7%
Reverse mortgage customers	CSAT ¹	80%
	# of quantitative surveys completed	124
	Participation in surveys	28%
Business enterprise solutions customers	CSAT ¹	80%
	# of quantitative surveys completed	133
	Participation in surveys	11%

¹CSAT is measured by customers who rate 4 or 5 out of 5 for Top 2 Box Customer Satisfaction rating (i.e. percentage of customers who rate a 4 or 5 out of 5).

Metric	Target	2021	
Customer service			
Phone support abandoned rate	5%	12%	
Live chat abandoned rate	-	16%	
Live chat wait time	-	3.5 mins	
Mortgage services abandoned rate	10%	12%	
Mortgage services wait time	1 min	6 min 40 sec	
Metric	2020	2021	
Ageing Canadian population			
Financing provided to Canadian seniors through reverse mortgages	\$58MM	\$247MM	
Metric	Target	2020	2021
Financial education			
# of Take Back Talk Back podcast downloads	2,000	650	55,000
Metric	2021		
Credit losses			
Total credit losses		\$8,873,368	
Credit losses as a percent of loan book		0.03%	
Total credit losses (excl. Bennington)		\$0	
Credit losses as a percent of loan book (excl. Bennington)		0.00%	
Loan recoveries		\$137,299	
Product responsibility			
# instances of litigation dealing with irresponsible marketing		0	
\$ at risk due to lack of responsible marketing		\$0	
# instances of complaints from Office of Consumer Affairs (OCA)		0	
Affordable housing and small and medium-sized businesses			
CMHC-insured affordable housing financed (\$)		\$481MM	
# of CMHC-insured affordable housing projects financed		26	
% of small and medium-sized business in total lending portfolio		4.7%	
\$ of equipment leases to small and medium enterprises		\$710MM	
% of Alt. SFR loans to self-employed customers		58.9%	

Community

Metric	2020	2021
Corporate citizenship and philanthropy		
Cash Donations	Not reported	\$355,607
Sponsorships		\$280,480
Total monetary donations to our community	\$405,532	\$636,087
# of charities supported	~30 charities	70 charities
# of Fred Victor and CRC - 40 Oaks volunteers	Not reported	10 volunteers
# of Fred Victor and CRC - 40 Oaks volunteer hours	84 hours	22 hours
Investing in the arts¹		
# of local artists supported		90
Financial support provided to local artists		\$100,000
Total art acquisitions		35 works
Digital art acquisitions		13 works
Art collection works		200 works
Total investment in art acquisitions		\$114,000

¹Excludes Bennington

Challengers

Metric	2021
Equity, diversity, and inclusion	
Total number of employees	1,161
% of women overall	51%
% of women employees	56%
% of women in middle management	35%
% of women executives	29%
% of non-binary folks in middle management	0.4%
% of BIPOC overall	47%
% of BIPOC identifying employees	42%
% of BIPOC in middle management	39%
% of BIPOC executives	14%
% of persons with disabilities	6%
% of Indigenous Peoples	1%
Training and development	
Total training hours ¹	10,245
Total training hours through EQ University ¹	5,434
Total external training hours ¹	4,811
Total invested per FTE in formal training and development	\$902
\$ of training funded	\$937,000
# of interns, co-op students, and LDP associates	72
Satisfaction score for leadership development programs ¹	83%

¹Excludes Bennington

Metric	2020	2021	
Talent attraction, engagement, and turnover¹			
Engagement score	81%	80%	
Voluntary turnover	9.5%	15.3%	
Involuntary turnover	Not reported	2.7%	
Absenteeism rate		1.0%	
# of employees recognized with SIERA awards		24	
# of Employee Resource Groups (ERG)		6	
# of Employees in ERGs		80	
Metric	2021		
Employee retention			
Open positions filled by internal candidates	Promotions	187	
	Internal Transfers	297	
	Total	484	
Percentage of new hires sourced through referrals		12%	
Average tenure of employees		3.6 years	
Metric	2021		
Performance evaluations¹			
Total number of employees who received a regular performance and career development review		903	
% of total employees who received a regular performance and career development review		95.5%	
Metric	Female	Male	Non-binary
Regular performance and career development review received in 2021 by gender¹			
Total number of employees who received a regular performance and career development review	474	427	2
% of total employees who received a regular performance and career development review	96.7%	93.9%	100.0%

¹Excludes Bennington

Region/Type	Alberta	British Columbia	Ontario	Quebec	Total
Employees by region²					
Full-time	45	19	1,027	36	1,127
Part-time	0	0	0	0	0
Contract	0	0	34	0	34
Total	45	19	1,061	36	1,161
Metric	2021				
Flexible work arrangements					
% of positions with opportunity for hybrid work arrangement	100%				
Metric	2020		2021		
Health and safety					
Workplace accidents	0		0		
Work-related fatalities	0		0		

²Excludes student interns and co-op students

Corporate governance

Committee Type	Size of committee	Committee meeting attendances ¹	
Board committees and attendance			
Risk and Capital Committee	5		100%
Audit Committee	4		100%
Governance and Nominating Committee	5		100%
Human Resources and Compensation Committee	4		100%
Metric	Target	2021	
Board structure			
Number of board members	Maximum 12 ²		11
Metric	Target	2021	
Board Diversity			
% of independent directors	-		91%
% of executive board members	-		9%
% of female identifying independent directors	30%		50%
% of BIPOC independent directors	-		20%
Average board tenure	-		6 years
Average board tenure of independent board members ²	-		6 years
Age diversity of directors	< 50 years	-	1
	≥ 50 years	-	10
Board age limit	-		72 years
Youngest director	-		49 years
Oldest director	-		70 years
Board participation and attendance			
Number of board meetings in fiscal year	-		7
Average board meeting attendance	-		100%

