

2006 Employment Equity Narrative Report



Scotiabank (005027)
Executive Offices, Human Resources
44 King Street West, 12th Floor
Toronto, Ontario M5H 1H1
www.scotiabank.com

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INTRODUCTION

The Scotiabank Group of Companies (Scotiabank Group) is one of Canada's largest and most successful financial institutions. Scotiabank Group employs approximately 57,000 people worldwide, and serves over 12 million customers in 50 countries around the globe. In Canada, Scotiabank Group has 28,398 regular full-time and part-time employees, providing a wide range of products and services including retail, personal, commercial, corporate, and investment banking.

The year 2006 was important in Scotiabank Group's growth. In February 2006 Scotiabank Group purchased the Canadian operations of the National Bank of Greece resulting in the acquisition of 10 new branches in Ontario and Quebec. In March 2006 Scotiabank Group acquired the mortgage business of Maple Financial Group Inc., a leading mortgage company. Internationally, the purchase of two new banks in Peru (i.e. Banco Wiese Sudameris and Banco Sudamericano), the acquisition of Citibank's retail banking business in the Dominican Republic, and the purchase of Costa Rica Corporación Interfin, exemplifies our expanding and diverse workforce.

Workforce diversity aligns very closely with what Scotiabank Group represents. Diversity is integrated in the Scotiabank Group's core values of integrity, respect, spirit, insight and commitment. Scotiabank Group supports these core values across global operations, and strives to ensure that the workforce composition reflects the diversity of the communities which it serves.

Scotiabank Group, in collaboration with employees, embraces diversity by proactively introducing and enhancing policies and programs that promote fairness, respect, and an inclusive and supportive workplace for all employees. For example, Scotiabank Group maintains an Employment Relationships Council comprised of employees and leaders from across the organization to ensure that a range of people practices, from attracting to developing and retaining employees, align with Scotiabank Group's commitment to diversity. In addition, the Diversity Strategy supports the integration of diversity and employment equity initiatives into established business processes including annual plans and budgets. A quarterly People Report and an annual Employee Satisfaction Survey measure progress towards diversity goals, such as workforce make-up, employee engagement, and satisfaction. Many of Scotiabank Group's international locations have adopted this model to track key indicators, such as employee satisfaction and the representation of women in senior management.

With its base in Canada – one of the world's most multicultural nations – and significant operations around the world, Scotiabank Group understands that embracing diversity and harnessing the skills of the broadest possible spectrum of talent will generate more innovative thinking, better decision-making and stronger business results. This conviction drives our commitment to establishing Scotiabank Group as a global employer of choice. As the following pages will reveal, we combine quantitative data with leading edge programs to meet employment equity requirements and create a culture that welcomes and supports diversity.

EMPLOYMENT MILESTONES IN 2006

Scotiabank Group's commitment to creating and maintaining a great place to work is reflected through a number of accomplishments and milestones reached in 2006 and outlined in this report. Both employees and the larger community have recognized Scotiabank Group globally and locally for its efforts.

In Canada

1. For the 4th consecutive year, employees voted Scotiabank Group as one of Canada's Top 50 Best Employers by the Globe and Mail Report on Business Magazine.
2. Canadian Business Magazine recently named the Scotiabank Group as one of Canada's top employers for minorities and aboriginal people.
3. Scotiabank Group received a Silver Award for our programs from the Progressive Aboriginal Relations (PAR) program of the Canadian Council for Aboriginal Business, making us one of the first financial institutions to reach this level of commitment.
4. Scotiabank Group was recognized at the 2006 Career Edge Host Awards with the Spirit Award which recognizes host organizations that have had a major impact on hiring Aboriginal interns and interns with disabilities.
5. Scotiabank Group has been named an Imagine Caring Company by the Canadian Centre for Philanthropy for our Canadian charitable donations equally over \$42 million. As an Imagine company, Scotiabank Group donates at least one per cent of its domestic pre-tax profits to domestic charities and non-profit groups.
6. Scotiabank Group was named among the top 125 training organizations in the world by *Training* magazine, a respected industry publication. This is the third consecutive year Scotiabank Group has been honoured with this award.
7. Scotiabank achieved finalist standing for the 2007 Catalyst Award. This award (which we won in early 2007) honours organizations that have undertaken innovative approaches, with proven results, to address the recruitment, development and advancement of women.

International

1. Grupo Scotiabank (Mexico) enjoyed a Top 50 ranking for employers in a survey conducted by the University of the West Indies, the Jamaica Employers Federation, and The Great Place to Work Institute.
2. Jamaica was also ranked a Top 20 employer in a survey conducted by the University of the West Indies, the Jamaica Employers Federation, and The Great Place to Work Institute.
3. 250 leading CEO's voted Scotiabank Group as one of Canada's Top 25 Most Respected Corporations in the eleventh annual Ipsos-Reid survey,
4. The Association of Female Executives of Trinidad and Tobago awarded Scotiabank Group third place out of the Top 5 companies for Female Executives in Trinidad.
5. Scotiabank Dominican Republic was recognized as the third most admired organization in the country.

These new accolades are great accomplishments for Scotiabank Group, and are also a demonstration of Scotiabank Group's ongoing commitment to its diverse employees and the larger, diverse communities in which the Scotiabank Group operates.

MEASURING WORKFORCE DIVERSITY IN 2006

Each year, Scotiabank Group relies on two methods to measure workforce diversity:

1. The quarterly Employment Relationships People Report (i.e. a computer model that tracks designated group representation by business lines) measures progress against these goals.
2. An annual on-line workforce census in which employees self-identify as belonging to a designated group. This census ensures that Scotiabank Group has up-to-date and accurate employment equity data.

During 2006, these two methods allowed Scotiabank Group to consistently track diversity goals year over year.

Scotiabank Group's total Canadian workforce increased by over 1,000 employees due in part to a number of corporate acquisitions. (See Table 1) The largest of these acquisitions involved the purchase of ten (10) branches from the National Bank of Greece, most of which were concentrated in Ontario and Quebec and contributed to Scotiabank Group's organic growth. Table 1 represents Scotiabank Group's Canadian workforce statistics over the last three years. Of note is the significant increase in promotions over the represented period (i.e. nearly 400 more than in 2005), and the fact that total exits decreased by over 100.

