

# 2019 SOCIAL RESPONSIBILITY REPORT



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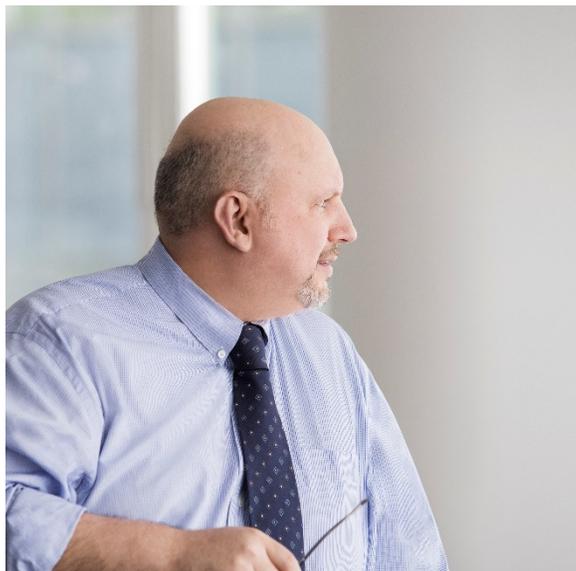
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## GROUP PRESIDENT AND CEO's MESSAGE

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***“Our success as an organization is due in large part to our ability to adapt, evolve and give back.”***

*Staying true to our values of proximity, simplicity and honesty, we've always focused on improving our involvement in our communities and our commitments to all stakeholders. More and more, we're also participating in the fight against climate change. We've come a long way, but we can always do more and so we continue.*

*2019 was a significant year in many ways. Our resources are, from now on, entirely dedicated to helping our customers improve their financial health. Our traditional branch locations are now Financial Clinics, where our customers can assess their financial health with their advisor and choose solutions that best suit their needs. We also launched new digital offerings for personal customers from coast-to-coast under the B2B Bank and LBC Digital brands – fully digital solutions allowing customers to do their banking when it's convenient for them.*

*In terms of philanthropy, we were proud once again to have raised significant funds in support of causes that are important to our team members. The organizations we partner with do amazing work helping youth and families in need, Canadians in times of crisis, and those with serious illnesses. As well, we donated 974 works of art to Canadian museums and foundations to enrich their collections.*

*We also took another important step forward for the environment by expanding our partnership with Bullfrog Power this year to help further reduce our carbon footprint. Choosing green energy for both of our corporate offices is only part of our commitment in the fight against climate change. Among our other commitments is our participation in sustainable investments including the issuance of \$2.25 billion of green bonds in 2019.*

*Improving disclosure on Environmental, Social and Governance (ESG) factors is becoming increasingly important in our industry because it matters to our shareholders, employees and customers. In 2019, with the help of an external firm, we started building our TCFD Roadmap. Commensurate with the size and resources of the Group, we plan to gradually adopt these recommendations so that we can have TCFD structured disclosures.*

*We consider it our duty and our privilege to be doing our part and continuing to foster a socially-responsible culture at Laurentian Bank Financial Group, for our stakeholders and for future generations.*

A handwritten signature in black ink, appearing to read 'F. Desjardins', written in a cursive style.

François Desjardins  
President and CEO

## ABOUT THIS REPORT

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The information contained in this Social Responsibility Report encompasses Laurentian Bank Financial Group's<sup>1</sup> and its prescribed Affiliates (as defined in our annual declaration and collectively referred to throughout this document as LBCFG) relevant activities during the fiscal year ended October 31, 2019, in accordance with Canadian federal regulations.

In the following pages, Laurentian Bank Financial Group is pleased to share its achievements and contributions as they relate to our customers, team members, shareholders, communities and the environment.

## WHO WE ARE: LAURENTIAN BANK FINANCIAL GROUP

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Laurentian Bank Financial Group is a diversified financial services provider whose mission is to help customers improve their financial health. Laurentian Bank of Canada (founded in 1846) and its entities are collectively referred to as Laurentian Bank Financial Group.

The Group provides a broad range of advice-based solutions and services to its personal, business and institutional customers. With pan-Canadian activities and a presence in the United States, the Group is an important player in numerous market segments.

## OUR CLIENTS

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### Personal

Individuals who care about their financial health benefit from our three-pronged approach, which draws on the advice and expertise of financial professionals, as well as a range of simple and accessible products and services, through:

- Financial Clinics
- Advisors and Brokers
- Digital Direct to Customers

### Business

Entrepreneurs and business leaders – in Canada and in the United States – benefit from the expertise our account managers have developed in their industries, as well as customized solutions for their banking and financing needs:

- Commercial Banking
- Equipment and Inventory Financing through our subsidiaries LBC Capital and Northpoint Commercial Finance
- Real Estate Financing

### Institutional

Our institutional clients have access to a range of services tailored to their needs in capital markets, broker services, trustee and administrative services.

<sup>1</sup>Referred to as "Laurentian Bank Financial Group", "LBCFG", the "Group" or the "Bank".

# ESG AT A GLANCE

## ENVIRONMENTAL

### Eco-conscious procurement

Since joining the Bullfrog-powered community, we displaced

**1,083**

tonnes of CO<sub>2</sub>

### Responsible lender

Less than

**0.38%**

of our loan portfolio is related to mining, quarrying, and oil and gas.

### Sustainable investment

We have participated in the issuance of

**\$2.25B**

of green bonds in 2019.