Metric	Target	2021
Executive and director share ownership requirements		
CEO (x base salary)		5
CFO (x base salary)		2
CRO (x base salary)		2
Executives (x base salary)		1
Director (x annual retainer)		3
Voting rights (no dual class shares)³		
Votes per share		1
Number of shares		34,070,810
Metric		2021
Employee training		
% of employees validating Code of Conduct		100%
% of employees who received training on data privacy		100%
Metric		2021
Anti-competitive practices		
# of instances the Bank was investigated for anti-competitive practices		0
# of contacts received by the Office of the Ombudsman		300
# of full investigation complaints that were resolved by the Office of the Ombudsman		8
# of customer complaints resolved by the Office of the Ombudsman to the satisfaction of the person who made the complaint		5

¹All directors are expected to attend all Board meetings and all meetings of committees on which they serve. Attendance in 2021 was 100%, in line with expectations.

²The Board implemented a 12-year term limit for directors. This is explained in our information circular. This term limit does not apply to the director who serves as CEO.

³This information is available in Equitable Group Inc.'s 2021 financial statements filed on SEDAR on February 7, 2022, or on our website: <https://eqbank.investorroom.com/>

Metric		2021
Auditor's tenure		
Years employed (KPMG)		20 years
Jurisdiction	Tax Type	2021
Taxes paid		
Federal Government	Capital Taxes	\$0
	Income Taxes	\$56.630MM
	Total Taxes	\$56.630MM
Alberta	Capital Taxes	\$0
	Income Taxes	\$2.158MM
	Total Taxes	\$2.158MM
Quebec	Capital Taxes	\$0.109MM
	Income Taxes	\$2.185MM
	Total Taxes	\$2.293MM
British Columbia	Capital Taxes	\$0
	Income Taxes	\$2.826MM
	Total Taxes	\$2.826MM
Ontario	Capital Taxes	\$0
	Income Taxes	\$33.555MM
	Total Taxes	\$33.555MM
Provincial Governments	Capital Taxes	\$0.109MM
	Income Taxes	\$41.245MM
	Total Taxes	\$41.354MM
Other Taxes		\$11.030MM
Other Taxes		\$11.030MM

Definitions and acronyms

AML: Anti-Money Laundering.

ATF: Anti-Terrorist Financing.

BES: Business Enterprise Solutions.

Canada Mortgage and Housing Corporation (CMHC): The Corporation of the Federal Government that provides mortgage insurance to lenders and protects them from losses resulting from borrower default. The CMHC administers the National Housing Act (NHA) and encourages the improvement of housing and living conditions for all Canadians.

Challengers: Equitable Bank's employees.

EDAA: Emerging Digital Artists Award.

EQ Bank: The brand name for Equitable Bank's digital banking platform, chosen as a top Bank in Canada on the Forbes list of World's Best Banks 2021 and 2022.

Equitable Group: Equitable Group Inc. (TSX: EQB, EQB.PR.C, and EQB.R) operates through its wholly owned subsidiary, Equitable Bank.

Equitable Trust: Equitable's trust operation, established to complement the deposit-taking capabilities of Equitable Bank.

ERG: Employee Resource Group.

Full-Time Equivalent (FTE): Includes full-time permanent Equitable employees with an active payroll status but excludes temporary/contract employees.

Greenhouse Gas (GHG): Gas that contributes to the greenhouse effect by absorbing infrared radiation. The greenhouse gases included within the Company's inventory are CO₂, CH₄, N₂O, R-123, and R-410A.

Involuntary Turnover: The number of permanent employees whose employment was terminated by the employer during the reporting period as a proportion of the average total number of permanent employees at the start and end of the reporting period.

LEED: Leadership in Energy and Environmental Design.

NIST: National Institute of Standards and Technology.

Office of the Ombudsman: Equitable's Ombudsman has a mandate to receive and handle customer complaints regarding the Bank's products and services that could not be resolved within the first two steps of the Bank's Customer Complaint Handling Procedures (CCHP).

OSFI: The Office of the Superintendent of Financial Institutions (OSFI) is an independent agency of the Government of Canada, established in 1987 to contribute to the safety and soundness of the Canadian financial system. OSFI supervises and regulates federally registered banks and insurers, trust and loan companies, as well as private pension plans subject to federal oversight.

SASB: Sustainability Accounting Standards Board.

Scope 1: Direct GHG emissions from the Bank's owned or controlled sources.

Scope 2: Indirect GHG emissions generated from purchased electricity.

Scope 3: Indirect GHG emissions (not included in Scope 2) that occur in the Bank's value chain.

SFR: Single Family Residential.

SMB: Small and Medium-sized Businesses.

TCFD: Task Force on Climate-related Financial Disclosures.

Voluntary Turnover: The number of permanent employees who voluntarily resign during the reporting period as a proportion of the average total number of permanent employees at the start and end of the reporting period.