Table 1: Scotiabank Group's Canadian Workforce

	Total (Regular full-time and part-time)	Hires	Promotions	Exits
2006	28,398	4,001	2,894	3,198
2005	27,370	3,480	2,503	3,316
2004	27,061	2,642	2,262	2,950

Please note that all variances in workforce numbers are explained by: changes in employee status, transfers within the Scotiabank Group of Companies worldwide or changes in NOC coding.

A. WOMEN IN SCOTIABANK GROUP'S WORKFORCE

Scotiabank Group strives to be a recognized leader in the advancement of women and all executives have made this goal a part of their performance targets. Consequently, more than 71% of Scotiabank Group's employees in Canada are women and as of December 31, 2006 comprised 30.5% of the senior management positions and once again exceeds the external government availability numbers.

Scotiabank Group's overall representation of women is exemplary and continues to exceed external labour market availability in Senior Management and Professional levels. This is the third year in a row Scotiabank Group has had a significant increase in representation for women in senior management, which has increased from 28.8% in 2005 to 30.5% in 2006. It should be

noted that positive movements in representation for women in senior management came from traditionally male-dominated business units within the Scotiabank Group, such as Wealth Management, International Banking (Canada), Risk Management, Finance and the technology-based solutions area.

In addition, the representation of women in middle management has increased from 50.9% in 2005 to 52.4% in 2006 bringing us closer to the external labour benchmark availability of 54.5%. A review of NOC coding resulted in changes in the distribution of the representation rates of Middle Management and Professional occupations.

Table 2 provides statistics for the last three years, and clearly shows Scotiabank Group's success in addressing Employment Equity for Women:

Table 2: Women in the Scotiabank Group Workforce

Workforce Representation of Women	Scotiabank Group 2006 (%)	Scotiabank Group 2005 (%)	Scotiabank Group 2004 (%)	External Government Availability* (%)
Overall	71.2	71.7	72.1	65.7
Senior Management	30.5	28.8	25.0	24.3
Middle Management	52.4	50.9	45.5	54.5
Professional	46.2*	50.3	52.1	41.8

*The decrease in representation of female professionals is primarily due to reclassifications resulting from this review.

Finally, Scotiabank Group has long been a strong advocate in the Canadian financial sector for the hiring and promotion of women. Through our Advancement of Women initiative we expect to continue that tradition in Canada and internationally in order to support this group within our global workforce. Preliminary statistics already show that females now represent 21.2% of Vice President or above positions in our international workforce.

B. VISIBLE MINORITIES IN SCOTIABANK GROUP'S WORKFORCE

To effectively serve Canada's multicultural population, Scotiabank Group strives to ensure that the workforce reflects the diverse communities in which it operates. In turn, Scotiabank Group continually monitors and implements various recruitment, promotion, career planning, and training strategies to tap into this pool of talent and provide a welcoming environment for visible minorities. Scotiabank Group continues to surpass the external government availability by a significant percentage, (particularly in the Professional category) while remaining a leader among the five major Banks in representation of this group.

Of the Scotiabank Group's Canadian workforce, 20.2% of employees self-identify as a member of a visible minority group. The representation of visible minorities increased in 2006 at the senior management, middle management and professional levels. Across Canada, the number of Scotiabank Group employees listed as Visible Minorities increased from 5,549 to 5,739.

*Calculated using data from Statistics Canada.

A number of programs are currently in place to support the Scotiabank Group's commitment of increasing the representation of visible minorities. These initiatives include training hiring managers in bias-free recruitment, interviewing, and selection to effectively recruit diverse, culturally competent employees. Scotiabank Group also continues to sponsor a number of internship programs, awards, and scholarships, such as the highly profiled Harry Jerome Awards hosted annually by the Black Business Professional Association. Likewise, Scotiabank Group continues to partner with non-profit organizations that celebrate the contributions visible minorities are making in the community and work force such as the Community MicroSkills Development Centre and Tropicana Community Services. As exposure to and an appreciation of diversity is part of the corporate social fabric, Scotiabank Group plans to continue to recognize and celebrate the contributions and achievements of this group.

Table 3 shows Scotiabank Group's outstanding success in providing an inclusive workforce that attracts many employees from a visible minority background.

Table 3: Visible Minorities in Scotiabank Group's Workforce

Workforce Representation of Visible Minorities	Scotiabank Group 2006 (%)	Scotiabank Group 2005 (%)	Scotiabank Group 2004 (%)	External Government Availability* (%)
Overall	20.5	20.3	19.4	16.2
Senior Management	11.5	10.5	9.9	9.7
Middle Management	19.0	18.8	18.2	13.5
Professional	32.6	27.9	24.6	22.1

C. ABORIGINAL PEOPLE IN SCOTIABANK GROUP'S WORKFORCE

Scotiabank Group was the first chartered Bank to open a branch on an Aboriginal reserve in 1971. Since then, Scotiabank Group remains committed to integrating members of Canada's Aboriginal communities into the workforce, and operates four on-reserve branch locations and 22 Aboriginal banking centres across Canada. Earlier this year, Scotiabank Group appointed a nine-year employee as the first Aboriginal branch manager of an on-reserve branch.

Scotiabank Group continues to actively explore avenues through which to attract and retain Aboriginal employees. For instance, Scotiabank Group continues its involvement with other financial industry partners in the Financial Industry Partnership for Aboriginal Relationships ("FIPAR"), a partnership geared to increasing the visibility of the banking industry and a viable career option for Aboriginal peoples and building relationships with the aboriginal community.

Internally, Scotiabank Group has continued with its support of a number of programs, measures and events to increase representation from among members of this designated group. In the coming year, Scotiabank Group will be doing an analysis with respect to the allocation of budget dollars committed to support this designated group in order to promote effectiveness and maximize return in terms of representation targets.

