

## CHARTER

### THE BANK OF NOVA SCOTIA

#### **CORPORATE GOVERNANCE AND PENSION COMMITTEE OF THE BOARD**

The Corporate Governance and Pension Committee of the Board of Directors (the "Committee") has the responsibilities and duties as outlined below:

#### **CORPORATE GOVERNANCE**

##### **A. Mandate**

1. To perform such duties as may be required by:
  - the *Bank Act* and the regulations thereunder; and
  - other applicable legislation and regulations including those of the Canadian Securities Administrators (the "CSA"), Ontario Securities Commission, the Toronto Stock Exchange, the New York Stock Exchange ("NYSE") and the Securities and Exchange Commission,as more fully described under the heading "**Duties**" (B.) below.
2. To act in an advisory capacity to the Board of Directors (the "Board") to enhance the Bank's corporate governance through a continuing assessment of the Bank's approach to corporate governance and making policy recommendations.

##### **B. Duties**

The Committee shall:

1. Review, at least annually, the Bank's Corporate Governance Policies and recommend approval or changes thereto to the Board;
2. Assess, at least annually, the Board's compliance with respect to the Corporate Governance Policies;
3. Establish and recommend to the Board, the qualities or attributes for directors and to identify and recommend qualified individuals as nominees for election, re-election or appointment as directors, considering, but not being limited by, the criteria outlined in The Bank of Nova Scotia Corporate Governance Policies - Director Qualifications;
4. Recommend to the Board candidates to fill vacancies on the Board that occur between annual meetings of shareholders;
5. Review the Bank's corporate governance practices against emerging trends and developments and make recommendations to the Board as appropriate;
6. Develop, review and recommend the Director Independence Standards to the Board and to advise the Board on the independence or affiliated status of individual directors;

7. Review the Board's mandate, at least annually, and the appropriateness of the size of the Board relative to its mandate/responsibilities and the composition of the Board as a whole;
8. Ensure that each committee of the Board has reviewed its charter, at least annually, and to recommend amendments thereto as the Committee deems appropriate;
9. At least annually, review and recommend to the Board the composition of committees of the Board and to recommend directors to chair the committees;
10. Recommend to the Board a member to fill any vacancy occurring at any time in the membership of any Board committee;
11. Develop and recommend to the Board position descriptions for a director of the Bank, the Chair of the Board and the chairs of the Board committees;
12. Recommend the format and type of material that is to be provided to the directors with respect to meetings of the Board or its committees and recommend a forward agenda of issues to be presented to the Board for discussion;
13. Review the Board's independence from, and relationship with management and make recommendations with respect to such relationship where and when it is deemed appropriate;
14. Engage counsel, consultants and advisors, as the committee sees fit, and to have sole responsibility to retain and terminate any firm contracted to identify candidates as directors, including the authority to approve the fees and terms and retention;
15. Develop processes for assessing the performance and effectiveness and ensure the annual evaluation of the performance of:
  - the Board
  - the committee of the Board (including a self-assessment to evaluate the performance of this Committee)
  - individual directors (through both the peer review and director interview processes) and report the results of these assessments to the Board;
16. Develop a process, through the Chairman of the Board, to monitor the progress of the Board in addressing issues identified in the self-assessments of the members of the Board;
17. Assist the Board in developing an action plan to address issues that may be raised as a result of such assessments;
18. Annually review director compensation and, when appropriate, recommend changes to such remuneration to the Board for approval;
19. Review and recommend to the Board the Bank's disclosure of its corporate governance practices;

20. Review and recommend to the Board the Bank's response to proposals received from shareholders;
21. Ensure that a comprehensive orientation program for new directors is in place as well as a continuing education for the directors;
22. Consider and make recommendations to the Board with respect to any resignations offered by directors or the removal of a director in extraordinary circumstances;
23. Consider resignation offers, if any, provided pursuant to the Bank's Policy on Majority Voting in Director Elections and make recommendations to the Board on whether or not such resignations should be accepted;
24. Delegate responsibility to an individual or to subcommittees, as deemed necessary or appropriate;
25. Annually, approve a core plan of reports to be presented to the Committee on matters within its mandate; and
26. Perform such others duties as may from time to time be assigned to the Committee by the Board.

## **PENSION**

### **C. Mandate**

1. The objective of the Scotiabank Pension Plan is to provide the Plan's members with a source of retirement income. The Bank maintains a Fund in connection with the Pension Plan from which benefits provided under the Plan are paid in accordance with the Plan's provisions and applicable legislation.
2. The mandate of the Committee is to monitor and supervise the administration of the Scotiabank Pension Plan (the "Plan") and the administration and investment of the fund maintained in connection therewith (the "Fund") as more fully described under the heading "**Duties**" (D.) below. The Committee shall not have responsibility for any pension plan sponsored by the Bank or its affiliates, other than the Plan.