## SOCIAL

### Our team members

**50% | 50%**

Gender parity of independent board members

**55%**

of team members are women

**45%**

of leadership are women

### Our philanthropy

**\$500K**

in the form of donations or sponsorships

## GOVERNANCE

### High standards and good governance practices

Keeping our team members up-to-date on governance practices is a priority. In 2019, all of the Group's employees received several training sessions representing more than

**15,000**

hours on themes related to cybersecurity, privacy and compliance.

**974**

works of art donated by LBCFG to Canadian museums and foundations

# COMMUNICATING WITH OUR STAKEHOLDERS

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Our commitment when it comes to communicating with our customers, team members, shareholders and regulators is directly aligned with our core values. **Proximity** in how information needs to be available and accessible; **simplicity** in the tone and language used when we communicate; **honesty** in providing accurate and transparent content. Here are some of the tools we use.

## Our customers

We help our customers improve their financial health.



We are committed to continuously improving the customer experience across all touch-points:

- Our websites: Laurentian Bank Financial Group, Laurentian Bank, B2B Bank, LBC Capital, Northpoint, Laurentian Bank Securities
- Online banking through LBCDirect, B2BDirect, LBCDigital, Advisor Access and Investor Access – desktop and mobile versions
- Telephone services
- Social media: Facebook, LinkedIn, Twitter, YouTube
- Ombudsman
- Emails and mailings
- Customer surveys
- Posters and brochures
- Newsletters

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## Team members

Our commitments to our team members include sharing our vision and strategic direction, offering safe work environments and encouraging personal development.



We engage via:

- Annual meeting between the CEO and team members
- Visits to offices and places of business by senior management
- Regularly-held sector meetings
- Internal publications: CEO's editorial, bi-monthly publication, regular communications on corporate activities
- Intranet newsfeed for team members and managers
- Ombudsman
- Social media: CEO's private Twitter feed, exclusively for team members
- Labour relations committee and other means as prescribed in the collective agreement.

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## Shareholders and investors

We are committed to generating sustainable growth and profitability to our shareholders and investors.



They can track our progress through various sources:

- Quarterly and annual financial results conference calls
- Annual meeting of shareholders
- Meetings with financial analysts and investors
- Investor Roadshow
- Management Proxy Circulars
- Annual Information Form
- Social Responsibility Report
- Annual and Quarterly Reports
- Websites of Laurentian Bank Financial Group and all affiliated business lines

## General public

Our involvement in the communities where we operate is demonstrated by our commitment to the general public and by sharing information about our products and services in a number of ways.



We disseminate information through:

- Social Responsibility Report
- Regular contacts with the media
- Social media: Facebook, LinkedIn, Twitter, YouTube
- Websites of Laurentian Bank Financial Group and all affiliated business lines
- Activities related to donations and sponsorships

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## Regulatory authorities

We believe compliance is an essential pillar of protecting our customers and the banking system.

We regularly exchange with representatives of all provincial and federal regulatory authorities to evolve our business practices.

## OUR PERSONAL BANKING SERVICES

### Better and different

We are becoming a better and different bank for our customers. The changes we are making today will enhance how we help our customers improve their financial health tomorrow.



#### Advisors dedicated to helping improve financial health

In 2019, we repositioned our branches in Quebec into what we now call, Financial Clinics. The dedicated professionals there are focused on building long-term relationships with their customers and having conversations with them about how best to reach their financial goals.

A new tool – the financial health assessment – was launched in our Financial Clinics to help diagnose financial needs based on a few simple questions. Our advisors work with customers to build a plan and then meet regularly to ensure they adapt it based on their evolving needs. Our 100% Advice approach means putting our customers first.

*98% of those asked value their financial health but only 45% have a recent financial plan\*.*

\* Léger poll on Quebecers' financial habits conducted in June, 2019.

#### Digital solutions for everyday banking needs

This year we launched digital banking products under our B2B Bank and LBC Digital brands. On the referral of their independent advisor or broker, B2B Bank customers can now open simple bank accounts – chequing and high-interest savings accounts – as well as purchase GICs online when it's convenient for them. LBC Digital – with the same banking offer – also launched directly to consumers. As well, our Financial Clinic customers can use the following self-serve options:

	Laurentian Bank ABM	The EXCHANGE® Network ABM	LBCDirect	Other
Withdraw cash	✓	✓		
Deposit money	✓	✓		✓ Direct deposit
Transfer funds between Laurentian Bank accounts	✓	✓	✓	
Pay bills	✓		✓	✓ • Personal cheque • Pre-authorized payment
E-transfer			✓	

## Financial products and services to meet a variety of needs

We help customers improve their financial health, regardless of which demographic or stage of life they're in. We're proud to offer diverse banking plans and services to meet a variety of needs. To learn more, visit [www.laurentianbank.ca](http://www.laurentianbank.ca).