*Calculated using data from Statistics Canada.

In 2006, the number of Scotiabank Group employees that identified themselves as Aboriginal declined slightly to 1.13%. Declines in EEOG levels 3 (i.e. Professionals), 5 (i.e. Supervisors) and 10 (i.e. Clerical Personnel) were offset by a significant increase in representation at the 7 level (i.e. Administrative and Senior Clerical Personnel). The net decline was 2. Nearly half of all Aboriginal Peoples were employed in Ontario (i.e. 153 out of 322).

Table 4: Aboriginal Peoples in Scotiabank Group’s Workforce

Workforce Representation of Aboriginal Peoples	Scotiabank Group 2006 (%)	Scotiabank Group 2005 (%)	Scotiabank Group 2004 (%)	External Government Availability* (%)
Overall	1.2	1.2	1.2	1.5

D. PERSONS WITH DISABILITIES IN SCOTIABANK GROUP’S WORKFORCE

In 2006 Scotiabank Group again exceeded the government’s benchmark for representation of persons with disabilities in the workforce. The representation level, in Canada, of Persons with Disabilities declined, however, while numerical declines were evident amongst EEOG levels 2 (i.e. Middle and Other Managers), 3 (i.e. Professionals), 5 (i.e. Supervisors) and 10 (i.e. Clerical Personnel), some offsetting increases were also apparent at EEOG levels 1 (i.e. Senior Managers), 4 (i.e. Semi-Professionals and Technicians) and 7 (i.e. Administrative and Senior Clerical Personnel).

Scotiabank Group noted that a substantial number of Persons with Disabilities are currently on Long-Term Income Protection (i.e. LTIP), and are, therefore, not included in our reporting. Including these individuals in the calculation would raise Scotiabank Group’s representation of Persons with Disabilities to 4.12%. The nature of disabilities is such that some employees may be hired who are disabled from the start of their employment, whereas others may become disabled during the course of their employment. In either instance, or depending upon the nature of their condition, some individuals may find it impossible to continue with their employment on either a temporary or permanent basis.

Scotiabank Group continues to undertake a variety of recruitment, awareness building and sponsorship and development programs to support this designated group internally or externally. A sampling of recruitment activities includes hosting networking sessions in various Executive Office and Retail Banking departments and leading career fairs through key agencies, colleges and universities. Many of these activities resulted in hiring of employees from this designated group.

A significant achievement in 2006 includes the creation of WorkAbility, a voluntary counselling program offered through the integration of the Scotiabank Group’s healthcare providers. The program provides a health advocate to ensure employees have early access to intervention and

*Calculated using data from Statistics Canada.

support, which facilitates timely rehabilitation and return to health. Early statistics show that this program is primarily benefiting those employees with mental health issues or disabilities.

On other fronts, Information Technology and Solutions, the Scotiabank Group’s systems group, continue to incorporate accessibility standards to ensure all technology applications and websites are accessible to employees with disabilities. The Scotiabank Group Employee Website – HR Passport – continues to undergo extensive re-design to make various reports and support tools accessible to JAWS (speech) users.

Table 5: Persons with disabilities in Scotiabank Group’s workforce

Workforce Representation of Persons with Disabilities	Scotiabank Group 2006 (%)	Scotiabank Group 2005 (%)	Scotiabank Group 2004 (%)	External Government Availability* (%)
Overall	4.0	4.2	3.4	3.7

HIGHLIGHT ON EMPLOYMENT ACTIVITIES AT SCOTIABANK GROUP

1. WOMEN

As noted above, Scotiabank Group has made significant progress in the representation of women at all levels in our workforce. Scotiabank Group was able to increase the representation of women in our workforce by developing and implementing an Advancement of Women (AoW) initiative.

This initiative is a sophisticated strategy to advance women’s representation at all levels of the Scotiabank Group. One of the major initiatives that forms part of the strategy is ScotiaWomen’s Connection. This is a web-based communication avenue that serves as a way to keep all employees informed about the Scotiabank Group’s Advancement of Women (AoW) initiative, as well as to provide resources, tools and best practices aimed at helping all Scotiabank employees to grow, succeed and realize their potential.

Recognizing the importance of providing career development support to women through mentoring and networking opportunities, ScotiaWomen’s Connection website houses a mentoring toolkit and a network-in-a-box toolkit. The latter provides employees the necessary information to establish grassroots networks within their respective business line, support function or geographic area. These grassroots efforts are supplemented by corporate, women’s only networking events where women at the manager level and above are invited four times each year to participate in person or via a live global webcast.

Moving forward, Scotiabank Group’s focus will be two-fold: extend deeper into the talent pool at Scotiabank Group and take our Advancement of Women initiative global to every other country where Scotiabank Group operates. Some of the initiatives in this regard are:

- making leaders accountable for feeder pool targets commencing with the 2008 balanced scorecard (feeder pool refers to the Senior Manager and Director levels); many parts of the Scotiabank Group have had such metrics for some time now.

- undertaking extensive research at the feeder pool level to better understand employee satisfaction levels and turnover levels for this demographic group in comparison to their male counterparts and women at more junior and senior levels; our findings will guide next steps.

Our vision is to accelerate the advancement of women across the Scotiabank Group in line with our objective to being a Global Employer of Choice, and, to be recognized as a leader in the advancement of women - both from a customer and an employee perspective.

2. ABORIGINAL PEOPLES

Scotiabank Group is committed to the inclusion of Canada's Aboriginal communities in our workforce. During 2006 we undertook a variety of recruitment activities to expand our team of Aboriginal employees. Our goal is to build an Aboriginal workforce that provides valuable employment opportunities to Aboriginal peoples.

Some specific measures that have been adopted to promote the hiring of Aboriginal Peoples across Scotiabank Group include the following:

- Branches and regions set goals to improve Aboriginal representation through hiring activities. Regional managers receive semi-annual reports on progress.
- Plans are currently underway to construct an Aboriginal-specific database for all areas/regions, accessible by all staffing managers.
- A seminar on Aboriginal Inclusion in the Workforce sessions has been conducted in Scotiabank Group's Toronto Executive Offices.

