



2020 ENVIRONMENT, SOCIAL AND GOVERNANCE (ESG) REPORT

About Scotiabank

We are here for every future™

Scotiabank is a leading bank in the Americas. Guided by our purpose – “for every future” – we help our customers, their families and their communities achieve success through a broad range of advice, products and services, including personal and commercial banking, wealth management and private banking, corporate and investment banking and capital markets.

We know that the long-term success of our Bank is fundamentally intertwined with the futures of those around us. When the world around us thrives, we are better positioned to create economic, social and environmental value. And that, in turn, benefits everyone. We use our business to create value for all of our stakeholders.



EARNINGS BY BUSINESS LINE¹

● Canadian Banking.....	37%
● Global Wealth Management.....	18%
● Global Banking and Markets.....	29%
● International Banking.....	16%



EARNINGS BY MARKET

● Canada.....	64%
● Pacific Alliance (Mexico, Peru, Chile and Colombia).....	16%
● United States.....	11%
● Caribbean and Central America.....	3%
● Other International.....	6%

How we create value

○ SUPPLIERS

- **\$5.9 billion** in procured goods and services from third party suppliers
- **Approximately 20,000** suppliers globally

○ EMPLOYEES

- **90,000+** employees
- **\$8.6 billion** paid in salaries and employee benefits
- **\$63.4 million** invested in training and development

○ CUSTOMERS

- **\$120 billion** of relief provided during global pandemic
- **\$603 billion** in loans
- **19%** increase in Aboriginal customer base from 2019

- **Nearly \$85 million** invested in communities through donations, community sponsorships, employee volunteering and other types of community investment
- **\$2.9 billion** total taxes paid

○ COMMUNITIES

- **\$4.6 billion** in dividends
- **6% CAGR** in dividends over the last five years

○ SHAREHOLDERS

- **Over \$28 billion** mobilized to reduce the impacts of climate change since November 1, 2018
- **Over \$22 million** invested in energy reduction initiatives in the last two years and in 2020, achieved a 20% reduction in greenhouse gas emissions from 2016 levels

○ ENVIRONMENT

All figures on this page are presented as at October 31, 2020 unless otherwise noted.

¹ Adjusted – please refer to pp. 13, 18-21 in the 2020 Annual Report. Excludes Other segment.

² Adjusted – please refer to p. 17 in 2020 Annual Report. Includes Other segment.



Brian J. Porter
President and
Chief Executive Officer

A Message from Our President and CEO

This report outlines how Scotiabank has addressed environmental, social and governance issues that matter most to our customers, shareholders, employees and communities.

While the emergence and spread of COVID-19 has brought with it significant challenges, I am very proud of the way that Scotiabankers across our footprint responded by putting our customers first, delivering for our shareholders and supporting one another and our communities.

We recently conducted an assessment of critical ESG issues to the Bank and found that topics such as business continuity and employee well-being were top of mind for Scotiabankers, our customers and members of our communities. At the same time, there was an increased focus on addressing racial inequality. As part of our ongoing efforts to build a more diverse and inclusive workplace, several months ago in Canada, we conducted the most comprehensive employee diversity survey in our history. We plan to do the same across our international footprint this year. The survey revealed areas where we are ahead of the labour market, and areas for improvement. Using the Canadian survey data, we launched a set of ambitious goals to increase the diversity of our employee population over the next five years (see p. 31).

We remain committed to doing what we can to ensure that everyone has an opportunity to build a better life for themselves, their families and their communities. To that end, we recently launched ScotiaRISE, a 10-year, \$500 million community investment program designed to help promote economic resilience among disadvantaged people and communities. We are confident that our investments will make a positive and lasting difference for people across our footprint.

We continue to maintain our focus on implementing our Climate Commitments, both to understand and manage the test climate change poses to the global economy and to help our customers seize the opportunities of the low-carbon transition. In addition to our longstanding expertise in sustainability and environmental risk management, we have established a Sustainable Finance group within our Global Banking and Markets business, propelling Scotiabank to become a leading bookrunner of sustainability bonds. Scotia Global Asset Management and Dynamic Funds have each introduced new products that enable clients to align their investments with a transition to a low-carbon future. We were also delighted to be recognized once again for our sustainability efforts in 2020, ranked in the 86th percentile of banks globally by the Dow Jones Sustainability Index and among the top 1% for Corporate Governance among financial institutions.

I want to thank our winning team of Scotiabankers for going above and beyond in 2020. Over the past year, we have faced a profound crisis – not one that we created, nor one that we can solve alone – but a crisis we have faced up to nonetheless with courage, conviction and resilience. I remain optimistic about what lies ahead for your Bank and I believe we can all be confident in our future as a Leading Bank in the Americas.

Sincerely,

A handwritten signature in black ink, appearing to read 'B. J. Porter', written in a cursive style.



Aaron W. Regent
Chairman of the Board

A Message from Our Chair

My letter in last year's ESG Report described how our purpose – *for every future* – guides our decision-making across Scotiabank. In 2020, we demonstrated this time and again in the face of significant challenges to the Bank, the economy and society. We will look back at 2020 primarily as the year of the COVID-19 pandemic, and our success this year has been shaped significantly by our response in support of our employees, customers and communities, which you will read about in this report.

This year was also notable for historic conversations about racial inequality around the world. Scotiabank is committed to increasing diversity, equity and inclusion across all levels of the organization. To that end, we have updated our Board diversity policy to include additional diversity criteria to reflect our commitments to directors having a wide variety of skills, backgrounds and perspectives.

Although social issues have risen into prominence this year, the focus on climate change – and the role that the financial sector can play in addressing it – has also continued to increase. As you will read in the following pages, Scotiabank has redoubled its efforts to enable and capitalize on the shift to a low carbon future through its sustainable finance activities and to effectively manage climate-related risks.

Scotiabank's economic, environmental and social impacts and risks are complex and interrelated. Accordingly, the responsibility and oversight of strategic ESG priorities is a shared accountability of the full Board of Directors and its committees. Ultimately, strong corporate governance is about safeguarding the trust that our stakeholders have placed in us, and further developing that trust as a Leading Bank in the Americas. This is crucial to our long-term success and is therefore paramount to how we conduct our business.

On behalf of the Board of Directors, I would like to thank all Scotiabankers for their strong and ongoing commitment to social and environmental responsibility, and specifically the coordinated enterprise-wide response to the pandemic. We are grateful for the way you have supported our many stakeholders during the difficulties we have all encountered this year, further revealing that Scotiabank is here *for every future*.

Sincerely,

A handwritten signature in dark ink, appearing to read 'A. Regent', with a stylized flourish at the end.

ESG Highlights

At Scotiabank we are here *for every future*. Our long-term success is interwoven with the world around us. We are focused on building trust and opportunity for our customers, employees and shareholders through our ESG initiatives. Highlights from the 2020 fiscal year include:

ENVIRONMENTAL

- Mobilized over \$28 billion toward our commitment of \$100 billion by 2025 to reduce the impacts of climate change¹
- Established a dedicated ESG Equity Research Team and launched a Sustainable Finance group within Global Banking and Markets
- Implemented a Climate Change Risk Assessment (CCRA) tool for all business banking loans as a mandatory part of credit due diligence
- Updated our Bank-wide credit policies to restrict direct financing or project-specific finance and advisory of activities related to the exploration, development and production of oil and gas within the Arctic Circle, including the Arctic National Wildlife Refuge
- Achieved a 20% reduction in operational greenhouse gas emissions from 2016 levels
- Established a target to secure 100% of electricity on a global basis from non-emitting sources² by 2030, with an interim 2025 target of 100% for Canadian operations
- Established a multi-year partnership with the Institute for Sustainable Finance at Queen's University in Canada as part of our Climate Change Centre of Excellence
- Published a Green Bond Report outlining the impact and use of proceeds from Scotiabank's USD\$500 million 3.5 year Green Bond issued in 2019

SOCIAL

- Launched ScotiaRISE in January 2021, a 10-year, \$500 million initiative to promote economic resilience among disadvantaged groups
- Invested nearly \$85 million in communities in which we operate through donations, community sponsorships, employee volunteering and other types of community investment
- Donated \$16.6 million to support people and communities most at risk during the COVID-19 pandemic, including \$7.2 million in support of hospitals and healthcare professionals
- Launched renewed five-year Diversity and Inclusion Goals to increase the diversity of the employee population over the next five years, with a focus on people who identify as Black, Indigenous peoples, visible minorities, People with Disabilities and Women
- Announced support for the Government of Canada's Black Entrepreneurship Program, which commits up to \$128 million in lending capital for the program's Black Entrepreneurship Fund
- Introduced a training module titled *Building Indigenous Cultural Competency* to help employees better understand and serve our Indigenous customers in Canada
- Enabled 80% of non-branch employees globally to work remotely during the COVID-19 pandemic and prioritized mental health support for employees
- Increased employee engagement score to 84% from 81%

GOVERNANCE

- For the third consecutive year, achieved top 1% in Corporate Governance among financial institutions globally according to the Dow Jones Sustainability Index, and awarded a perfect score on Anti-Crime Policies
- 46% of Board Directors are women³ and updated our Board Diversity Policy – first established in 2013
- Strengthened approach to responsible procurement and supplier diversity by joining the Canadian Aboriginal and Minority Supplier Council, and became an Aboriginal Procurement Champion for the Canadian Council for Aboriginal Business
- Completed second human rights assessment since 2016 to evaluate our progress and better understand emerging human rights risks
- Spearheaded the development of Project Shadow, a public-private partnership designed to combat online child sexual exploitation by enhancing methods to detect, report and disrupt suspicious financial transactions
- Launched a COVID-19 focused cybersecurity taskforce that processed tens of thousands of early warning indicators of possible compromise
- Developed new internal training on ethics in artificial intelligence (AI) and delivered a data ethics workshop for executives
- 100% of employees attested to the Scotiabank Code of Conduct⁴

¹ Since November 1, 2018.