<p><b>For low-income individuals:</b></p> <ul style="list-style-type: none"> <li>• a low-fee banking plan that includes up to 12 transactions per month.</li> <li>• a no-fee banking plan for seniors receiving the Guaranteed Income Supplement (GIS) or to beneficiaries of a Registered Disability Savings Plan (RDSP)</li> </ul>	<p><b>For young people:</b></p> <ul style="list-style-type: none"> <li>• a no-fee banking plan that includes unlimited monthly transactions, for youths under 18 years of age.</li> <li>• a no-fee banking plan that includes up to 20 transactions per month, for students 16 to 25 years of age.</li> </ul>	<p><b>For seniors:</b></p> <ul style="list-style-type: none"> <li>• a no-fee plan with four transactions per month, for persons aged 65 or over.</li> <li>• the 60 + Advantage program that offers discount on three of our most popular banking plans, for persons aged 60 or over.</li> </ul>
<p><b>For persons with disabilities:</b></p> <ul style="list-style-type: none"> <li>• Our virtual network makes banking services available to clients 24 hours a day, 7 days a week via automated banking machines, telephone, and by our website and mobile version. Our website and our LBCDirect transactional sites are optimized for use with various types of assistive software for persons with disabilities, and our telephone system features a transcription system. The LBCDirect identification process is also adapted for use by the visually impaired.</li> <li>• In addition to locations being equipped with automatic doors, we continue to find ways to enhance accessibility throughout our network.</li> </ul>		

## Committed to clear language

One of our responsibilities is to ensure our customers understand how our products and services work, as well as their financial rights and obligations. We take great measures to ensure we use clear language when engaging with our customers in print, online, and in person.

## Listening to our customers to continuously improve our business practices

Collecting customer feedback – and listening to their concerns – continues to be an important way for us to improve our business processes. And while we strive to deliver a good experience every time we interact with our customers, we know at times, it is not always possible.

In those cases, we have a simple complaint settlement process – available on our website – where we try to find solutions quickly at the source. If customers request additional assistance or escalation, we will refer cases to the appropriate authorities as needed. At Laurentian Bank Securities, the policy governing complaint resolution and dispute settlement is covered by the provisions of the Act respecting the Agence nationale d'encadrement du secteur financier (Bill 107).

## Requests handled by the Ombudsman

During fiscal 2019, the Ombudsman's Office handled 46 requests. Of that number, 28 files pertained to Laurentian Bank, and they were handled within an average timeframe of 23 days. At the end of the period, the Ombudsman maintained the Bank's position in 12 files, while in 14 files, it recommended settlement in the client's favour. Two files were partly resolved.

For B2B Bank, 14 cases were received, and they were handled within an average timeframe of 27 days. The Ombudsman had endorsed B2B Bank's initial decision in 13 cases and the remaining case was still under review at the end of 2019.

One file concerned Laurentian Bank Securities and the Ombudsman maintained the position of Laurentian Bank Securities. As for LBC Financial Services, 3 files were received for which the Ombudsman maintained the position of LBC Financial Services.

## Our social networks

We are on social networking sites and encourage our customers to interact with us.



## OUR TEAM

# Our people turn our plans into reality

Our mission is to *help customers improve their financial health* and we rely on our team to make it all possible. Because when our people are engaged and motivated, that translates to a great customer experience.



### We improve by listening to our team

We actively listen and measure our performance as an employer through annual engagement surveys. In 2019, our participation rate was nearly 55% with 97% of employees reported as supporting our plan.

It's important to our senior management that they stay connected and actively engage with their teams. That's why they make it a priority to regularly host executive town halls and team meetings throughout the year. In addition, our CEO, François Desjardins, tours our various office locations to meet with team members and holds an annual forum meeting to give progress updates and to discuss our current and future plans.



Recipients of the Group-level Performance Awards celebrated in Montreal in May, 2019.

## Developing our human capital

The Group places a high value on continuous learning and development and provides opportunities for team members to grow in their careers. In addition to in-house training, the Group subsidizes the costs – in full or in part – for continuing education in relevant fields.

Our Performance Driven program was designed to allow employees the opportunity to participate in setting their objectives, goals and development needs and then annually review their accomplishments with their managers. The program also allows team members to provide confidential feedback on their manager's performance.

We value input and interactions from all levels of the organization and particularly with our leadership. In 2019, the Group held its annual leadership conference where managers were encouraged to participate in discussions and exchange ideas on the strategic direction of the organization.



## Recruitment and compensation

The investments we make in our talent lead to positive returns for our workforce. At Laurentian Bank Financial Group, we're building a culture of performance that begins with recruiting the best candidates and offering compensation packages with a range of benefits\*. Our talent acquisition teams regularly participate in job fairs at high-ranking colleges and universities in pursuit of top talent.

Our global compensation package includes:

- Competitive base salary that respects pay equity principles
- Generous pension plans to help our team members save for their retirement
- Group insurance programs that give team members and their dependents access to a variety of protection and financial security options
- An employee and family assistance program and online wellness platform offered through a trusted third-party provider available to team members and their families 24 hours a day, 7 days a week, to access resources and information to support mental, physical, social and financial well-being
- A generous vacation and floating day entitlement to ensure that our team members maintain a good work-life balance
- Flexible hours and the option to take additional time off (up to one week) unpaid each year
- To support new parents, we offer top-up benefits for on those on maternity leaves to supplement government benefit payments
- A stock purchase plan to which the employer contributes
- Financial benefits on many of our products, including mortgage loans, banking packages, lines of credit and loans for the purchase of personal computer equipment
- Early retirement planning and options

\*Varies depending on employment status and job level.

## Diversity and inclusiveness

Our Staffing Directive ensures that our workforce is representative of the diversified designated groups within Canadian society. In addition, our Diversity Plan, supported by the Executive Committee, includes initiatives to promote awareness of inclusion and diversity and to reduce gaps in representation.

Among our workforce who opted to self-identify at the beginning of their employment, as of October 31, 2019, 0.27% is made up of Indigenous persons, 3.71% are persons with disabilities, and 29.12% are members of visible minorities. Women make up 55% of our workforce and hold 45% of our organization's management positions.