Some specific recruitment initiatives Scotiabank Group participated in during 2006 focus on Aboriginal Peoples and include the following:

Shad Valley - This summer internship program for Aboriginal high school students to work with the National Manager – Aboriginal Relations was offered in July to August 2006.

Financial Industry Partnership for Aboriginal Relations ("FIPAR") – Along with five other major financial institutions, Scotiabank Group has been active in this partnership whose mandate it is to develop long-term strategies to increase awareness of what career opportunities are available in the finance industry and what is required to get there. These strategies are geared to positively affect future recruitment measures. FIPAR is currently pursuing creating a web presence and solidifying partnerships with educational institutions in order to promote the financial industry as a career.

3. VISIBLE MINORITIES

Scotiabank Group takes great pride from its diverse workforce in this area. Local branches and other departments/units throughout Canada celebrate this diversity everyday through support of local cultural events and internal events that celebrate and recognize our diversity. Scotiabank Group values diversity and harnessing the skills of the broadest possible spectrum of talent, as

this has been shown to generate more innovative thinking, better decision-making and stronger results.

Many of the initiatives that support other designated groups in Scotiabank Group benefit this group as well, including the many initiatives under the Advancement of Women initiative, and with respect to Persons with Disabilities.

Some specific recruitment initiatives Scotiabank Group participated in during 2006 focus on visible minorities and included the following:

Career Bridge

Scotiabank Group has participated in the Career Bridge internship program, a private sector not-for-profit organization that works with major employers to provide work experiences for job seekers. Through Career Edge, Scotiabank Group sponsored three Career Bridge workplace internships at Scotiabank Group in 2006.

New Canadian, Aboriginals and Visible Minorities Job and Education Fair

Scotiabank Group participated in this event held in Toronto in January to help attract employees from diverse backgrounds.

4. PERSONS WITH DISABILITIES

Scotiabank Group is dedicated to supporting employees with disabilities as they work to become integrated in the workforce, through our recruitment activities, flexible work arrangements and assistive technologies and resources that help accommodate their needs. A demonstration of our progress can be seen in the fact that for the second year in a row Scotiabank Group has exceeded the government benchmark for representation of persons with disabilities in the workforce.

Scotiabank Group routinely sets specific referral and hiring goals for staffing and recruitment managers for each business line. In addition, Scotiabank Group hosted a career fair for persons with disabilities attended by over 550 participants.

Some specific employment initiatives that Scotiabank Group has implemented to make our workplaces more inclusive of People with Disabilities:

- Flexible work arrangements, including flexible work hours, help accommodate the individual scheduling needs of persons with disabilities.
- Information Technology and Solutions, Scotiabank Group's systems group, is developing a plan to incorporate accessibility standards, including adaptive tools, to ensure our technology applications and web sites are accessible to employee users with disabilities.
- Scotiabank Fund - Scotiabank Group has a centralized fund to support job applicants and employees with disabilities to ensure they have the tools required to do their jobs.

In addition, Scotiabank Group actively pursued a number of initiatives to encourage and promote the hiring of Persons with Disabilities:

Kwantlen College – A partnership between the Langley Branch and this local community college was formed for the purpose of providing 3 months training as Customer Representatives for persons returning from or preparing to enter the workforce, with a particular emphasis upon persons with disabilities and learning challenged.

ISS Networking Session – Scotiabank Group sponsored this networking event in February 2006 to bring potential candidates with disabilities into Scotiabank Group and provide them with an opportunity to meet and network with hiring managers from our ISS group. Five individuals were hired as a result of this event.

Paraplegic Association of Quebec – The Dealer Finance Centre worked to recruit an individual to work as a Customer Service Representative in November 2006, as well as provide a corporate donation. A similar partnership was developed with the Canadian Chapter of the Canadian Paraplegic Association.

E-Quality Employment Services – Led by a member of Scotiabank Group's Staffing & Recruitment function, a partnership with this recruitment firm was developed to source diversity candidates and particularly, persons with disabilities to work in Scotiabank Group.

Scotiabank Group is fortunate to have a dedicated resource in the role of a Manager, Workforce Diversity, which underscores the seriousness and commitment Scotiabank Group has placed on the hiring of Persons with Disabilities. A key element of this role is community outreach for the purpose of educating employees, students and members of the public regarding employment of People with Disabilities. The following is a sample of the numerous events the team participated in during 2006:

Ryerson University – Members of Scotiabank Group's Staffing and Recruitment team met with disabled students with disabilities from Ryerson's Business School to conduct mock interviews and provide coaching in January and April 2006.

Conference on Disability and Employment) – Scotiabank Group sponsored a one day conference held on October 13, 2006 hosted by Strategic Employment Solutions (**SES**), an agency devoted to outreach and providing support for people with disabilities.

Jobs Vision Success – Scotiabank Group representatives attended a luncheon in April 2006 to promote awareness hiring opportunities for people with disabilities. The guest speaker at this event was Rick Waugh, President & CEO of Scotiabank Group.

NEADS Conference (National Educational Association of Disabled Students) – Scotiabank Group was a gold sponsor and presenter at this November 2006 conference that encourages the self-empowerment of post-secondary students with disabilities.

5. INTERSECTIONAL EVENTS:

The following programs focus on sourcing candidates from two or more designated group:

Scotiabank Group Career Fair – Held in November 2006 at the Marriott Hotel in Toronto this event was targeted specifically towards Aboriginal students and students with disabilities. It attracted over 500 students.

2006 Career Edge Internships – Scotiabank Group placed 8 Ability Edge, 5 Career Bridge, and 3 Career Edge interns. Five of these individuals were subsequently hired full-time. These interns represented people with disabilities and visible minorities.

INVESTING IN THE COMMUNITY

Scotiabank Group is committed to helping build the communities in which we operate – in Canada and around the world – by dedicating both financial and human capital. In 2006, Scotiabank Group contributed more than **\$42 million** to community causes in Canada and around the world. Of that total, \$34 million went to charitable initiatives in Canada, focused mainly on the areas of health, education, social service and arts and culture, and makes us one of the country's largest philanthropic donors.