² Includes renewable (hydro, solar, wind, geothermal, tidal) and nuclear sources, and may include the use of renewable energy certificates (RECs).

³ As at October 31, 2020.

⁴ As at December 31, 2020. Excludes approved exceptions.

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MATERIAL ESG TOPICS AND STAKEHOLDER ENGAGEMENT

ESG AWARDS AND RECOGNITION



Contact us:
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www.scotiabank.com/sustainability
[@ScotiabankViews](https://twitter.com/ScotiabankViews)

“COVID-19, racial unrest and climate change all converged in 2020 – which only underscored the importance of a thoughtful, measured approach to ESG at Scotiabank. We have a responsibility and opportunity to help shape the future of our world by working to address the issues that confront our stakeholders.”



Sandra Odendahl
Vice President,
Social Impact and
Sustainability

About This Report

Strong ESG disclosure is foundational for engagement and fostering trust, and we support efforts to drive consistency and comparability of ESG data. Scotiabank's 2020 Environment, Social and Governance (ESG) Report outlines our performance related to ESG factors that are important to our stakeholders and focuses on activities and performance during fiscal year 2020 (November 1, 2019 – October 31, 2020). All currency is stated in Canadian dollars unless otherwise noted, and may be subject to currency exchange rate fluctuations.

In 2020, we conducted an ESG materiality assessment in order to validate and inform Scotiabank's current and future ESG strategy, deepen engagement with stakeholders and support our approach to ESG reporting and disclosure. The assessment integrated internal and external perspectives and had a strong focus on human rights. For more information on the process and results, see p. 61.

ESG REPORTING STANDARDS AND FRAMEWORKS

We use several ESG reporting frameworks and standards to help inform and report on material ESG topics. Please refer to the separate Appendix: 2020 ESG Reporting Indices as a guide for locating disclosures within this report and other companion documents as it relates to:

- Task Force on Climate-related Financial Disclosures (TCFD)
- Sustainability Accounting Standards Board (SASB)
- Global Reporting Initiative (GRI)
- UN Global Compact (UNGC)
- Sustainable Development Goals (SDGs)

WE ARE SUPPORTERS, SIGNATORIES OR MEMBERS OF THE FOLLOWING:



Signatory of:



COMPANION DOCUMENTS



[Appendix: 2020 ESG Reporting Indices](#)



[2020 Public Accountability Statement](#)



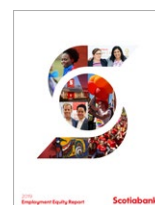
[2020 Annual Report](#)



[2021 Management Proxy Circular](#)



[2020 Green Bond Report](#)



[2019 Employment Equity Narrative](#)

ESG Strategy

Scotiabank's approach to ESG focuses on four pillars – Environmental Action, Economic Resilience, Inclusive Society and Leadership and Governance. We invest in activities and initiatives that align with these pillars in order to maximize the impact of our efforts.

Our impact in these areas occurs at three different levels – In our Operations, With our Customers, and On the World Around Us. We can most directly effect change in our operations. We can create positive change with our customers by providing access to financial products and services. And we use our influence on the world around us to help address global concerns that affect everyone.

Our diversified geographic footprint, varied business lines and large customer and employee base give us a responsibility and an opportunity: we can help address social, environmental and economic concerns while positioning our Bank for success. When our efforts are aligned – across all pillars and at all levels of influence – we are best positioned to build a better future.



ENVIRONMENTAL ACTION

Enabling sustainable development and the transition to a low-carbon economy

ECONOMIC RESILIENCE

Strong economies support progress for all of our stakeholders

INCLUSIVE SOCIETY

Removing barriers and increasing access for a more equitable future

LEADERSHIP & GOVERNANCE

Strong corporate governance builds stakeholder trust

For more information, visit our [website](#)

Forces Shaping Our Business in 2020

Evolving global events and trends are transforming our business – how we serve our customers, how we work and how we interact with communities and the environment. Even in a global pandemic, we strive to prioritize, act and adapt to change while continuing to focus on driving economic resilience and positive social impact *for every future*.

2020 has unquestionably reinforced Scotiabank's role as an enabler of economic stability, an advocate for positive social change and a driver of growth and prosperity across the Americas.

Through our Climate Commitments, we are taking action to accelerate climate solutions and promote sustainable economic growth across the Americas.

CLIMATE CHANGE

Climate change significantly impacts natural systems and communities globally. It's estimated that bold climate action could yield a direct economic gain of USD\$26 trillion through to 2030 compared with business-as-usual.¹

COVID-19

The COVID-19 pandemic is an international health and economic crisis whose negative impacts have not been equally distributed across economies, households or businesses.

Our new Inclusion Commitments promote best practices when interacting with employees, customers, communities and business partners.

ANTI-RACISM

Systemic racism has been a longstanding barrier to achieving equitable and inclusive communities and inhibits the success of societies and institutions.

The scale and complexity of global forces grew alongside new challenges brought on by the COVID-19 pandemic.

THE OPPORTUNITY GAP

Opportunities available in many communities remain unequal even as our global economy grows. In Latin America, the World Bank estimates 45% of the population remains unbanked.

INNOVATION AND DIGITAL TRANSFORMATION

Digital innovation continues to change many facets of daily life, giving the banking sector an unprecedented opportunity to transform the customer experience.

By providing access to financial products, services and advice, our Bank can help bridge the opportunity gap and enhance economic resilience for our customers across the Americas.

CHANGING EXPECTATIONS

Stakeholders expect businesses to positively impact society. A 2020 GlobeScan survey shows that 92% of consumers feel a business has a responsibility to create value for all stakeholders.

Our focus on digital transformation enabled us to rapidly deploy Customer Assistance Programs during the COVID-19 pandemic. We strive to further accelerate digital transformation to deliver superior customer experience and drive operational efficiency.

Guided by our purpose, *for every future*, and our mission to Lead in the Americas, we are committed to considering the social, environmental and economic impacts of our decisions.

¹ As stated in *The New Climate Economy*, the 2018 report of The Global Commission on the Economy and Climate.

SUSTAINABLE DEVELOPMENT GOALS

Adopted in 2015 by all United Nations member states, the 17 Sustainable Development Goals and associated targets create a global agenda focused on overcoming barriers to economic, social and environmental progress by 2030. At Scotiabank, we have identified seven Goals that align directly with our business and community priorities, and toward which we can make the greatest contribution.

1 NO POVERTY



We develop and offer financial products and services to meet and respond to the unique needs of a diverse customer base. We are committed to driving economic resilience and equality for our customers and communities through our 10-year

\$500 million initiative, ScotiARISE. We also promote financial education and work with local leaders including the United Way and others to spearhead partnerships and make charitable contributions that address the root causes of financial hardship.

Targets: 1.2, 1.4, 1.5

3 GOOD HEALTH AND WELL-BEING



We provide benefits and resources to help our employees and their families lead healthy, balanced lives and invest in our communities to promote long-term mental and physical health. Throughout the COVID-19 pandemic, we proactively deployed

extensive measures to ensure our premises remain as safe as possible while supporting the well-being of all employees. Scotiabank and MD Financial Management, in partnership with the Canadian Medical Association, have launched the Physician Wellness+ Initiative, with \$15 million targeted to address the urgent and ongoing health and wellness needs of physicians and medical learners.

Target: 3.4

4 QUALITY EDUCATION



We work to promote financial knowledge and education across our international footprint, directly with customers and through community partnerships. We support leading academic institutions to fund research, promote innovation

and highlight the impact of digital technologies on society. Academic partnerships directly benefit students, our customers and internal Bank processes. Since 2017, we have invested more than \$24 million in academic partnerships.

Targets: 4.3, 4.4, 4.5

5 GENDER EQUALITY



We actively work to remove barriers for women in the workplace both inside and outside Scotiabank. We have published targets to ensure the advancement of women in VP+ roles globally and in Canada and are a signatory to the UN Women's

Empowerment Principles. Across our key markets in Canada and Latin America, we lead initiatives to support the advancement of women in business and the economy, including in Canada through The Scotiabank Women Initiative™ which is helping to enable access to capital, mentorship and education for women-led businesses.