*Events in support of Pride month at our Montreal and Toronto corporate offices.*

## Work environment and workplace safety

Our commitment to our team members includes providing safe environments that are also comfortable and pleasant places to work. Health and safety committees are in place at each of our locations with 20 or more employees. These committees inspect workplaces to ensure a safe work environment. At corporate head offices, we also have teams of floor wardens and certified first aid attendants consisting of employees who are trained and available to help when needed. Because safety is such a concern for the organization, procedures are in

place for emergency situations and drills are conducted regularly. Both corporate offices are also equipped with first aid rooms and on-site defibrillators to assist team members in need.

Our two corporate office locations – in Toronto and Montreal – have been designed with our teams' enjoyment and comfort in mind. Each are equipped with amenities such as café and lounge areas with complimentary hot beverages and filtered water, ergonomic furniture and workstations, state of the art equipment and abundant access to light. We find that the open-concept designs and modern spaces promote collaboration among our team members.

## Global Recognition

Recognition is a tool that reinforces and rewards our team members when they achieve greatness, both personally and professionally. Our Global Recognition Program is in place to celebrate our team members and their accomplishments. The program recognizes individual and team performance, years of service, contribution to initiatives and recognition by management and by peers.

## Health and well-being

A culture of performance starts with healthy and happy individuals. We support the well-being of our team members thanks to programs aimed at supporting their physical and mental health.

To mark World Mental Health Day, we partnered with our employee and family assistance program provider to offer a week of activities for our team members. The webinars on living with stress and mental health awareness as well as lunchtime yoga contributed in demonstrating that we all have a role to play to promote mental health and end the stigma associated with mental illness.

The Group also encourages employee involvement in various physical activities – such as a company-sponsored softball and volleyball teams and a running club. As well, we reimburse team members for athletic club fees.



*Team members enjoy lunchtime yoga during mental health awareness week.*

# GOVERNANCE

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We view a strong governance framework as essential to protecting the rights and interests of our stakeholders, empowering our employees and achieving success today and into the future. The policies, practices and relationships forming our governance framework allow us to balance stakeholder interests, effectively manage risk and conduct our business responsibly.

As a financial institution, sound risk management practices are a foundational component of our approach to governance and responsible business conduct. We believe that effective governance must be dynamic and that our practices must constantly evolve. Where once banks used to concentrate efforts on managing financial risk, modern-day risk management covers a variety of areas, including environmental and social risk and cybersecurity. Our processes for identifying and responding to new and emerging risks are integrated into our Enterprise Risk Management Framework. This framework assists us in promoting and maintaining a risk management culture throughout the Group, as described in greater detail in our 2019 Annual Report.

## Oversight and support from all levels of the organization

At the heart of our governance structure is the Bank's Board of Directors who oversee our business plan, strategy, risk appetite and culture. The Board discharges its responsibilities directly and through its three committees: the Risk Management Committee, the Audit Committee and the Human Resources and Corporate Governance Committee. The Board delegates day-to-day authority to management of the Bank, while reserving the ability to review management decisions and exercise final judgement on any matter. The Board's governance policies and practices are described in greater detail in the Board Governance Policy which can be found in the "Governance and Social Responsibility" section of our website.

## Our best line of defense is an educated, engaged and vigilant workforce

A culture of integrity is essential to achieving our business goals. Accordingly, we have implemented a robust system of policies, procedures and standards of behaviour to guide the conduct of our employees – including an updated Whistleblower Policy that encourages employees to report misconduct if they see it. Each year, our team members complete various table-top exercises and training to enhance their understanding of current and emerging risks as well as expectations with respect to ethical business conduct. In 2019, more than 15,000 hours of training was provided on themes related to cybersecurity, privacy and compliance. In addition, we ensure that our team understands current and evolving risks related to anti-money laundering (AML) and anti-terrorist financing (ATF). These training initiatives supplement our Code of Conduct and Ethics which employees review and attest to annually.

## Data security and privacy

Data security and privacy protection is fundamental to our business – it's our top priority. Accordingly, we have robust processes and effective controls to manage risks related to privacy, data integrity and security, cybersecurity, and business continuity management. As well, we ensure our team members are knowledgeable on topics related to risk management and that training is provided regularly. As in previous years, we also raise awareness of cybersecurity among team members and the general public during the month of October – designated as Cybersecurity Awareness Month.

*In 2019, more than 15,000 hours of training was provided on themes related to cybersecurity, privacy and compliance.*



## **Policies and codes**

We have many policies and codes that govern our organization (refer to our Appendix). From risk management and business continuity to credit management and money laundering, employment equity, workplace safety, personal information and more, our policies, codes and guidelines are a solid framework that guides our actions.

## CONTRIBUTING TO THE COMMUNITIES WE SERVE

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Laurentian Bank Financial Group is in a privileged position to give back to a number of organizations and communities. In 2019, more than half a million dollars was given in corporate donations and sponsorships, and from our generous team members.

### Giving Matters Campaign

Our annual fundraising campaign, *Giving Matters*, allows our team members to support causes that are dear to them thanks to partnerships with three pan-Canadian organizations. Laurentian Bank Financial Group not only matched employee donations but also pledged an additional corporate contribution.

In total, the campaign raised in excess of \$275,000. The local regional chapters of each of the following organizations we chose to partner with will receive these amounts:

- \$169,000 was given to United Way to help disadvantaged people, families and children fight poverty, break social isolation and promote youth success.
- \$21,700 was donated to the Canadian Red Cross to help prepare for emergencies, assist disaster victims and help families recover after events such as flooding, tornados and forest fires.
- \$84,500 was pledged to HealthPartners and its member charities to help people affected by disease and illness in their day-to-day lives. Beyond medical care, support is needed for those under distress by a diagnosis, loss of autonomy or disruption in family routines. These member charities also support research to fight and prevent these diseases.