Scotiabank Group has set a number of objectives to enhance the level of community involvement, and our progress is reported through our annual Corporate Social Responsibility Report. These include:

- a) Maintain our status as an Imagine Caring Company by continuing to donate at least 1% of domestic pre-tax profits;
- b) Continue to focus our philanthropy on community-based activities with employee participation;
- c) Provide financial support for employee volunteering through the Scotia Employee Volunteer Program under which Scotiabank Group will provide up to CDN\$1,000 (or an appropriate amount in local currency) to assist qualifying organizations in which employees of the Scotiabank Group have been active participants for at least one year, and;
- d) Provide financial support to community fundraising events through the Team Scotia Community Program, under which Scotiabank Group will match funds raised by two or more Scotiabank employees to assist qualifying community-based organizations. Funds raised are matched up to a maximum of CDN\$5,000 (or an appropriate amount in local currency) per approved fund-raising initiative per year.

Some causes benefiting from these contributions in 2006 include, but are not limited to the following. More information can be found in our Corporate Social Responsibility report for 2006.

Rick Hansen Foundation: Man in Motion Foundation and Ambassador Program

Scotiabank Group and the Rick Hansen Man In Motion Foundation announced a 10-year partnership to launch a new spinal cord injury (SCI) awareness program. The funds also support the foundation's Ambassador Program, which helps more than 200 people with SCI share their stories and inspiration in communities across Canada.

Canadian Foundation for Physically Disabled Persons: Rolling Rampage & Valentine Gala

Founded in 1984 with a commitment to improving the quality of life of people with physical disabilities, the CFPDP has held over 35 major events to bring about historic changes in the way people think about disability. Scotiabank Group supports the Rolling Rampage, the premiere wheelchair road race in North America, which raises funds to support Canadian Paralympians and hundreds of athletes with physical disabilities. Each year, the Canadian Foundation for Physically Disabled Persons holds a gala to raise funds and awareness, and to recognize outstanding athletes. Scotiabank Group's President and CEO was the honorary chairperson for the 2005 and 2006 Galas.

Whistler Adaptive Sports Program

Scotiabank Group continues to support the Whistler Adaptive Sports Program (WASP), which makes winter sports accessible to all, with a donation of \$50,000.

Canadian National Institute for the Blind (CNIB)

Scotiabank Group has committed to a 10 year sponsorship of the Scotiabank Group CNIB Employment Readiness Program which will provide 50 visually impaired individuals with specialized rehabilitation and library services.

Queen's University

Scotiabank Group has committed a significant amount to Queen's University, the majority of which will be used to continue the successful Scotiabank Group International Exchange Scholarships and Bursaries program. The remaining will be used to create the Scotiabank Group Accessibility Bursaries for 15 students with disabilities.

Queen's Women in Leadership – QWIL

Representatives from Scotiabank Group attended a two-day leadership conference in 2006 at Queen's University. QWIL's mission is to inform future leaders about gender issues in the workplace and community, by providing a forum for discussion, exploration, and inspiration – all elements that support Scotiabank Group's commitment to the advancement of women.

Schulich 2006 Women in Leadership Conference

Scotiabank Group sponsored and participated in a panel discussion examining the challenges facing women in their pursuit of leadership positions

Blueprint for the Future

Two Aboriginal Youth Career Fairs were offered in February and November 2006 at which the National Manager – Aboriginal Relations and 4 Aboriginal Scotiabank Group volunteers participated.

University of Toronto and University of Saskatchewan

The U of T Program supports an Aboriginal Mentor in Residence who is hired to assist Aboriginal students remain in school. This Aboriginal MBA Bridging Program in the College of Commerce at U of S received funding and support from Scotiabank Group with up to a five year commitment.

SPONSORSHIPS & DONATIONS

Scotiabank Group operates a Diversity Sponsorship and Donation program which allocates funding and support to organizations servicing the needs of designated group members. Specific details of some of the contributions made during 2006 are detailed below.

1. WOMEN

- Canadian Women's Foundation 13th Annual Professional Breakfast
- Women's Legal Education and Action Fund LEAF Persons Day Breakfast
- National Women in Business Expo NWIB Calgary Expo
- University of Toronto - Rotman School of Management Women in Management Association
- Wilfrid Laurier University Outstanding Women of Laurier Luncheon

2. ABORIGINAL PEOPLES

- Aboriginal HRDC of Canada
- Aboriginal Financial Officers Association (AFOA)
- School of Health Sciences at the University of Lethbridge
- Assembly of First Nations Circle of Trade
- Canadian Aboriginal Design Council (CADC) Press Conference
- Canadian Council for Aboriginal Business Circle for 2015 Gala
- Council for the Advancement of Native Development Officers (CANDO) Conference
- National Aboriginal Capital Corp. Association (NAACA) Youth Entrepreneur Symposium
- Aboriginal Multi-Media Society (AMMSA) Windspeaker
- Native Child and Family Services of Toronto 9th Annual Community Pow-Wow
- First Nations University of Canada 30th Anniversary Gala
- Aboriginal Women in Leadership Forum
- Union of Ontario Indians Development Fund Annual Anishinabek Youth Achievement Awards
- Futures in Business Scholarship and Summer Employment
- Canadian Aboriginal Music Awards & Festival
- National Aboriginal Day – City Celebration

3. VISIBLE MINORITIES

- North American Strategizing Institute Job Fair
- Tropicana Community Services Organization Caribbean Night Fundraising Gala
- CCAC Premier's Awards Gala
- Microskills Annual Gala
- Association of African Canadian Artists Colourblind Traveling Art Exhibition

- Canadian Race Relations Foundation Award of Excellence Gala Dinner
- Goan Overseas Association Viva Goa Sponsorship