Targets: 5.1, 5.5

8 DECENT WORK AND ECONOMIC GROWTH



Through salaries, benefits and taxes paid, Scotiabank makes a significant contribution to employment and economic growth across our footprint. We offer products and services that support customers and small businesses, and our

focus on digital transformation enables us to continue to provide customers with essential financial services in the midst of a global pandemic. We provide targeted community investments that seek to address root causes of economic exclusion, close opportunity gaps and enhance economic resilience for customers across our international footprint.

Targets: 8.2, 8.3, 8.5, 8.6, 8.7, 8.8, 8.10

10 REDUCED INEQUALITIES



Inequality affects economies and societies and is counter to sustainable growth. It has been linked to diminished educational opportunities, negative impacts on health, rising crime and constraints to upward social mobility. Our specialized

banking services and advice focused on families and individuals, newcomers, seniors and students, entrepreneurs and small business – as well as our investments in the community through ScotiARISE – help to remove barriers and increase access to opportunities. Coupled with reflection on our own hiring practices and commitment to diversity and inclusion goals, we seek to enable all futures, aid in the achievement of financial goals and promote economic resilience.

Targets: 10.2, 10.3, 10.C

13 CLIMATE ACTION



Scotiabank's Climate Commitments outline five areas that the Bank is focused on to address climate change, including a Commitment to mobilize \$100 billion by 2025 to reduce the impacts of climate change.

These Commitments position us to play an essential role in the transition to a low-carbon, more resilient economy and help accelerate climate solutions through our core business activities. Throughout 2020, Scotiabank maintained a leading position as a top Canadian dealer of sustainability bonds.

Targets: 13.1, 13.2, 13.3

For further details on our progress toward these seven SDGs, please refer to the SDG and Target Index and community priorities on p. 27 in the Appendix: 2020 ESG Reporting Indices.

ESG Performance

We track, monitor and report on the ESG performance metrics most relevant to our business activities and to our stakeholders.

ENVIRONMENT

Metric	2018	2019	2020	Target
Capital mobilized toward reducing the impacts of climate change ¹	n/a	\$16 billion	Over \$28 billion	\$100 billion by 2025
% of electricity from non-emitting sources (Global) ²	n/a	61	61	100% by 2030 (Global) 100% by 2025 (Canada)
% decrease in Scope 1 and 2 greenhouse gas (GHG) emissions from 2016 levels (Global)	8.9	17.4	19.9	25% by 2025 (from 2016 levels)
Total GHG emissions (Global, tonnes CO₂e)³	147,740	134,782	118,258	
Scope 1	15,729	15,221	12,783	
Scope 2	111,990	99,393	98,282	
Scope 3	20,020	20,168	7,193	
Internal Carbon Price per tonne CO ₂ e	\$15	\$15	\$30	\$60 by 2022

SOCIAL

Metric	2018	2019	2020	Target
Investing in Our Employees				
Employee engagement score (Global, %) ⁴	79	81	84	≥74 (Financial Services Norm)
% of women on Executive Management Team ⁵	19 5 out of 27	24 7 out of 29	23 7 out of 30	
% of women in senior management (VP+): Canada	39	39	40	
% of women in senior management (VP+): Global	34	35	36	40% or greater by 2025
% of women in senior management (VP+): International (outside Canada)	21	24	26	

¹ Since November 1, 2018.

² Includes renewable (hydro, solar, wind, geothermal, tidal) and nuclear sources, and may include the use of renewable energy certificates (RECs).

³ Calculated in accordance with GHG Protocol of the World Resources Institute and the World Business Council for Sustainable Development, including emissions factors for electricity purchases, natural gas and fuel.

Scope 2 emissions are calculated using a location-based method. Scope 3 emissions include business travel.

⁴ External benchmark provided by Qualtrics/IBM Kenexa World Norms and based on three-year rolling global average benchmarks of the Financial Services industry.

⁵ Please see [2020 Annual Report](#) (p. 8) for Scotiabank's Leadership Team.

ESG PERFORMANCE

SOCIAL (CONT'D)

Metric	2018	2019	2020	Target
Investing in Our Employees				
% of visible minorities (Canada) ⁶	24.1	23.8	39.1	
% of visible minorities in senior management (VP+, Canada) ⁶	n/a	n/a	26.8	Increase to 30% or greater by 2025 Increase the representation of Black people in senior management to 3.5% or greater by 2025
% of employees with disabilities (Canada) ⁶	3.4	3.7	7.35	Increase by 20% by 2025 at all levels (from 2020)
% of Indigenous employees (Canada) ⁶	0.9	0.9	1.33	Double by 2025 at all levels (from 2020)
% of employees that identify their sexual orientation as being lesbian, gay, bisexual or another diverse sexual orientation (Canada) ⁷	n/a	n/a	5.7	
Total investment in employee training and career development ⁸	\$74 million	\$78 million	\$63.4 million	
Voluntary employee turnover rate ⁹	15	12	8	
% of employees who believe Scotiabank is committed to being socially responsible	86	92	94	

⁶ Representation is disclosed on a voluntary survey basis and is reflective of Canadian-based employee population responses only. Significant efforts were made in 2020 to increase employee participation and self-identification rates in Scotiabank's 2020 Canadian Employee Diversity Survey (90% response rate). Data is current as at July 31, 2020 and is not comparable to previous years, or to data published in the 2019 Employment Equity Report. The 2020 Employment Equity Report (expected publication in June 2021) will include updated figures representing data as at December 31, 2020.

⁷ Representation is disclosed on a voluntary survey basis and is reflective of Canadian-based employee population responses only. Data was captured in Scotiabank's 2020 Canadian Employee Diversity Survey (90% response rate) and is current as at July 31, 2020. Data is not available for previous years.

⁸ Training travel and course fees were reduced due to the COVID-19 pandemic, and the decrease in internal training expenses in 2020 was largely driven by the shift from classroom to virtual delivery.

⁹ Voluntary employee turnover rate includes Resignations and Retirements and excludes casual staff and affiliates and subsidiaries where breakdowns are not available due to different reporting systems. Turnover from 2018 and 2019 has been restated in 2020 due to the implementation of new human resource systems and a change in methodology.

ESG PERFORMANCE

SOCIAL (CONT'D)

Metric	2018	2019	2020	Target
Empowering Our Customers				
Customer Experience – Total number of follow-up calls made to retail customers ¹⁰	430,000	525,000	548,000	
Customer case reviews completed by the Office of the Ombudsman (Canada) ¹¹	760	757	975	
Small Business loans (% year-over-year change in value authorized; Canada) ¹²	11.4	5	-1	Increase by 4.5% in 2021
Access to banking for Aboriginal communities, businesses and peoples (% year-over-year customer growth; Canada)	10	10.6	19	Increase by 12% in 2021
Access to banking: Number of new Scotiabank Free Accounts opened in Peru ¹³	n/a	793,000	886,260	
Access to banking: Total Scotiabank Colpatría Zero-Fee accounts opened in Colombia since launch in 2016 ¹³	n/a	1.2 million	1.3 million	
Building Resilience in Our Communities				
Total value of community investment ¹⁴	\$80 million	nearly \$100 million	nearly \$85 million	
Total number of hours volunteered by employees	371,000	350,595	168,962	

GOVERNANCE

Metric	2018	2019	2020	Target
Gender diversity of the Board (% women) ¹⁵	38	38	46	At least 30% each gender
Board independence (# of independent directors) ¹⁵	14 out of 16	12 out of 13	12 out of 13	
% of employees that attested to the Scotiabank Code of Conduct ¹⁶	100	100	100	100%
Inclusion in the Dow Jones Sustainability Index (DJSI) North America	Achieved	Achieved	Achieved	Maintain inclusion

¹⁰ As at October 31, 2020; figures are approximate values.

¹¹ The Office of the Ombudsman undertakes an independent review of complaints from retail and small business customers in Canada that could not be resolved in the first two steps of [Scotiabank's Complaint Resolution Process](#). For more information, please refer to the [Annual Ombudsman Report](#).

¹² Figures for 2019 and 2020 have been calculated using a revised methodology and are not comparable to previous years. The figure for 2019 has been restated from 8% as reported in 2019 ESG Report. Small business loan growth in 2020 was impacted by the COVID-19 pandemic. According to Statistics Canada in November 2020, 47.2% of businesses with 1 to 4 employees, 43.4% of businesses with 5 to 19 employees and 34.3% of businesses with 20 to 99 employees reported that they did not have the ability to take on more debt.

¹³ Figures are approximate values.

¹⁴ Through donations, community sponsorships, employee volunteering and other types of community investment. In 2019, we updated the methodology to include non-cash investments and other cash investments not previously included.

¹⁵ As at October 31, 2020.

¹⁶ As at December 31, 2020. Excludes approved exceptions.