This past spring, Laurentian Bank Financial Group also donated \$25,000 to the Red Cross to support flood victims in Quebec and across Canada. It is important for us to support our clients affected by natural disasters and to help them through challenging times. We also encouraged team members and the greater public to make donations to the Red Cross in support of relief efforts.

We take pride in encouraging the team members that actively make a difference in their own communities. Fostering proximity in our communities is aligned to our values. To this end, we donate a minimum of \$200 to the organizations to which our team members dedicate their time and talents.

*In our corporate citizen role, we actively contributed to the various fundraising efforts of our partners and associations. We helped raise millions of dollars throughout 2019 for causes and organizations that support, among others, sick kids and causes impacting youth.*

- We participated in a spinning challenge that raised a total of \$17,100 for the Réseau d'aide aux familles en transition (RAFT).
- Our employees were proud to take part in the Centraide March of 1,000 Umbrellas to kick-off the 2019 Centraide of Greater Montreal campaign.
- At the Concordia Golf Classic, we had the honour of presenting a cheque in the amount of \$427,600 in support of this prestigious university's student community.
- We sponsored the S'élaner pour Elles golf tournament organized by the Le Chaînon Foundation, whose mission is to support women in need. The event raised a total of \$170,000 for the cause.
- In the 25<sup>th</sup> Fondation Centre Père Sablon's Golf Open, we helped raise a total of \$170 000 with other business leaders to help disadvantaged children unlock their potential through sports and outdoor activities.
- As sponsor, we proudly contributed to raising \$415,000 during a special benefit evening in support of Sclérodémie Québec
- Thanks to the exceptional generosity of donors, an unprecedented sum of \$125,000 was raised for the Airmedic Gala. Our Business Services team was a proud partner of this event which has a direct impact on the lives of sick children.
- Our Business Services and LBS teams helped raise a record \$346,500 during the 19<sup>th</sup> edition of the Soirée Sablon to benefit thousands of young people from disadvantaged backgrounds, for whom sport fuels their desire to persevere.

As sponsor of the 20th edition of the Montreal Children's Hospital Foundation, Laurentian Bank was proud to have contributed to the \$1,244,000 raised in support of the institution's needs.

For the 34<sup>th</sup> consecutive year, the business community showed their overwhelming generosity during the annual Lobster Lunch fundraiser of which our own Eric Provost, President of LBC Capital was honorary president. The Tel-jeunes Foundation raised a record amount of \$1,000,000.

As a Gold sponsor of the 30<sup>th</sup> Défi Canderel, the Bank was pleased to renew its participation in a friendly race through the streets of downtown Montreal, while contributing to advancing cancer research. Our client, Canderel Group, raised more than \$2.2 million this year for the cause!

# DOING OUR PART TO HELP THE ENVIRONMENT

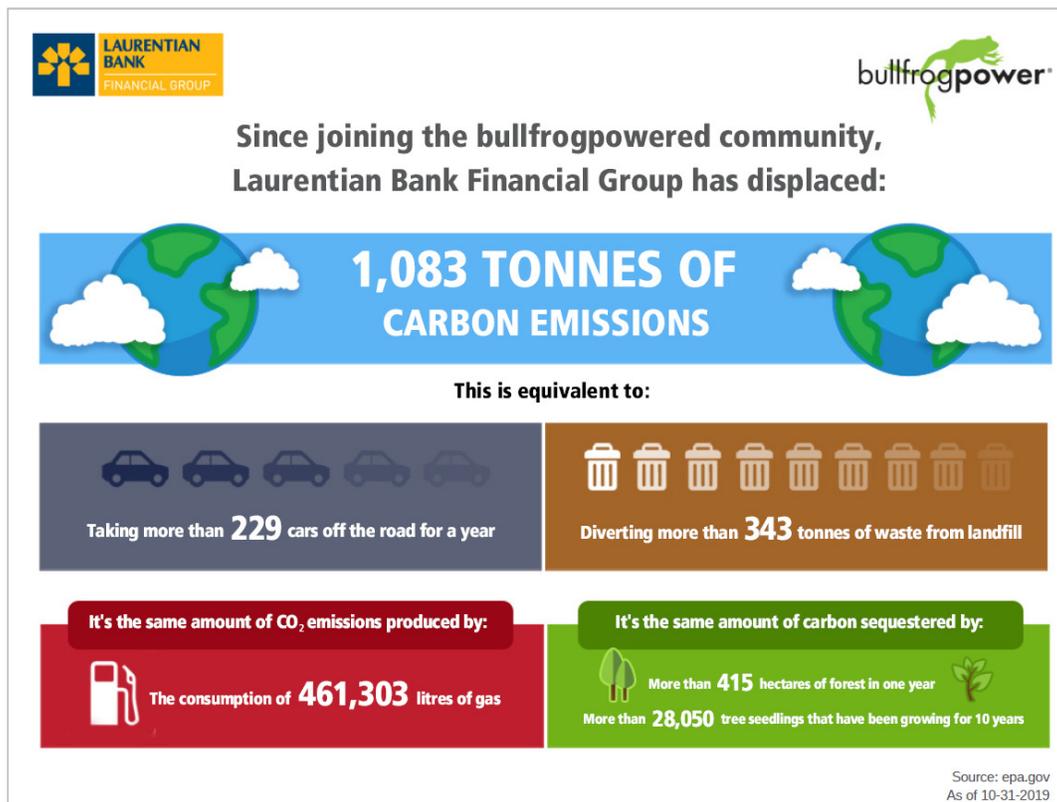
It is one of most important issues of our time: climate change. Environmental impacts are felt in our communities and risks to the global economy are evident. Laurentian Bank Financial Group considers it both a duty and a privilege to address these risks for our customers as well as for our business.