4. PEOPLE WITH DISABILITIES

- Canadian Abilities Foundation
- Alliance for Equality of Blind Canadians Blind Monitor Magazine
- Canadian Hearing Society
- March of Dimes' Ability and Beyond Dinner and Beyond Ability Award
- Canadian National Institute for the Blind Gretzky SCORE Team Camp Sponsorship
- National Education Association of Disabled Students (NEADS) Conference
- Innoversity Creative Summit and Media Access Participation (MAP)
- National Education Association of Disabled Students (NEADS) Conference
- Strategic Employment Solutions Conference
- Why Not Magazine
- Ryerson University
- Festival of International Conferences on Care Giving, Disability, Aging & Technology
- Labyrinth Project
- International Day of Persons with Disabilities
- Abilities Festival
- Ryerson Essay Writing Competition in the Disabilities Studies Program
- National Educational Association of Disabled Students

Perhaps the most significant contribution in support of Disabled Persons came with Scotiabank Group's donation of \$1 million to Queen's University in support of students with disabilities and international exchange, creating the Scotiabank Group Accessibility Bursary, the first ever bursary program of its kind for these students. This Bursary enables students with disabilities to participate more freely in academic and social life at school. The Scotiabank Group International Exchange Scholarships and Bursaries have enabled more than 100 exchanges annually with partner institutions in more than 10 countries. They will now be open to offshore students to attend Queen's, further supporting international studies at the university.

5. INTERSECTIONAL

- Skills for Change New Pioneers Awards
- University of Toronto - Rotman School of Management Bridge to Business
- Queen's University Commerce Exchange & Transfer Committee

COMMUNICATION AND EMPLOYEE CONSULTATION

Scotiabank Group believes in open, continuous and two-way communication with our employees through structured formal channels, as well as informal feedback methods. For example, our performance management process is designed around a coaching and feedback model that encourages honest, frequent conversations between employees and their managers/supervisors. In recent years, we have continued to add tools, resources and training to improve the quality of these communications.

Information in this section details activities and processes that exist throughout Scotiabank which are intended to promote and facilitate a diverse and inclusive workplace. Although these measures are applicable to all Scotiabank Group employees, where possible, linkages to specific designated group members and employment equity considerations have been noted.

1. RESPONDING TO EMPLOYEE CONCERNS

Scotiabank Group strives to maintain a positive work environment and provides various avenues to address employee concerns. Employees are encouraged to voice issues, including human rights issues, with their manager through the Chain of Communication. Alternatively, Employee Relations, a department of subject matter experts in matters such as human rights, violence and employee conflict will assist employees and managers through coaching, intervention or investigation. Finally, the Staff Ombuds Office, an independent body that serves Scotiabank Group globally, advocates for, and proactively ensures equitable practices exist across Scotiabank Group. The office offers informal, confidential assistance to prevent, manage and resolve conflicts and provides mediation and dispute resolution coaching.

a) Chain of Communication

Scotiabank Group's Chain of Communication policy encourages work level resolutions through direct contact between an employee and his/her manager or supervisor. In situations where problems cannot be resolved, an employee is directed to the next level for discussion and hopefully, resolution. Alternatively, there are other avenues through which problems or issues can be addressed and resolved.

b) Employee Relations

Employee Relations provides advice and assistance on performance and conduct management, conflict resolution, employment and human rights issues, settlement and termination. Employee Relations can assist in bringing resolution to contentious employment issues in a manner that minimizes risk, liability and operational disruption.

The Employee Relations Department conducts Human Resources Reviews/Investigations when requested by a business line or department, as well as providing training on issues such as Respect in the Workplace, Human Rights, Accommodation, among others.

c) Staff Ombuds

The Staff Ombuds Office supports Scotiabank Group in its commitment to treating all employees equitably and to maintaining a work environment that supports the personal productivity, individual goals, dignity and respect of all employees. The Staff Ombuds Office is committed to assisting in the reversal of negative trends and to playing a pro-active role in helping to shape the future by Effecting Positive Change – Fairly, Impartially, Confidentially.

2. MONITORING HUMAN RIGHTS

a) Guidelines for Business Conduct

The Guidelines for Business Conduct set out the standards of behaviour required of all employees regarding the equitable treatment of all members of Scotiabank Group's workforce. All directors, officers and employees must acknowledge annually, in writing, that they have read, understood and adhere to the guidelines and all applicable supplements.

b) Human Rights Policy

Scotiabank Group is committed to the spirit and principles embodied in the *Canadian Human Rights Act* ("CHRA"), and extends that commitment to our operations outside of Canada. These principles reflect international standards in human rights practices with respect to both employees and customers, including the *Universal Declaration of Human Rights* and the *Fundamental Human Rights Conventions* of the International Labour Organization (ILO). Scotiabank Group has policies and has conducted training and education designed to ensure our employees fully understand their rights and obligations with respect to human rights and discrimination. Furthermore, Scotiabank Group considers the human rights performance of our suppliers with whom we do business.

Scotiabank Group's Human Rights policy states that it will not tolerate any behaviour that conflicts with the spirit or intent of the *Canadian Human Rights Act* or other human rights and anti-discrimination laws that apply to subsidiaries, or to Scotiabank Group's operations outside of Canada. Employees are encouraged to address their concerns with their managers through the Chain of Communication; however, if this action does not resolve the issue, then employees can contact the Employee Relations department, which specializes in dealing with contentious employment issues. These concerns are tracked and monitored through a centralized case management system from which trending reports are generated.

In addition, any new policies or policy changes are subjected to a rigorous review by stakeholders and filtered through the Employment Law Group, Legal Department for review.

3. FLEXIBILITY AND ACCOMMODATION

Scotiabank Group has a Flexible Working Arrangement policy and a comprehensive Accommodation Policy that addresses individual needs related to such matters as disabilities, religious requirements, and other personal needs.

These policies are supplemented by the Scotiabank Fund which is a separate fund that provides resources for accommodation measures. Scotiabank Group also has an enhanced contract agreement with the CCRW (Canadian Council on Rehabilitation and Work) which enhances the implementation of accommodation practices.