### **D. Duties**

The duties of the Committee with respect to pension matters are:

1. To ensure that the Plan is administered and that the Fund is invested and administered in accordance with provisions of the Plan, the Trust Deed and all applicable legislation. Committee members will be expected to comply with the Conflict of Interest Policy in the Fund's Statement of Investment Policies and Procedures;
2. Consider amendments to the Plan and make recommendations in respect thereof to the Board;

3. Establish and adopt, after receiving the recommendation of the Pension Administration and Investment Committee, a written Statement of Investment Policies and Procedures in respect of the Fund and, at least annually, review and confirm or amend the Statement of Investment Policies and Procedures, all in accordance with applicable legislation;
4. Monitor and supervise the activities of the Pension Administration and Investment Committee and, not less than semi-annually, review the report of that Committee;
5. Recommend to the Board the appointment and/or removal of the Custodian(s) of the Fund. Provided that, in the event the Committee determines that immediate action must be taken to remove and replace a Custodian, the Committee shall have the authority to take such action and shall report such action to the Board for ratification;
6. Retain competent professional actuaries and replace such actuaries from time to time as it deems in the best interest of the Plan;
7. Retain a firm of chartered accountants to audit the Fund as required by the provisions of applicable legislation;
8. Review and approve the audit report prepared by the auditors retained in connection with the Fund; and
9. Delegate to any director, officer or employee of the Bank or to any outside agent any act required to be done by the Committee provided that the Committee carries out such ongoing supervision as is reasonable and prudent.

**E. Reporting**

After each meeting of the Committee, the Committee is required to report to the Board on matters reviewed by the Committee at the next regularly scheduled Board meeting.

**F. Composition**

Structure

The Committee shall consist of such a number of Directors as the Board shall determine from time to time, a majority of whom shall be resident Canadians.

Independence

No member of the Committee may be current or former officer or employee of the Bank or of any of its subsidiaries or affiliates. No member may be a person who is affiliated with the Bank or any of its subsidiaries or affiliates or who is related or non-independent as determined by the Board for the purposes of the NYSE Corporate Governance Rules or the CSA's Corporate Governance Guidelines.

Appointment of Committee Members

Members of the Committee are appointed or reappointed annually by the Board, such appointments to take effect immediately following the annual meeting of the shareholders of the Bank. Members of the Committee shall hold office until their successors are appointed or until they cease to be Directors of the Bank.

The Board may, at any time, remove or replace any member of the Committee.

#### Vacancies

Vacancies may be filled for the remainder of the current term of appointment of members of the Committee by the Board, subject to the requirements under the headings "Structure" and "Independence" above.

#### Appointment and Qualifications of Committee Chair

The Board shall appoint from the Committee membership, a Chair for the Committee to preside at meetings. In the absence of the Chair, one of the other members of the Committee present shall be chosen by the Committee to preside at that meeting.

The Chair for the Committee must have all of the qualifications for Committee membership.

### **G. Meetings**

#### Calling of Meetings

Meetings of the Committee may be called by the Chair or by any two members of the Committee. Members may participate in meetings in person or by telephone, electronic or other communications facilities.

The Committee shall not transact business at a meeting unless a majority of the members present are resident Canadians except where:

- a resident Canadian member who is unable to be present approves in writing or by telephone, electronic or other communications facilities the business transacted at the meeting; and
- a resident Canadian majority of members would have been present if the absent member had been present.

The members of the Committee shall meet immediately prior to and/or following the conclusion of the regular agenda matters.

The Committee may invite any director, officer or employee or any other person to attend meetings to assist the Committee with its deliberations.

#### Notice of Meetings

Notice of meeting of the Committee shall be sent by prepaid mail, by personal delivery or other means of transmitted or recorded communication or by telephone at least 12 hours before the meeting to each member of the Committee at the member's address or communication number last recorded with the Secretary. A Committee member may in any manner waive notice of a meeting of the Committee and attendance at a meeting is a waiver of notice of the meeting, except where a member attends for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called.

Frequency

The Committee shall meet at least semi-annually in respect of pension matters.

Quorum

The quorum for a meeting of the Committee shall be 40% of the number of members, subject to a minimum of 2 members.

Secretary and Minutes

The Secretary or, in the absence of the Secretary, an Assistant Secretary of the Bank shall act as Secretary of the Committee.

Minutes of meetings of the Committee shall be recorded and maintained by the Secretary and subsequently presented to the Committee and to the Board, if required by the Board.

**This Charter was last reviewed and approved by the Board on April 2, 2012.**