

CHARTER
THE BANK OF NOVA SCOTIA
RISK COMMITTEE OF THE BOARD

The Risk Committee of the Board of Directors (the “Committee”) has the responsibilities and duties as outlined below:

A. Mandate

1. To perform such duties as may be required by:
 - the *Bank Act* (the “Bank Act”) and the regulations thereunder and risk-related requirements of the Office of the Superintendent of Financial Institutions (“OSFI”); and
 - other applicable legislation and regulations including those of the Ontario Securities Commission and the Canadian Securities Administrators, the Toronto Stock Exchange, the New York Stock Exchange and the Securities and Exchange Commission.
2. To advise executive management on highly sensitive or major strategic issues as they relate to the Bank’s Risk Appetite Framework.
3. To assist the Board of Directors (the “Board”) in fulfilling its responsibilities for:
 - the review of the Bank’s risk appetite and identifying and monitoring key Bank risks;
 - the review of risk management policies; and
 - the oversight of the Bank’s risk management function.
4. From time to time, to examine and report to the Board on the public issues facing the Bank and, where necessary, to recommend policies in respect of these issues.

B. Duties

The Committee shall:

Risk Management

- review and recommend for Board approval at least once every three years, the Bank’s Enterprise-wide Risk Management Framework;
- review and recommend for Board approval the Bank’s Risk Appetite Framework at least annually and the Committee shall also review the alignment of the Bank’s strategic plan including any proposed material changes thereto, with the Risk Appetite Framework;
- review and recommend for Board approval the Bank’s Credit Risk Appetite at least annually;
- approve the delegation of risk and credit limits to management and approve any transactions exceeding those delegated authorities;

- review on a quarterly basis management's report on the Bank's stress testing, and discuss with management identified material risks and emerging risk issues and trends;
- review and approve risk management policies recommended by Bank management for identifying, accepting, monitoring, managing and reporting on the significant risks to which the Bank is exposed;
 - as part of such review, satisfy itself with the manner in which material exceptions to such policies are identified, monitored, measured and controlled, as well as the remedial actions required when exceptions are identified;
- review and approve credit, investment, market, liquidity, operational and insurance risks;
- as required by regulatory agencies, review, monitor and recommend to the Board for approval risk related policies, procedures and standards;
- review quarterly reports on the Bank's enterprise-wide risk profile (including credit, market, operational and liquidity risks) including review against its risk appetite and seek assurances from management as to the objectivity of such analysis;
- review and recommend for the Board's approval, the Bank's Crisis Management (Recovery) Plan;
- review and approve any other matters required by OSFI and other regulators from time to time;
- oversee the risk management function, having regard to its independence, by:
 - reviewing and approving the appointment and/or removal of the Chief Risk Officer of the Bank;
 - annually reviewing and approving the mandate of the Chief Risk Officer and of the risk management function;
 - annually reviewing and approving the organizational structure of the risk management function;
 - annually reviewing and approving the risk management function's resources and budget;
 - annually assessing the effectiveness of the Chief Risk Officer and the effectiveness of the risk management function, and annually approving the performance review of the Chief Risk Officer, taking into consideration any regulatory findings with respect to the risk management function;
 - conveying its view to the Human Resources Committee on the following matters:
 - the assessment of the effectiveness and performance review of the Chief Risk Officer;
 - considerations to be factored into the total compensation to be paid to the Chief Risk Officer; and
 - succession planning for the role of Chief Risk Officer;
 - overseeing that the risk management function has unfettered access and a functional reporting line to the Committee;
 - periodically reviewing the results of independent reviews of the risk management function and reporting such results to the Board; and

- overseeing that deficiencies identified related to the risk management function are remedied within an appropriate time frame and reporting to the Board on the progress of necessary corrective actions.

General

- approve, on an annual basis, a core plan of reports to be presented to the Committee on matters within its mandate; and
- prepare a committee report for inclusion in the Bank's management proxy circular.

C. 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. The Committee shall also report, as required, to the Audit and Conduct Review Committee on relevant issues.

The Committee shall review and assess the adequacy of this Charter on an annual basis and report the results of this review to the Corporate Governance Committee of the Board.

D. Composition

Structure

The Committee shall consist of no less than three directors as the Board shall determine from time to time.

Each member of the Committee should have an understanding of issues related to risk management or related business experience, or be willing or able to acquire the requisite knowledge within a reasonable period of time.

All Committee members must be directors who are not officers or employees of the Bank.

Appointment of Committee Members

Members of the Committee are appointed or reappointed annually by the Board, upon the recommendation of the Corporate Governance Committee, 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.

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 requirement under the heading "Structure" above.

Appointment 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, including risk management or related business experience.

E. 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 hold an in camera session immediately prior to and/or following the conclusion of the regular agenda matters. The Committee shall also hold in camera sessions with the Chief Risk Officer of the Bank during Committee meetings. The Committee shall also meet with the Chief Financial Officer, as requested by the Committee or management from time to time.

The Committee shall hold joint sessions with the Human Resources Committee at least twice per year to review risks associated with the Bank's material compensation programs.

To facilitate communication between the Committee and the Audit and Conduct Review Committee, the Chair of the Audit and Conduct Review Committee shall receive notice of all Committee meetings and may attend Committee meetings by invitation as a non-voting observer.

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.

Quorum

The quorum for a meeting of the Committee shall be a majority of its 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 August 28, 2015.