Environment



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2020 HIGHLIGHTS

- Mobilized over \$28 billion¹ toward our commitment of \$100 billion by 2025 to reduce the impacts of climate change (see p. 21 for examples)
- Updated our Bank-wide credit policies to restrict direct financing or project-specific financial and advisory services for activities that are directly related to the exploration, development or production of oil and gas within the Arctic Circle, including the Arctic National Wildlife Refuge
- Achieved a 20% reduction in operational greenhouse gas emissions from 2016 levels and established a target to secure 100% of electricity from non-emitting sources² for Canadian operations by 2025 and on a global basis by 2030
- Established a \$1.25 million five-year partnership with the Institute for Sustainable Finance at Queen's University to support education, professional training, research and outreach to advance Canada's leadership in sustainable finance
- Launched suite of Scotia Low Carbon Funds and the Dynamic Energy Evolution Fund as low-carbon investment solutions for retail investors

¹ Since November 1, 2018.

² Includes renewable (hydro, solar, wind, geothermal, tidal) and nuclear sources, and may include the use of renewable energy certificates (RECs).

Climate Change

Why it Matters

Climate change is increasingly impacting ecosystems and communities and poses one of the most significant risks to the global economy. By financing solutions that support the transition to a low-carbon economy, factoring climate-related risks and opportunities into lending and investment decisions, and reducing our own environmental and carbon footprint, we are laying the groundwork to sustain our business for generations to come.

USEFUL LINKS

[Scotiabank's Climate Commitments](#)

[2020 Annual Report](#)

[2020 Green Bond Report](#)

[Green Bond Framework](#)

[2020 CDP Submission](#)



Scotiabank is committed to transparency on climate-related risks and will continue to align our climate-related disclosures with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). In addition to the section below, please see p. 3 in the Appendix: 2020 ESG Reporting Indices for a complete TCFD Index detailing the location of all relevant disclosures, including in our 2020 Annual Report.

Climate Change Strategy

In support of the Paris Agreement on climate change, we announced our Climate Commitments in 2019. Approved

by the Board of Directors, these five Commitments form the Bank's enterprise-wide climate strategy and outline how we will continue to support our customers in the transition to a low-carbon economy, ensure robust climate-related governance, manage climate-related risks, decarbonize our own operations and contribute to the global dialogue on climate change.

Our Commitment to mobilize \$100 billion by 2025 to reduce the impacts of climate change is supported by the Scotiabank Green and Transition Taxonomy. The Taxonomy defines which activities, assets and investments are counted toward our target. This Commitment will be supported by contributions from capital markets activity and a new Sustainable Finance group within Global Banking and Markets (please refer to p. 15 for additional details). Efforts to address climate change will require significant mobilization of capital from public and private sources worldwide, presenting the Bank with a meaningful opportunity to support climate progress.

Climate Governance and Reporting

Climate change requires a multidisciplinary approach. The risks and opportunities it poses to the Bank are addressed by the Board of Directors and its committees, including the Risk Committee, Corporate Governance Committee and the Audit and Conduct Review Committee (please refer to p. 117 of the [2020 Annual Report](#) for more information on the role of each committee).

SUMMARY OF SCOTIABANK'S CLIMATE COMMITMENTS AND PROGRESS

1 MOBILIZE \$100 BILLION BY 2025 TO REDUCE THE IMPACTS OF CLIMATE CHANGE

- Mobilized over \$28 billion¹ toward our target of \$100 billion by 2025 to reduce the impacts of climate change (see p. 21 for examples)
- Launched a Sustainable Finance group within Global Banking and Markets to provide advice and solutions to corporate, financial, public sector and institutional clients globally
- Established a dedicated ESG Equity Research Team to help clients understand how ESG factors influence corporate behaviour and capital markets

2 ENSURE ROBUST CLIMATE-RELATED GOVERNANCE AND TRANSPARENCY IN OUR REPORTING

- Climate-related risks are reported quarterly to the Risk Committee of the Board of Directors, and oversight is aided by a Climate Change Steering Committee made up of senior officers from control/stewardship functions – the impact of climate change is a top and emerging risk² in the Bank's enterprise-wide risk management framework
- Included TCFD-aligned climate change disclosure in the 2020 Annual Report with additional details in this report
- Published first Green Bond Report, detailing how net proceeds have supported projects in accordance with our Green Bond Framework, for example green building and clean transportation projects
- Enhanced climate disclosures to CDP for fiscal 2019 and received a grade of A-

3 ENHANCE INTEGRATION OF CLIMATE RISK ASSESSMENTS IN OUR LENDING, FINANCING AND INVESTING ACTIVITIES

- Implemented industry- and borrower-level Climate Change Risk Assessment (CCRA) for Business Banking clients as part of overall existing environmental risk assessment and credit adjudication processes
- Participated in the United Nations Environment Program Finance Initiative (UNEP FI) TCFD Stage 2 pilot to harmonize industry-wide approaches for climate scenario analysis in bank lending portfolios

4 DECARBONIZE OUR OWN OPERATIONS AND FIND INNOVATIVE SOLUTIONS TO REDUCE THE BANK'S IMPACT ON THE CHANGING CLIMATE

- Achieved a 20% reduction in Scope 1 and 2 GHGs from 2016, with a target to reduce by 25% by 2025 (from 2016 levels)
- Established a target to secure 100% electricity from non-emitting sources³ for Canadian operations by 2025 and on a global basis by 2030
- Increased internal carbon price to \$30 per tonne of CO₂-equivalent (CO₂e) to expand capital allocation for emission-reducing initiatives; price will rise to \$45 per tonne in 2021 and \$60 per tonne in 2022

5 ESTABLISH A CLIMATE CHANGE CENTRE OF EXCELLENCE TO MOBILIZE INTERNAL AND EXTERNAL COLLABORATION, DIALOGUE AND INFORMATION SHARING, AND CONTRIBUTE TO THE GLOBAL CONVERSATION ON CLIMATE CHANGE

- Established five-year partnership with the Institute for Sustainable Finance at Queen's University to support education, professional training, research and outreach to advance Canada's leadership in sustainable finance
- Launched an Environmental and Climate Action Employee Resource Group open to all employees with a mission to educate and energize employees to make changes in their day-to-day lives to help the environment and fight climate change
- Launched an enterprise-wide Sustainable Finance Network to foster collaboration across the Bank

¹ Since November 1, 2018.

² Refer to 2020 Annual Report, pp. 78 and 88 for more information on the Bank's approach to risk management and Top and Emerging risks.

³ Includes renewable (hydro, solar, wind, geothermal, tidal) and nuclear sources, and may include the use of renewable energy certificates (RECs).

CLIMATE CHANGE

In 2020, the Board received a progress report on the Bank's Climate Commitments and an update on relevant market trends. The Risk Committee of the Board reviews, guides and retains primary oversight of climate change risks for the Bank. An update on climate change risk is provided quarterly to the Risk Committee of the Board as part of the top and emerging risks outlined in the Enterprise Risk Management Report.

At the management level, climate-related risk is overseen by the Group Head and Chief Risk Officer who reports directly to the CEO and has unfettered access to the Risk Committee of the Board. This oversight is facilitated by a Climate Change Steering Committee made up of senior officers from control/stewardship functions and with direct input from the lines of business. Implementation of the Climate Commitments is shared between teams across several business lines and functional units across the Bank.



Scotiabank is a signatory to, and participant in, CDP (formerly the Carbon Disclosure Project). Our submission covering fiscal 2019 activities received a grade of A- and is available [on our website](#).

Climate Risk Management

The Bank considers climate risk as a top and emerging risk, as well as a type of environmental risk to be managed. Climate risk refers to the possibility that climate change issues associated with Scotiabank or its customers could ultimately affect Bank performance by giving rise to credit, reputational, operational or legal risk.

Climate change risks could be in the form of physical or transition risk. Examples of physical risk considerations include severe acute weather events such as floods, hurricanes, extreme cold or heat or chronic effects like drought. Examples of transition risk considerations include policy and regulatory actions (such as subsidies or taxes), increased fuel costs or changing market conditions.

The identification, assessment and management of climate change risk is part of the overall environmental risk assessment and credit adjudication processes. At the borrower-level, the Climate Change Risk Assessment (CCRA) evaluates both the physical (acute and chronic) and transition (reputational, market, technology, legal and compliance) risks a client may face. It also assesses a client's awareness of, and response to, such risks as an indicator of the quality of management. The CCRA was made a mandatory part of business banking due diligence in November 2019 and is undertaken at least annually. This enables the Bank to effectively understand, mitigate and manage climate change risks across sectors and geographies and to support stress testing and scenario planning of our business banking loan book.

In fiscal 2020, we applied a strengthened approach to climate risk:

- The Bank's Credit Policy Manual and Handbooks were expanded to explicitly address climate risk. These documents centralize all Bank-wide credit policies and procedures and provide the rules that must be followed in business banking lending activities.
- Outlined in the table on the next page, we have assessed our exposure to the sectors with the highest vulnerability to physical and transition climate risk drivers to inform our risk management approach.
- At the industry-level, commentary and assessment of environmental and climate change risk is a standard part of each annual industry review. The CCRA and

CLIMATE CHANGE

SECTORS MOST VULNERABLE TO CLIMATE-RELATED RISK, AS AT OCTOBER 31, 2020

Sector	Physical Risk	Transition Risk	Overall Climate Risk	% of Net Loans and Acceptances
Agriculture	High	High	High	2.36
Energy ¹	High	High	High	1.98
Mining	Medium	High	High	1.02
Metals	Medium	High	High	0.36
Chemicals	Medium	High	High	0.28
Transportation	Medium	High	Medium	1.68
Forest products	Medium	Medium	Medium	0.39
Utilities ¹	Medium	High	High	2.65

¹ Figures have been restated from the 2020 Annual Report.

climate sector vulnerability methodology have been included within industry reviews to assess climate risk drivers and determine their potential materiality.