4. CORPORATE COMMUNICATION NEWSLETTERS

Formal communication is successfully achieved through a number of paper and on-line newsletter publications such as Scotia News, Scotia People in the Community, and the Human Resources newsletter, Scotia Experience. These newsletters capture information pertaining to corporate activities and events, communicate the latest people initiatives to support employees, and highlight the business value achieved by continually supporting the four designated groups.

5. EMPLOYEE SURVEYS

Scotiabank Group periodically solicits employee feedback through a variety of formal and informal survey channels, such as the ROB Top 50 Employers, ViewPoint employee satisfaction survey, and an Employee Preferences Survey. Scotiabank Group also utilizes focus groups, committees and councils to learn about what matters most to employees. This data is used as a 'pulse check' on the organization's climate and helps it respond appropriately to employees in order to continue being an employer of choice.

a) Viewpoint Survey

Each year, employees across Scotiabank Group, wherever they work in the world, are asked to complete the ViewPoint employee opinion survey to help us track important workplace issues, including employee satisfaction. Employees are asked to express their level of satisfaction with such elements as quality of manager, recognition and communication. Survey results influence changes in our practices and policies and, through branch/department discussions, address work issues within individual teams. In 2006, 86 per cent of the Scotiabank Group workforce, some 44,502 employees worldwide and from every business line, took part in the ViewPoint survey. This survey also includes a measure of the Bank's success in providing an inclusive environment through a measurement called the Diversity Index. In 2006, this index continued a traditionally very positive trend.

b) Report on Business Best Employers in Canada

Employees voted Scotiabank Group as one of Canada's Top 50 Best Employers in the Globe & Mail's Report on Business Magazine for the second consecutive year. Importantly, Scotiabank Group was one of only two companies with over 10,000 employees to make this Top 50 list. Scotiabank Group's ranking moved from 46th place to 43rd place on the list while the engagement score concurrently increased by 4%. The survey, conducted by Hewitt Associates, is a national study that draws on both employee feedback and employer data to determine which employers make the list.

c) Scotiabank Group Satisfaction Survey

This Survey occurs twice a year (i.e. in March and September) and involves all Domestic Branch and Non-Branch employees. For 2006, 55% of employees responded, and the average overall satisfaction score for the units participating in the survey was 4.56 out of 5.0.

6. EMPLOYEE FORUMS

Scotiabank Group has a number of employee feedback forums apart from the normal Chain of Communication that governs the process for addressing employee workplace concerns

a) Team Voice

Team Voice is a toll-free hotline that is available on a 7/24 basis, and allows employees to provide feedback via e-mail or a toll-free telephone line on policies, procedures, programs and processes that impact their ability to be a leader in customer service. This feedback is then

shared with the applicable business line for action. The voice of Scotiabank Group's own President and CEO greets employees on the hotline signalling the importance that Scotiabank Group places on Team Voice as a communication channel. A total of 5,743 Team Voice messages were received in 2006.

b) Ideas in Action

First launched in 1967, Ideas in Action rewards employees for submitting suggestions which, when implemented, result in cost savings or other benefits or improvements to Scotiabank Group's policies and practices. In fiscal 2005-2006, 2,951 employee submissions, an increase of 152 suggestions over the previous fiscal year.. The program celebrates its 40th anniversary in 2007.

c) Scotia Employment Relationships Council - SERC

To solicit input from employees, Scotiabank Group created the Scotia Employment Relationships Council (SERC) in 2002. This volunteer committee represents a cross-section of employees and leaders from various Canadian regions, job levels (clerical to senior management), and business lines. SERC meets on a quarterly basis to address the latest issues related to the attraction and retention of diverse talent, and provides Scotiabank Group with valuable input to remove barriers for all members of the four designated groups and other groups. SERC also reviews Scotiabank Group's progress on the quarterly People Plan which measures our progress towards the achievement of diversity goals. This is an important element through which Scotiabank Group endeavours to integrate diversity and employment equity initiatives into established business processes, including annual plans and budgets.

d) Scotiabankers for Universal Access

Scotiabankers for Universal Access is an advisory group of employees with disabilities. The group, which is a web based community, primarily provides support to current staff and makes recommendations to further the policies and procedures relative to the inclusion of people with disabilities in the workplace.

7. MISCELLANEOUS

Scotiabank Group considers sustainability and the promotion of workforce diversity, employment equity and a harassment-free environment in the design and development of a number of Scotiabank Group policies and programs.

a) Performance Management

Scotiabank Group has an established, comprehensive Performance Management process to ensure our employees are engaged in helping Scotiabank Group achieve its goals. This process helps employees connect their on-the-job performance with the broader organizational strategy by aligning their objectives to business outcomes.

In developing this program, considerable thought and investigation went into examining ways in which potential barriers to Employment or Advancement could be minimized:

- The Balanced Approach to Performance Management is designed to provide flexibility for the development of performance objectives
- Regular communication between managers/supervisors and employees is stressed along with gaining agreement on performance objectives
- Performance objectives can be tailored to accommodate different employees skills and abilities and provide the opportunity to challenge employees with new tasks and projects
- 4 e-learning modules have been developed to support the learning component of performance management – all 4 modules are JAWS compliant
- Performance management forms for the Balanced Approach are JAWS compliant
- All communication and training materials (e-learning and quick reference guides) are available in English, French and Spanish

b) WorkAbility

The WorkAbility program is a voluntary counselling support service offered through Shepell-FGI, Scotiabank Group's Employment Assistance Provider ("EAP"), which primarily focuses on emotional and mental health. It is designed to help employees on short- or long-term income protection leave (i.e. Short-Term Income Protection or "STIP", and Long-term Income Protection or "LTIP") return to healthy and productive living. In addition, WorkAbility can also help those employees who are actively at work but who may be struggling with stress, anxiety or depression to the point that it is impacting their work/life activities and interests.

WorkAbility provides counselling services to employees only, who are at risk of going on disability leave or who are already on STIP or LTIP. It is initiated on a referral basis either by the disability case manager (i.e. Medisys), ScotiaHealth (Scotiabank Group's in-house resource centre for occupational health issues), Employee Relations, or the manager or employee.