## Developing a road map regarding climate-related disclosures

This year, the Board supported the Group's initiative to advance the development of a road map to incorporate the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Regarding ESG, we aim to continuously improve our disclosure in this area.

## Partnering with an environmental leader

In 2015, we were proud that our B2B Bank subsidiary started a partnership with Bullfrog Power, Canada's leading green energy provider. Fast-forward to 2019, we announced that we have chosen 100 per cent renewable electricity for our corporate office locations in Toronto and Montreal. By supporting green energy with Bullfrog Power, Laurentian Bank Financial Group is reducing its environmental footprint and helping to green Canada's energy systems. Since joining the bullfrogpowered community, the Group has displaced more than 1,083 tonnes of CO<sub>2</sub>. This is equivalent of taking 229 cars off the road for one year or diverting more than 343 tonnes of waste from a landfill. This is also the same amount of CO<sub>2</sub> emissions produced by the consumption of 461,303 litres of gasoline.



## Environmentally-certified corporate offices

Our corporate offices in Toronto and Montreal are in LEED-certified building (Gold and Silver, respectively). The eco-friendly features and smart design elements of these buildings enable us to increase our energy efficiency and thus have a significant impact on the achievement of global environmental objectives.

We have adopted a mindset of reducing, reusing and recycling.

- ✓ We ensure existing paper supplies and stationery are managed in a way that maximizes recycling efforts and minimizes waste.
- ✓ We encourage all team members to use re-usable bottles and cups to reduce their dependency on plastic bottles.
- ✓ We have installed sorting stations for garbage, recycling and green waste to ensure optimal management.

We also promote green ways to get to work. Our corporate offices:

- ✓ Are easily accessible to public transit
- ✓ Include areas to park hybrid vehicles
- ✓ Have abundant space for bicycles

## Business practices that are environmentally responsible

We consider the direct and indirect impact of climate change on the environment. At an asset level, environmental risks are evaluated by our credit management and risk management teams. Our concern for the environment is reflected in responsible business practices. Environmental risk assessment is built into the standard risk management process we follow for all credit-related activities, with the exception of certain very specific cases. For the purpose of identifying levels of potential risk, industries are grouped into three categories: high-risk, special-risk, and low-risk.

Laurentian Bank Financial Group is also proud to be a participant in the green bond market to help finance key eco-friendly projects. In 2019, Laurentian Bank Securities acted as a participant for the issuance of green bonds of a total size of \$2.25B.

As a responsible lender, less than 0.38% of our loan portfolio is related to mining, quarrying and oil and gas.



## ECONOMIC VALUE

As the largest of the mid-sized financial institutions in this country, the economic value we deliver as an employer, taxpayer, lender and provider of services is considerable. It is our responsibility to ensure that the strategic decisions we make are in the best interest of all our stakeholders.

### Workforce – Geographic breakdown of employees

As at October 31, 2019

Province	Full-time	Part-time	Temporary	Total
Alberta	23	1	–	24
British Columbia	11	–	1	12
Nova Scotia	1	–	–	1
Ontario	1,063	13	167	1,243
Quebec	1,671	101	71	1,843
Newfoundland and Labrador	1	–	–	1
Manitoba	1	–	–	1
United States	119	3	–	122
<b>Total</b>	<b>2,890</b>	<b>118</b>	<b>239</b>	<b>3,247</b>

### Total amount of income and capital taxes paid or payable in 2019

As at October 31, 2019

Canada			
(In thousands of CAN dollars)	Income tax <sup>(1)</sup>	Other taxes <sup>(2)</sup>	Total
<b>Federal</b>	2 495	17 996	20 491
<b>Provincial</b>			
Quebec	(3 175)	32 204	29 029
Ontario	(544)	10 490	9 946
Alberta	(409)	–	(409)
British Columbia	18	6	24
New Brunswick	–	79	79
Nova Scotia	(155)	121	(34)
Prince Edward Island	–	16	16
Newfoundland and Labrador	(65)	56	(9)
Saskatchewan	–	–	–
Manitoba	(7)	–	(7)
<b>Total provincial</b>	<b>(4 337)</b>	<b>42 972</b>	<b>38 635</b>
<b>Total federal and provincial</b>	<b>(1 842)</b>	<b>60 968</b>	<b>59 126</b>
USA			
(In thousands of CAN dollars)	Income tax <sup>(1)</sup>	Other taxes <sup>(2)</sup>	Total
<b>Total</b>	10 780	1 503	12 283

(1) Estimated amounts

(2) Other taxes: Amount including compensatory tax on salaries, payroll tax, property tax and sales taxes.