- As part of the ongoing CCRA training provided for banking officers and credit adjudicators, a module on climate-related risk was delivered in the annual mandatory environmental risk training. A detailed series of climate-specific questions helps to facilitate the assessment of actual and potential impacts on borrowers.

The Bank is leveraging the data collected from the CCRA and the knowledge gained from participating in the UN Environment Programme Finance Initiative (UNEP FI) Stage 2 pilot to develop a methodology for stress testing business and retail banking portfolios at the sector and borrower level according to various internationally recognized climate change scenarios and models.

Scotiabank is involved in a variety of climate-related collaborative and regulatory initiatives:

- Our participation in the UNEP FI TCFD Stage 2 pilot is focused on harmonizing industry-wide approaches for climate scenario analysis in bank lending portfolios. Scotiabank also provided a case study for the UNEP FI Climate Risk Governance and Applications publication.
- Scotiabank is involved in an initiative led by the CSA Group (Canadian Standards Association), a global leader in standards development, to create a set of principles and a taxonomy for transition finance in Canada.

- Scotiabank supported the University of Waterloo's Intact Centre on Climate Adaptation 2020 report, Factoring Climate Risk into Financial Valuation, which demonstrated how climate change and extreme weather risk could be factored into institutional portfolio management for the commercial real estate and electricity transmission and distribution sectors.
- Scotiabank Europe PLC has submitted its climate change risk plan to the Prudential Regulation Authority (PRA) as required by Supervisory Statement 3/19 and has identified Senior Management Function and liability for climate change. Scotiabank Europe PLC is also a member of the Association of Foreign Banks, who acts as a central point of contact for members to engage with the PRA on all matters concerning climate change risk.
- Scotiabank is a member of the Institute of International Finance Sustainable Finance Working Group which brings together key stakeholders to identify and promote capital markets solutions that support the development and growth of sustainable finance.

Metrics and Targets

We recognize the importance of defining the right metrics and targets to clearly report on the climate-related aspects of our business. We participate in industry groups to help develop consistent methodologies and metrics for TCFD-aligned reporting, including the UNEP FI TCFD pilot described above.

CLIMATE CHANGE

Achieving climate goals under the Paris Agreement requires extensive collaboration. The Final Report of the Canadian [Expert Panel on Sustainable Finance](#) noted the clear and urgent imperative for governments, businesses and the financial community to work together to make deep emissions cuts in virtually every sector and also shed light on the tremendous opportunity for Canada's world-leading financial institutions to accelerate sustainable growth.

In Canada, the most recent government data indicates that over 50% of emissions come from the country's two highest emitting economic sectors: Oil and Gas (26%) and Transportation (25%). This is followed by Buildings (13%), Heavy Industry (11%), Agriculture (10%), Electricity (9%) and Waste and Other (6%)¹. As outlined in our 2020 Annual Report, the Bank's exposure to various countries and types of borrowers are well diversified. Excluding loans to households, the largest industry exposures are to financial services (4.8% including banks and non-banks), real estate and construction (6%), wholesale and retail (4.2%) and technology and media (2.7%).

Scotiabank has been, and will continue to be, a leader in financing the low-carbon transition and being a trusted

advisor to our clients and stakeholders. We are monitoring and will continue to engage in important policy and industry developments in Canada and globally to support a successful transition to a low-carbon economy and a climate-resilient future.

Recent developments in Canada will help financial institutions to better assess which metrics and targets are most suitable for measuring climate-related risks and opportunities. For example, in November 2020, the Bank of Canada and the Office of the Superintendent of Financial Institutions (OSFI) announced plans for a pilot project to use climate change scenarios to better understand the risks to the financial system related to a transition to a low-carbon economy. Further, in January 2021, OSFI published a consultation paper focused on risks arising from climate change that can affect federally regulated financial institutions and pension plans – with input expected to inform regulatory and supervisory approaches to climate-related risk.

The Bank will continue to collaborate with stakeholders to evaluate and establish the right metrics for assessing climate-related risks and opportunities, as well as progress toward our Climate Commitments. Current metrics and targets are captured in the table below:

CLIMATE-RELATED METRICS AND TARGETS

	2020 Status	Target
Finance		
Capital mobilized toward reducing the impacts of climate change ²	Over \$28 billion	\$100 billion by 2025
Green and Sustainability Bonds underwritten	Over \$10 billion ³	
Labeled Green and Sustainability Bonds purchased	\$1.5 billion ²	Scotiabank has a goal to invest a portion of the high-quality liquid asset portfolio in labeled green and sustainability bonds from the primary market.
Operations		
% electricity consumed from non-emitting sources ⁴ (Canada)	82%	100% by 2025
% electricity consumed from non-emitting sources ⁴ (Global)	61%	100% by 2030
% reduction of Scope 1 and 2 GHG emissions from 2016 levels	20%	25% by 2025
GHG Intensity per employee ^{5,6}	1.21 tonnes CO ₂ e/FTE	
GHG Intensity per square metre of occupied real estate ⁵	0.05 tonnes CO ₂ e/m ²	

¹ National inventory report 1990-2018: greenhouse gas sources and sinks in Canada, Part 1; Definitions and scope of emissions for each sector can be found on p. 52.

² Since November 1, 2018.

³ This includes green, social, sustainability and sustainability-linked bonds and reflects Scotiabank's portion of the transaction value between January 1, 2014 - December 31, 2020.

⁴ Includes renewable (hydro, solar, wind, geothermal, tidal) and nuclear sources, and may include the use of renewable energy certificates (RECs).

⁵ GHG intensity calculations include Scope 1 and 2 emissions and cover CO₂, CH₄, and N₂O gases.

⁶ GHG intensity per employee is based on the number of full-time equivalents (FTE), as reported in Scotiabank's Annual Report.

ESG Focused Lending and Investment

Why it Matters

Implementing the Sustainable Development Goals and the Paris Agreement on climate change requires the sustained mobilization of large-scale financial resources. Financial institutions have a critical role to play in advancing sustainable development and supporting the economy in its transition to a low-carbon future. Through capital market activities, we can support and enable the public and private sectors to advance innovation, accelerate the low-carbon transition and promote sustainable, equitable economic growth.

USEFUL LINKS

[Scotiabank Sustainable Finance](#)

[1832 Responsible Investment Policy](#)

[Jarislowsky Fraser Sustainable Investment Policy](#)

[MD Financial Management Responsible Investment Policy](#)

[Scotia Low Carbon Funds](#)

[Dynamic Energy Evolution Fund](#)

[Sustainable Investing with Scotia iTRADE](#)



We launched the Sustainable Finance group in 2020 in direct response to the growing need for ESG advice and solutions for our corporate, financial, public sector and institutional clients. The complexity of climate change requires a collaborative approach that leverages capabilities from across the Bank to mobilize capital in a sustainable, efficient way.”

Sustainable Finance

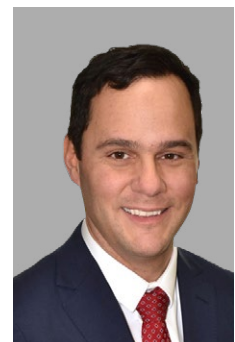
Recognizing our unique opportunity and responsibility as a global financial organization to advance climate transition and promote sustainable economic growth, Scotiabank's new Sustainable Finance group provides advice and solutions to corporate, financial, public sector and institutional clients around the world.

Throughout 2020, with teams across the Global Banking and Markets division working closely, Scotiabank maintained a leading position as a top Canadian dealer of sustainability bonds.



Fanny Doucet

Director, Sustainable Finance, Global Banking and Markets



Jason Taylor

Director, Sustainable Finance, Global Banking and Markets

ESG FOCUSED LENDING AND INVESTMENT

Between November 1, 2018 and October 31, 2020, Scotiabank has mobilized over \$28 billion toward our commitment of \$100 billion by 2025 to reduce the impacts of climate change. This includes lending, finance and advisory services aligned to our Green and Transition Taxonomy. For example, in 2020:

JANUARY: Scotiabank acted as Joint Bookrunner on the World Bank's \$1.5 billion five-year Sustainable Development Bond raising awareness for SDG 6 Clean Water and Sanitation and SDG 14 Life Below Water to protect oceans. Scotiabank supported three World Bank Sustainable Development Bonds in 2020 totalling \$3.75 billion.

FEBRUARY: Scotiabank acted as Joint Lead Manager for the Province of Quebec's \$500 million seven-year Green Bond where proceeds will be used to finance energy efficiency and public transit projects such as hybrid/electric bus purchases, LEED-certified bus garages and a metro extension.

FEBRUARY: Scotiabank acted as Joint Lead Manager for the Province of Ontario's \$500 million seven-year Green Bond. The province used proceeds to fund clean transportation, energy efficiency and conservation, and climate adaptation and resilience projects.