For 2006, the majority of the cases dealt with complex mental health issues (e.g., depression, anxiety). Most importantly, almost half the participants returned to work on a full-time or accommodated (part-time) basis before the end of 6 months.

Of the closed cases, the majority of employees who participated in WorkAbility showed an overall improvement in their symptoms and functional ability at the end of the program compared with the initial assessment. Approximately 36% of the employees showed a functional improvement between 75% and 100% compared with when they first started counselling.

c) Employee Assistance Program (EAP)

Scotiabank Group's Employee Assistance Program provides conventional professional counselling services (either in person, by telephone or electronically) and specialized services designed to support employees' wellness objectives. Shepell-FGI is Scotiabank Group's EAP provider for Canada. Shepell-FGI provides services aimed at improving physical health and overall well-being, for example, nutritional counselling, naturopathic services, smoking cessation, work/life solutions, resiliency coaching and mental health management.

TRAINING AND EMPLOYEE DEVELOPMENT

Scotiabank Group encourages and supports employee learning and development so that all employees are equipped with the skills and knowledge to serve customers well. By doing so, we also build stronger relationships with our employees by empowering them and helping them to grow and advance towards their individual career goals. Scotiabank Group provides an extensive range of internal and external courses, through classroom, web-based and self-study formats, and supports informal development, such as coaching, mentoring and networking opportunities.

1. “My Learning Centre”,

This is a web-based learning centre to which all Canadian employees have access. During 2006, additional enhancements and upgrades were provided to Scotiabank Group’s web-based learning management system that gives employees access to training information and courses from any location and at anytime. Expanded system access to a number of head office and International Banking departments took place.

A new initiative being pioneered by the Global Performance & Learning Office, Scotiabank Group’s Training department, involves six new courses offered and launched for Fiscal Year 2007 on My Learning Centre. The topics pertaining to Diversity include:

- a) Designing a Diversity Initiative;
- b) Diversity in the Future;
- c) Getting Past Clashes;
- d) Managing Team Diversity;
- e) Managing Diversity Simulation;
- f) Stakeholder Interests; and
- g) Cultural Diversity.

2. Recruitment, Interviewing & Selection Program

The program is recommended for all new hiring managers and contains content that includes leveraging Diversity and Barrier-free recruitment, interviewing and selection techniques, creating job profiles, screening resumes and applications, preparing for and conducting interviews, note taking, and assessing interview candidate data. Branch Managers, Managers Customer Service, Personal Banking Managers and other supervisory employees are eligible to attend these workshops.

3. Information Technology roadmap

The Information Technology & System’s group has identified all areas where accessibility checkpoints need to be integrated. They have adopted the W3C and IBM accessibility standards and guidelines.

4. Presentations involving diversity issues

Employee Relations facilitates presentations on Absenteeism, Making the Most of Viewpoint Survey, Human Rights, Appreciating Diversity and Respectful Workplaces which compliment Scotiabank Group’s Employment Equity initiatives. In total, 63 presentations were conducted in

2006. Over 1300 employees participated in these sessions. In particular, the Respectful Workplaces presentation was made mandatory within the Technology area with all employees and management staff attending at least one session.

The Absenteeism presentation, designed to be presented to management level staff, introduces awareness of disability management as well as accommodation obligations. The Absenteeism presentation was conducted 9 times, across three business lines, Scotia McLeod Direct Investing, Integrated Systems Solutions, and Domestic Banking.

WORKPLACE ACCOMMODATION

Scotiabank Group strives to ensure that equity, dignity, respect, and flexibility are imbedded in all people practices. As such, Scotiabank Group offers a number of flexible work arrangements such as flexible hours, job sharing, telecommuting, and paid / unpaid leaves of absences. Also a variety of family-focused programs are available, such as special needs support for children, family advisory services, marital counselling, parenting support and homecare workability. Scotiabank Group's approach to diversity reflects the belief that work-life balance produces measurable results for all employees.

Scotiabank Group's Accommodation Policy is a sophisticated framework for successfully initiating and implementing accommodation measures and is supported by a number of departments in Scotiabank Group's including Scotiahealth, Employee Relations, Staffing and Planning and Employment Relationships.

SCOTIABILITY FUND

To support accommodations for current and prospective employees with disabilities, the Scotiability Fund is available to purchase assistive devices, personal services such as sign language interpreters, or technical equipment (hardware and software). The fund covers items such as TTY machines, enlarging software (e.g. Zoomtext) and voice recognition systems intended to accommodate individual needs.

For the past five years, Scotiabank Group has engaged the services of the Canadian Council on Rehabilitation and Work (CCRW) to arrange for professional assessments to determine the most suitable accommodation. CCRW is a Canada-wide network of organizations and individuals that support the equitable employment of people with disabilities.

OUTLOOK 2007

Employment Equity at Scotiabank Group is founded on a compelling business case that reflects the need to capitalize on the business benefits of a diverse workforce. Scotiabank Group's commitment in this area mirrors changing customer demographics, leverages the skills and abilities of our employees, and attracts, develops and retains top talent.

Our diversity strategy is championed by our President and Chief Executive Officer and visibly supported by the executive management team through performance targets and action plans. This comprehensive system of goal setting, tracking, measurement and evaluation ensures strong and credible data, creates momentum, and sustains our diversity efforts.

We utilize a variety of innovative and interactive communication channels to promote top-down, bottom-up, and cross-functional communication between Scotiabank Group and its employees, and customers. By following a systematic, business-focused approach, we create awareness and accountability, engage employees to achieve results, and solicit input and feedback. These mechanisms enable us to have a constant reading on our organizational climate both in the employment equity arena and as an employer of choice.

Over the years, our progressive programs and policies have enabled us to make a meaningful and lasting difference that satisfies the Scotiabank Group's Employment Equity and Diversity objectives, its employees, and all of the communities we serve, not only in Canada but across also across our global operations. Going forward, Scotiabank Group remains mindful of the need to continually upgrade and improve its Employment Equity and Diversity programs to support an inclusive workplace for all employees and prospective employees.