## Debt financing to firms in Canada

Total amount of money, in CAD \$, that was authorized to be available for the year ending October 31, 2019

Province		0- \$24,999	\$25,000- \$99,999	\$100,000- \$249,999	\$250,000- \$499,999	\$500,000- \$999,999	\$1,000,000- \$4,999,999	\$5,000,000 And over	Total
Alberta	Amount of debt financing	0	0	0	0	1,069,000	4,265,000	263,296,583	268,630,583
	Number of firms	0	0	0	0	2	2	15	19
British Columbia	Amount of debt financing	0	0	0	0	0	5,591,250	728,374,318	733,965,568
	Number of firms	0	0	0	0	0	3	24	27
Manitoba	Amount of debt financing	0	0	142,622	0	945,000	0	122,000,000	123,087,622
	Number of firms	0	0	1	0	1	0	3	5
Ontario	Amount of debt financing	15	200,272	371,445	1,818,047	10,090,497	127,339,399	3,487,592,783	3,627,412,461
	Number of firms	3	3	2	5	17	49	108	187
Quebec	Amount of debt financing	224,272	2,891,551	15,039,661	28,746,170	74,007,723	379,262,863	3,059,305,091	3,559,477,332
	Number of firms	18	51	97	81	105	174	162	688
Saskatchewan	Amount of debt financing	0	0	0	0	0	0	10,000,000	10,000,000
	Number of firms	0	0	0	0	0	0	1	1
Newfoundland and Labrador	Amount of debt financing	0	0	0	0	0	2,750,000	0	2,750,000
	Number of firms	0	0	0	0	0	1	0	1
Total	Amount of debt financing	224,287	3,091,824	15,553,730	30,564,217	86,112,221	519,208,512	7,670,568,777	8,325,323,569
	Number of firms	21	54	100	86	125	229	313	928

## Opened, relocated and closed automated banking machines

The following 27 Laurentian Bank service points were relocated, closed or merged during the 2019 fiscal year. No new automated banking machines were opened.

Address	City	Province	Postal code
<b>Relocated</b>			
1635, boul. Rome (2 ABMs)	Brossard	QC	J4W 3B1
<b>Closed</b>			
275, boul. Wilfrid Laurier	St-Basile-le-Grand	QC	J3N 1V6
16, rue Westminster	Montréal	QC	H4X 1Z1
5990, Ch. de la Côte-des-Neiges	Montréal	QC	H3S 1Z5
37, rue Turgeon	Ste-Thérèse	QC	J7E 3H2
580, Grande Allée Est	Québec	QC	G1R 2K2
2000, rue Ste-Catherine O	Montréal	QC	H3H 2T2
5473, ave Westminster	Côte-St-Luc	QC	H4X 2A4
1221, rue Charles-Albanel	Québec	QC	G1X 4Y5
3500, boul. des Sources	Dollard-des-Ormeaux	QC	H9B 1Z9
1275, chemin Ste-Foy	Québec	QC	G1S 4S5
4080, rue Saint-Jacques (2 ABMs)	Montréal	QC	H4C 1J2
1495, rue Brassard	Chambly	QC	J3L 5W3
995A, boul. Taschereau	La Prairie	QC	J5R 1W7
3930, boul. Wilfrid-Hamel Ouest	Québec	QC	G1P 2J2
928, autoroute Chomedey Ouest (2 ABMs)	Laval	QC	H7X 3S9
1372, boul. Wallberg	Dolbeau	QC	G8L 1H1
12050, rue Sherbrooke Est (2 ABMs)	Montréal	QC	H1B 1C7
531, ave de Grand-Mère	Shawinigan	QC	G9T 2H4
1100, boul. René-Lévesque O.	Montréal	QC	H3B 4C2
4534, boul. Saint-Joseph	St-Nicéphore	QC	J2A 1B5
5647, avenue du Parc	Montréal	QC	H2V 4H2
280, boul. Curé-Labelle	Ste-Thérèse	QC	J7E 2X6

## Opened and closed branches

As of October 31, 2019

At the beginning of fiscal year 2016, we announced our strategic plan, which included optimizing and simplifying our branch network in Quebec. This strategy led us to complete, in September 2019, the transition of all our traditional branches into 100% Advice Financial Clinics, where clients obtain financial advice. For basic transactions, such as bill payments, deposits, withdrawals and fund transfers, customers have 24/7 access to electronic and web-based platforms. The shift to this new approach has been carefully planned with all our customers to ensure a smooth transition to our new model.

Address	City	Province	Postal code
<b>Opened</b>			
3500, rue de l'Éclipse	Brossard	QC	J4Z 0P3
<b>Merged and Closed</b>			
1635, boul. Rome	Brossard	QC	J4W 3B1
1495, boul. Brassard	Chambly	QC	J3L 5W3
1372, boul. Walberg	Dolbeau	QC	G8L 1H1
995, boul. Taschereau	La Prairie	QC	J5R 1W7
928, autoroute Chomedey	Laval	QC	H7X 3S1
3700, boul. Taschereau	Longueuil	QC	J4V 2H8
12050, rue Sherbrooke	Montréal	QC	H1B 1C7
4080, rue St-Jacques	Montréal	QC	H4C 1J2
3930, boul. Wilfrid Hamel	Québec	QC	G1P 2J2
1275, chemin Ste-Foy	Québec	QC	G1S 4S5
531, ave de Grand-Mère	Shawinigan	QC	G9T 2H4
1221, rue Charles Albanel	Ste-Foy	QC	G1X 4Y5

## OUR ANNUAL DECLARATION

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This Social Responsibility Report is a declaration of the responsibilities toward communities and is published by the Laurentian Bank Financial Group. It provides an overview of the Group's activities and those of its entities, notably:

- Laurentian Bank of Canada
- Laurentian Bank Securities
- Laurentian Trust of Canada Inc.
- LBC Trust
- Laurentian Bank Insurance Inc.
- B2B Bank
- B2B Bank Securities Services Inc.
- B2B Trustco
- B2B Bank Financial Services Inc.
- B2B Bank Intermediary Services Inc.
- LBC Financial Services
- LBC Capital Inc.
- LBC Investment Management Inc.
- LBC Tech Inc.
- Northpoint Commercial Finance

The 2019 Social Responsibility Report is published by the Executive Office of the Laurentian Bank Financial Group in accordance with the *Public Accountability Statements* regulations adopted on March 21, 2002 and is in compliance with the requirements of the Financial Consumer Agency of Canada (FCAC). It presents an overview of the year's accomplishments with respect to the organization's main stakeholders – clients, employees, shareholders and communities.