APRIL: Scotiabank acted as Joint Bookrunner for Ontario Power Generation's \$400 million five-year and \$800 million 10-year Green Bonds. Proceeds will be used to finance renewable energy generation (solar, wind, hydroelectric).

MAY: Scotiabank acted as Joint Bookrunner for Metergy Solutions' (formerly Enercare Connections), \$150 million 10-year Green Bond. Use of proceeds will support growth across North America in new sub-metering investments which reduces energy consumption for residential and commercial customers.

MAY: Scotiabank acted as Sole Lender to New World Development Company Limited's HKD\$500 million three-year Green Loan (Revolving Credit Facility). Use of proceeds will support refinancing of eligible green building projects as defined under New World Group's Green Financing Framework.

JUNE: Scotiabank acted as Joint Bookrunner and Green Structuring Advisor for Granite REIT's \$500 million seven-year Green Bond. Proceeds will be used to finance and/or refinance eligible projects, for example green buildings, resource efficiency, clean transportation and renewable energy.

JULY: Scotiabank acted as Financial Advisor to Brookfield Renewable Partners on their USD\$1.8 billion acquisition of the remaining 38% stake in TerraForm Power. The combined company is one of the largest globally diversified, integrated pure-play renewable power companies in the world.

AUGUST: Scotiabank acted as Joint Bookrunner for Tucson Electric Power's USD\$300 million 10-year Green Bond. An amount equal to the Net Proceeds will support the Oso Grande wind farm, a 250-megawatt nominal capacity wind-powered electric generation facility in New Mexico.

SEPTEMBER: Scotiabank acted as Global Coordinator and Joint Bookrunner for Suzano's USD\$750 million 10-year Sustainability-linked Notes, Tender Offer for Multiple Series of Bonds. This was the first bond aligned to International Capital Market Association's Sustainability Linked Bond Principles. If Suzano does not reduce GHG emissions 10.9% by 2025, the coupon of the bond steps up 25 basis points.

OCTOBER: Scotiabank acted as Joint Bookrunner and Administrative Agent for Millicom's five-year USD\$600 million Sustainability Linked Revolving Credit Facility. Pricing is linked to Millicom's sustainability targets including reducing its environmental footprint through the recovery of Consumer Premise Equipment for reuse and recycling.

ESG FOCUSED LENDING AND INVESTMENT

ESG Equities Research

Through high-quality ESG equities research, Scotiabank helps clients understand the ESG dynamics influencing corporate behaviour and capital markets, and how ESG factors may influence their investment decisions. Highlights from our ESG Equities Research teams from 2020 include:

- Hosted two ESG conferences, one in Bogotá, Colombia focused on Latin America, and Scotiabank's second annual ESG Conference and Sustainability Summit, which was held virtually for approximately 1,000 registrants and evaluated "What Happens to ESG Now and in a Post-Pandemic World."
- Published our second annual ESG investment research report to help clients better understand the positive and negative impacts of ESG factors on corporate performance and capital markets.

- Published 14 in-depth research reports for clients focused on ESG issues impacting capital markets. For example, "Chile and Mexico: Diverging Paths in Green Recovery, Emission Cuts and Energy Costs" explored how both countries face similar climate change transition risks due to similarities in their carbon intensity.

Sustainable Finance for Green Vehicles

In 2020, Scotiabank in Mexico continued to offer customers an incentivized credit plan to purchase an electric or hybrid vehicle through the CrediAuto's Green Credit Program. The program offers benefits like a preferential interest rate and a cash-back "environmentally friendly bonus" to make cleaner-running vehicles accessible to more people.

Supporting the Green and Sustainability Bond Market

We underwrite, invest in and issue bonds designed to help the capital markets enable the transition to a sustainable global economy.

UNDERWRITING

+\$10 billion

Global Banking and Markets has acted as Bookrunner on more than \$10 billion* of green, social, sustainability and sustainability-linked bonds.

* This reflects an apportioned value of transactions between January 1, 2014 - December 31, 2020

INVESTING

\$1.5 billion

Over \$1.5 billion in green and sustainability bonds have been purchased since November 1, 2018 as part of our goal to invest a portion of the high-quality liquid asset portfolio in labeled green and sustainability bonds from the primary market.

ISSUANCE

USD\$500 million

Scotiabank issued a USD\$500 million 3.5-year Green Bond in 2019. The proceeds of Scotiabank's Green Bond were used to finance or refinance green building and clean transportation projects in alignment with Scotiabank's Green Bond Framework.

ESG FOCUSED LENDING AND INVESTMENT

Environmental and Social Risk Management

In addition to Scotiabank's enhanced due diligence practices to address climate-related risks, we maintain robust processes to address environmental and social risks in our lending and due diligence activities. These are guided by a suite of policies, including our enterprise Environmental Policy and credit risk policies that have formal escalation processes for transactions with higher environmental and social risks or that are related to higher-risk sectors or geographies.

Scotiabank maintains a list of businesses and sectors to avoid based on their environmental, social and reputational risks and impacts. In late 2020, the Bank updated this list to include oil and gas developments in the Arctic Circle, including the Arctic National Wildlife Refuge. This new policy was driven by concerns about protecting sensitive ecosystems, as well as the livelihoods and traditions of Indigenous communities.

Scotiabank's Environmental and Social Risk team collaborates with credit and lending teams across our various lines of business, including Corporate, Commercial, International, Small Business and Wealth Management, helping them assess environmental and social risks for transactions in diverse sectors and geographies. In 2020, this team responded to more than 1,100 internal requests for technical advice and counsel on loan transactions involving real estate as security and guidance on procedures or methods for conducting sound due diligence to adhere to the Bank's environmental and social risk processes.

Responsible Project Finance

Large infrastructure and industrial development projects can cause adverse impacts on people and the environment. For this reason, Scotiabank adopted The Equator Principles (EPs) risk management framework in 2006 and uses it, in partnership with our clients, to properly identify, assess and manage environmental and social risks and impacts that can result from these types of developments. The EPs framework is intended to serve as a minimum standard for project due diligence and monitoring and to promote environmentally and socially responsible risk decision-making.

Scotiabank has adopted and implemented the fourth version of this framework, which came into effect on October 1, 2020. Please refer to p. 26 in the Appendix: 2020 ESG Reporting Indices for additional details.

TRANSACTIONS THAT APPLIED THE EQUATOR PRINCIPLES IN 2020

Project Finance Loans	7
Project-related Corporate Loans	2

Environmental Policy

Scotiabank's Environmental Policy governs our approach to managing our direct and indirect impacts on the environment and applies to both Canadian and international operations, and to all wholly owned or controlled subsidiaries of the Bank.

ENVIRONMENTAL PRINCIPLES

- 1 Comply with applicable environmental laws and regulations and voluntary standards and initiatives adopted by the Bank.
- 2 Contribute to operational efficiency that is consistent with reducing environmental impacts and promoting responsible actions.
- 3 Incorporate environmental risk assessment and mitigation criteria into risk management procedures.
- 4 Contribute to ongoing dialogue with relevant stakeholders, such as customers, employees, government, NGOs and industry associations.
- 5 Measure and report publicly on the Bank's environmental performance on at least an annual basis.

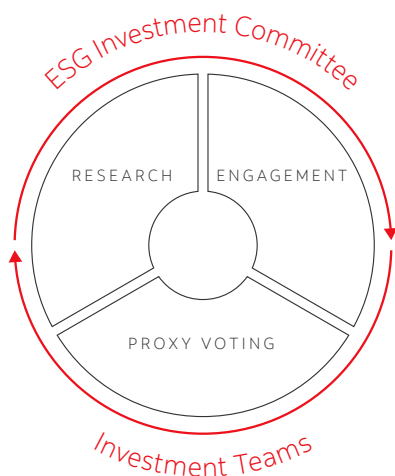
ESG FOCUSED LENDING AND INVESTMENT

Responsible Investment

Scotiabank's wealth management and asset management businesses are committed to responsible investing. Incorporating ESG factors into investment processes helps enhance returns and manage risks, allowing us to better deliver on our commitment to clients. Scotiabank Global Wealth Management's three major asset managers and wholly owned subsidiaries of Scotiabank, 1832 Asset Management, Jarislowsky Fraser and MD Financial Management (MD), have each adopted Responsible/Sustainable Investment Policies and are all signatories to the Principles for Responsible Investment.

1832 ASSET MANAGEMENT

With approximately \$150 billion in assets under management (AUM), 1832 Asset Management's fundamental investment approach is based on research, engagement and proxy voting, with individual portfolio managers and analysts ultimately responsible for considering all material ESG factors in their investment decision-making. A senior ESG Investment Committee meets monthly to oversee the ESG integration process and develop enhanced ESG-related risk reporting. By leveraging multiple sources of ESG research in the risk-return assessment of each security, material ESG factors are integrated in the analysis across all internally managed AUM.