This Report is also a complement to the Management Proxy Circular, the Annual Report and the Annual Information Form. These three documents offer more comprehensive information about the programs and policies mentioned and are available at **[lbcfg.ca](https://lbcfg.ca)**.

Unless otherwise indicated, the information contained in this document pertains to fiscal 2019 (November 1, 2018 through October 31, 2019).

A full version of this Social Responsibility Report is available at:

**<https://lbcfg.ca/governance-and-social-responsibility/>**

La version intégrale de rapport de responsabilité sociale est également disponible en français sur notre site Internet à :

**<https://blcgf.ca/governance-et-responsabilite-sociale/>**

Please submit any comments about this document to the Executive Office.

Phone: 514-284-4500, extension 40015

E-mail: [communication@lbcfg.ca](mailto:communication@lbcfg.ca)

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# APPENDIX

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## Our policies and codes

### Codes

- Code of Ethics
- Code of conduct governing the sale of authorized insurance products by employees of the Laurentian Bank Financial Group
- Code of Ethics – Suppliers

### Enterprise Risk Management – Risk Appetite

- Framework policy - Enterprise Risk Management
- Framework policy - Risk Appetite

### Capital Management

- Policy - Capital Management and Adequacy

### Liquidity and Financing Management

- Policy - Valuation on financial instruments
- Policy - Liquidity and Funding Management
- Policy - Fund Transfer Pricing
- Policy - Treasury and Capital Markets Risk Management
- Guideline - Risk Management - Banking and trading books

### Market Risk Management

- Guideline - Stress Testing

### Counterparty Risk Management

- Policy - Oversight of External Auditor

### Credit Risk Management

- Manual - Credit policies and directives
- Policy - Credit Risk Quantification
- Guideline - Credit risk quantification models design and development
- Guideline - Conceptual validation
- Guideline - Credit models implementation
- Guideline - Loan review
- Guideline - Credit models performance monitoring
- Policy - Enterprise-Wide Model Risk Management
- Guideline - Default management
- Guideline - Residential Mortgage Underwriting Guide

### Regulatory Risk Management

- Policy - Regulatory Risk Management
- Policy - Anti-Money Laundering and Anti-Terrorist Financing
- Policy - Personal Information Protection
- Policy - Insiders and Prohibited Transactions on Bank Securities
- Policy - Whistle Blower

### Operational Risk Management

- Framework policy - Operational Risk Management
- Policy - Operational Risk Management
- Guideline - Key Risk Indicators
- Guideline - Risk and Control Self-Assessment
- Guideline - Operational Risk Event
- Guideline - Scenario Analysis
- Guideline - ORM Initiative Management Guideline
- Policy - Supplier Risk Management
- Guideline - Supplier Risk Management

## **IT Governance**

- Framework policy - LBCFG IT Governance
- Policy - Information Security
- Guideline - Acceptable Use
- Guideline - Mobile Devices and Remote Access
- Guideline - Asset Management
- Guideline - Access Control
- Guideline - Operations Security
- Guideline - Communications Security
- Guideline - System Acquisition, Development and Maintenance
- Guideline - Information Security for Supplier Relationships
- Guideline - Information Security Incident Management
- Guideline - Physical and Environmental Security

## **Human Resources**

- Guideline - Workplace Drug and Alcohol Consumption
- Policy - Harassment and Violence in the Workplace
- Policy - Performance Management
- Policy - Employment Equity Accommodations
- Policy - Nominations and appointments to external directorates
- Policy - Gifts and rewards
- Guideline - Sports Club Membership Expenses
- Guideline - Reimbursement of Expenses
- Policy - Business Expenses Reimbursement
- Policy - Financial Benefits on Products Offered by the Bank
- Policy - Non-Taxable Car Allowance
- Guideline - Annual Vacation
- Policy - Human capital development
- Directive – Staffing
- Policy - Compensation of Senior Management of LBCFG
- Policy - Compensation for Capital Markets Employees
- Policy - Pension Plan Funding
- Policy - Replacement of the President and CEO in case of Accident, Invalidity or Inaccessibility

## **Governance and Strategy**

- Policy - Reputational Risk
- Policy - Corporate Documents
- Policy - Disclosure
- Policy - Public Disclosure of Risk Information
- Policy - Subsidiary Governance
- Policy - Governance of the Board of Directors and its Committees
- Policy - Majority Voting
- Policy - Diversity of the Board of Directors
- Policy - Use of Directors' External Advisors' Services
- Policy - Background Assessment of Directors and Officers
- Policy - Approval of Services Provided by External Auditors and hiring of Partners, Employees and Former Partners and Employees of External Auditors
- Policy - Reimbursement of Expenses (Directors)
- Policy - Change Approval

## **Business Continuity**

- Framework policy - Business Continuity Management
- Policy - Business Continuity Management