Direct engagement between investment professionals and investee companies is a key component of the investment process, enabling better, more informed investment

decisions. Over 4,000 direct meetings with issuers were held in 2020, and most included discussion of at least one material ESG issue ranging from labour relations and management, health and safety protocols, supply chain diversity, cybersecurity and the low-carbon energy transition, among others.

1832 Asset Management continues to promote ESG best practices as an active member of the Canadian Coalition for Good Governance and their Environment and Social Committee, and in 2020, supported an industry engagement with the TMX Group to improve ESG disclosures of listed issuers.

JARISLOWSKY FRASER

With approximately \$53 billion in AUM, Jarislowsky Fraser applies a fully integrated approach to sustainable investing across all investment mandates by incorporating ESG considerations into investment analysis, engagement and proxy voting.

Jarislowsky Fraser's Management Committee oversees and holds ultimate accountability for the Sustainable Investment Policy. The in-house Global Investment Team leads all investment decisions, company engagements and proxy votes, allowing the team to leverage their deep sector expertise and long-term relationships with companies under their coverage. Proprietary tools (such as the ESG Materiality Database and ESG and Financials Heatmap) ensure that ESG integration is consistent, robust and systematic across all investments. Jarislowsky Fraser measures and reports the carbon footprint of its portfolios. This process is used to compare both the overall and sector level emissions versus benchmarks, as well as identify the highest emitting companies (to the extent that data is available) in the portfolio. The information helps to inform the Investment Strategy Committee's awareness of the climate risk exposure in each portfolio. Broadly speaking, the carbon intensity of Jarislowsky Fraser's portfolios is materially lower than their respective benchmark indices. For more information, as well as insights and thought leadership on sustainable investing, please see [Jarislowsky Fraser's website](#).

Jarislowsky Fraser is a co-founder of the Canadian Coalition for Good Governance and was a founding member of the Sustainability Accounting Standards Board (SASB) Investor Advisory Group.

ESG FOCUSED LENDING AND INVESTMENT

MD FINANCIAL MANAGEMENT

MD provides investment products and services to Canada's physicians and their families, with approximately \$52 billion in AUM. MD published a formal Responsible Investment policy in 2020 that was approved by the MD Board of Directors. MD integrates ESG data into its investment and screening processes to provide portfolio managers and analysts with an additional lens for understanding investee companies.

A survey conducted by MD in 2019 with its physician clients indicated significant interest and concern in climate change and the environment. These survey results informed MD's approach to ESG engagement in 2020. For companies with the poorest environmental performance, MD engaged with investment sub-advisors and directly with companies on various ESG practices in order to better understand if the poor rankings were a fair assessment and if improvements were in progress – helping to determine whether the company should continue to be held in MD's portfolios. Climate change, toxic emissions, waste and biodiversity and land use were the most common areas of identified weakness across these engagements.

In 2020, MD adopted ISS's standard Sustainability Proxy Voting guidelines with plans to more closely align with the unique ESG concerns from physician and medical professional clients in Canada.

ESG INVESTMENT PRODUCTS AND TOOLS

Scotiabank provides several specialized investment products to clients who have a desire to manage their exposure to fossil fuels and other ESG factors.

- **Scotia Low Carbon Funds suite** – Launched in 2020, managed by Jarislowsky Fraser and available through Scotiabank's branch network, this suite of funds is intended for environmentally conscious investors seeking a diversified portfolio of high-quality investments with lower carbon intensity than the broader market. The suite of funds applies a negative screen to heavy carbon emitters.
- **Dynamic Energy Evolution Fund** – Launched in 2020, this fund is managed by 1832 Asset Management and available to retail investors and private wealth clients. It

is a thematic fund that invests in companies supporting the energy transition, including renewable power, emerging solutions and new energy innovators.

- **Jarislowsky Fraser – JF Fossil Fuel Free Funds** – First launched in 2017, the JF Fossil Fuel Free Funds are a family of private pooled funds that include JF Fossil Fuel Free Canadian Equity Fund, JF Fossil Fuel Free Global Equity Fund and JF Fossil Fuel Free Bond Fund. In 2020, JF added a Fossil Fuel Free Balanced Fund and a Fossil Fuel Free Money Market Fund. JF has seen strong interest in these products, with over \$35 million in AUM as at September 30, 2020. These Funds exclude non-renewable energy companies, companies with significant fossil fuel reserves and companies that have a significant amount of value attributable directly to the extraction and production of fossil fuels, or indirectly through transportation, distribution, equipment and services. In addition, Sustainable Finance Bonds are emphasized and the carbon footprint of the funds is actively managed.
- **ESG Equity Guided Portfolio** – Launched in 2019, the ESG Equity Guided Portfolio is a fossil fuel-free global equity guided portfolio for Scotia Wealth clients that also excludes companies with material exposure to weapons, tobacco and alcohol. ESG rankings are applied to securities that are included in the Scotia Global Portfolio Advisory Group's core equity guided portfolios.
- **MD Fossil Fuel Free Funds** – Launched in 2016, the MD Fossil Fuel Free Bond Fund and the MD Fossil Fuel Free Equity Fund are unique in that they screen out companies with the largest fossil fuel reserves in the world and also eliminate all exposure to the extraction, processing and transportation of fossil fuels. The funds look to invest in innovative businesses that provide solutions to climate change and help reduce energy use.
- **Scotia iTRADE Sustainable Investing Tool** – This tool is designed for direct investors in Canada who want to combine financial investments with positive social impact. Comprehensive ESG performance ratings are provided for over 1,200 companies on the Toronto Stock Exchange and Russell® 1000 Index. Users can choose to focus on specific issues such as deforestation, water scarcity, labour standards and governance issues to help identify companies to invest in. Over 20,000 users interacted with the sustainable investing tool in 2020.

Environmental Impact of Our Operations

Why it Matters

Buildings and the real estate sector are a significant contributor to global greenhouse gases (GHG) through their design, construction and operation. Scotiabank owns or leases over 2.2 million square metres of office and branch space globally. With most of our emissions derived from the electricity we use to power buildings and the fuels used to heat spaces and water, we focus on improving energy efficiency as the most effective way to reduce our operational GHG footprint.

USEFUL LINKS

[2020 GHG Emissions Verification Statement](#)

Decarbonizing Our Operations

In 2020, we achieved a 20% reduction in Scope 1 and 2 GHG emissions from 2016 levels, demonstrating progress toward our target of a 25% reduction by 2025. GHG emissions reductions can be attributed to energy efficiency initiatives and reduced carbon intensity of the power grids in some of the countries where we operate. Our scope 3 emissions from business travel decreased significantly as a result of the COVID-19 pandemic.

Scotiabank has established a target to secure 100% of electricity from non-emitting sources¹ for Canadian operations by 2025 and on a global basis by 2030. In 2020, Scotiabank's share of non-emitting electricity on a global basis was 61%.

Investments in energy use reduction and efficiency are supported by an internal carbon price that was increased from \$15 to \$30 per tonne of CO₂e in 2020. This price will rise to \$60 by 2022. In the past two years, capital investments in energy use reduction and efficiency totalled over \$22 million.

ENERGY USE IN 2020²

Type of Energy	Units	Canada ³	International (excludes Canada) ⁴	Global
Electricity	MWh	216,317	173,113	389,430
Electricity consumption from non-emitting sources ¹	MWh	178,349	59,310	237,659
% electricity consumed from non-emitting sources ¹	%	82	34	61
Heat	GJs	202,986	n/a	202,986
Fuel Purchases	GJs	241,391	2,618	244,009
Total Electricity and Fuel	GJs	1,223,117	625,825	1,848,942

PERFORMANCE ON TARGET

Current Target	2020 Status
Canada: By 2025, secure 100% of electricity from non-emitting sources ¹	82%
Global: By 2030, secure 100% of electricity from non-emitting sources ¹	61%

¹ Includes renewable (hydro, solar, wind, geothermal, tidal) and nuclear sources, and may include the use of renewable energy certificates (RECs).

² The above information was collected from the best available data and methodologies that include information directly captured from invoices processed for payment from various utility vendors. Utility consumption figures are collected directly from invoices when entered for payment. Consumption entries are then subject to monthly audits by Real Estate and an energy consulting firm. These figures are then subject to a final audit by an independent third party for verification. The audited and verified consumption figures are then used by both third-party suppliers and Real Estate in comparing technical specifications for facilities projects and weighted average consumption estimates based on actual portfolio consumption to determine energy savings associated with any given initiative.

³ Our Canada data is based on 950 owned and leased retail locations and the space occupied by the Bank in 119 office buildings across Canada, representing approximately 1,044,472 square metres.

⁴ Our International data is based on 1,824 owned and leased retail locations and the space occupied by the Bank in 135 office buildings outside of Canada, representing approximately 1,187,715 square metres.

ENVIRONMENTAL IMPACT OF OUR OPERATIONS

HIGHLIGHTS FROM ENERGY REDUCTION AND EFFICIENCY INITIATIVES IN 2020 INCLUDE:

Heating, ventilation and air conditioning (HVAC) retrofits for international branch network	- HVAC retrofits planned or in progress in Panama, Costa Rica, Dominican Republic, Caribbean, Jamaica and The Bahamas will lead to a total estimated annual savings of 5,037 megawatt hours (MWh) or 1,832 tonnes of CO₂e. - HVAC retrofits in Peru completed in 2019-2020 included over 650 equipment replacements. Total estimated annual savings is 1,405 MWh or 311 tonnes of CO₂e. - At office locations in Peru, various retrofits are planned or in progress, including upgrades to cooling towers, building automation systems, heat exchangers and elevators, improving energy efficiency by an estimated 10-15%.
Lighting retrofit of international locations	Completed or in-progress lighting retrofits in Mexico, Peru and Costa Rica will save an estimated 402 tonnes of CO₂e emissions. In other locations, LED replacements are being implemented as part of other projects.
Solar panel installations	- Solar panel installations at four branches in Jamaica completed in 2019-2020 have a total electricity generation capacity of 421 kilowatts (KW) and estimated total emission savings of 375 tonnes of CO₂e. - Two solar panel projects have been completed in the Dominican Republic with an annual energy savings of 97 MWh and estimated annual reduction of 51 tonnes of CO₂e.
Scotia Plaza's 40 King Street W. building certified as Zero Carbon Building™	Scotia Plaza's 40 King St. W. building in Toronto, of which Scotiabank is a lead tenant (leased) earned a Zero Carbon Building – Performance v2 Certification from the Canada Green Building Council in 2020, making it the largest certified Zero Carbon Building in Canada at more than 1.5 million square feet.
Electronic vehicle charging stations in Canada	A selection of branches in Ontario offer over 40 vehicle charging stations, available to the public.
Office and branch design and energy monitoring	- Reduced average size of new branches; all new branches in Canada must complete Green Globe certification process. Four new branches were certified in 2020 for a total of 50. - Energy and utility use are monitored across office and branch locations to identify efficiency opportunities.

ENVIRONMENTAL IMPACT OF OUR OPERATIONS

GHG EMISSIONS^{1,2}

	Units	2016	2017	2018	2019	2020
Canada						
Scope 1 ³	tonnes CO ₂ e	13,262	14,985	15,184	14,961	12,606
Scope 2 (location-based)	tonnes CO ₂ e	44,106	42,431	38,880	36,485	35,678
International (excludes Canada)						
Scope 1 ³	tonnes CO ₂ e	438	542	545	260	177
Scope 2 (location-based)	tonnes CO ₂ e	80,947	71,752	73,111	62,908	62,604
Global						
Scope 1 ³	tonnes CO ₂ e	13,700	15,527	15,729	15,221	12,783
Scope 2 (location-based)	tonnes CO ₂ e	125,053	114,183	111,990	99,393	98,282
GHG Intensity per employee ^{4,5}	tonnes CO ₂ e/FTE	n/a	n/a	1.32	1.13	1.21
GHG Intensity per square metre of occupied real estate ⁴	tonnes CO ₂ e/m ²	0.07	0.06	0.06	0.05	0.05
% reduction of Scope 1 and 2 from a 2016 baseline	%	n/a	6.5	8.9	17.4	19.9
Scope 3 – Business travel	tonnes CO ₂ e	15,445	18,060	20,020	20,168	7,193

PERFORMANCE ON TARGET

Current Target	2020 Status
By 2025, achieve 25% reduction in Scope 1 and 2 GHG emissions globally from a 2016 baseline	20%
By 2022, increase Internal Carbon Price to \$60 per tonne CO ₂ e	\$30/tonne CO₂e

¹ Calculated in accordance with the Greenhouse Gas Protocol of the World Resources Institute and the World Business Council for Sustainable Development (www.ghgprotocol.org), including emission factors for electricity purchases, natural gas and fuel. Scope 2 emissions are calculated using a location-based method.

² The completeness and accuracy of our GHG emissions has been verified by an independent verifier. In 2020, proxy data amounting to 7.7% of our Scope 2 emissions was not subject to verification.

³ As per the GHG Protocol, Scope 1 emissions for 2016-2018 were restated in 2019 to reflect a change in our reporting methodology. These figures replace previously published data.

⁴ GHG intensity calculations include Scope 1 and 2 emissions and cover CO₂, CH₄ and N₂O gases.

⁵ GHG intensity per employee is based on the number of full-time equivalents (FTE) as reported in Scotiabank's Annual Report. The methodology used to calculate the GHG intensity per employee was updated in 2019. Previously published data for 2018 or earlier is not comparable.

REDUCING OUR PAPER USE

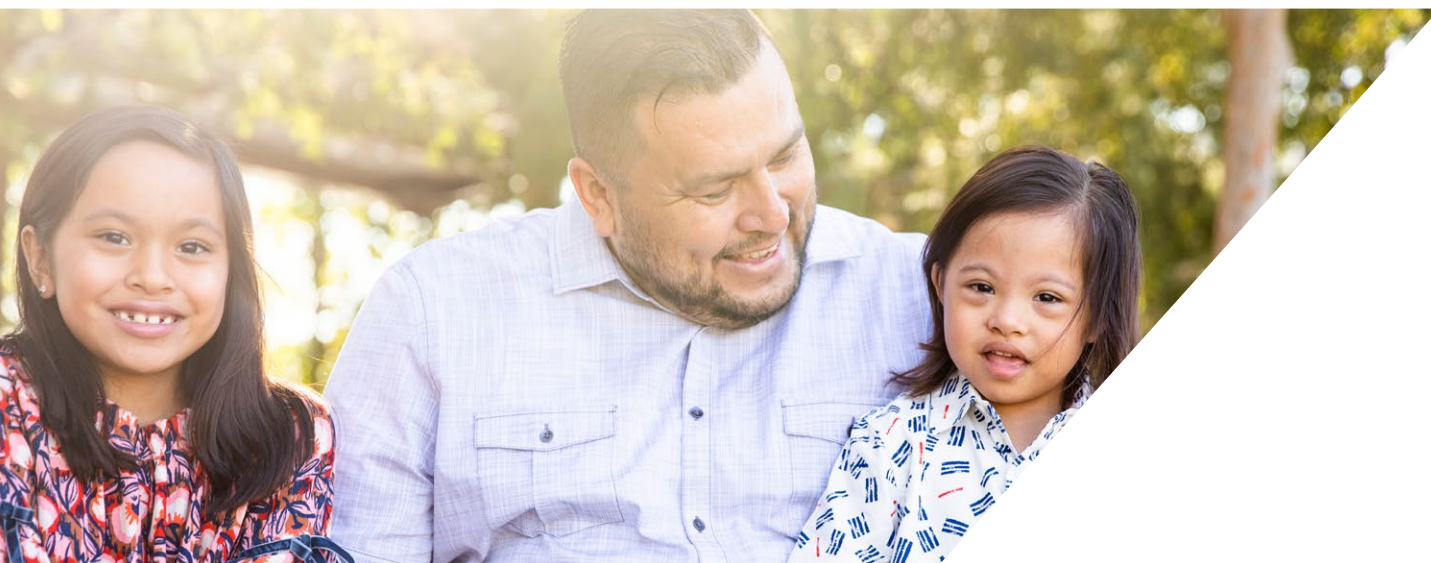
Scotiabank's strategic focus developing digital products and supporting their adoption by customers continues to help reduce paper usage across the Bank. Highlights from 2020 include:

- Canada – The use of electronic statements increased by 10% across Canadian retail customers resulting in a reduction of over 3.8 million paper statements from 2019. Electronic consent was enabled during the pandemic to help reduce branch visits, further contributing to paper reduction.
- Chile – The default option for monthly account and credit card statements was set to electronic paperless;

customers maintained the option to request paper if preferred. Cheque books were removed from the welcome kits for new customers, but remain available upon request.

- Peru – Nearly 790,000 information brochures per year were replaced with posters in branches featuring QR codes.
- Mexico – A paper tracking program implemented in 2018 – Paper Stops for Branches – was extended to additional locations. Over 400 underused printers have been returned to the supplier as a result of improved monitoring and paper reduction initiatives.

Social



In this section

- 30 Investing in Our Employees
- 37 Empowering Our Customers
- 43 Building Resilience in Our Communities

2020 HIGHLIGHTS

- Established new Inclusion Commitments through which we will:
 - Provide employees with an environment that is safe, inclusive and reflective of the communities we serve by promoting fair and equitable treatment for all and prioritizing unconscious bias and anti-racism training
 - Offer customers and partners processes that are free of bias, including service offerings, marketing and procurement practices that support minority-owned suppliers and reflect the diverse communities and cultures we serve
 - Leverage impactful community partnerships and programs that advance efforts to eliminate racism and offer products and investment initiatives that help to build economic resilience among marginalized communities
- Launched renewed Diversity and Inclusion Goals for our employee population in Canada, and our CEO signed the BlackNorth Initiative CEO pledge aimed at helping to end anti-Black systemic racism
- Increased employee engagement score to 84% from 81%, well above the financial services sector average
- Contributed nearly \$85 million to communities through donations, community sponsorships, employee volunteering and other types of community investment
- Launched ScotiaRISE in January 2021, a 10-year, \$500 million initiative to promote economic resilience among disadvantaged groups

Investing in Our Employees

Why it Matters

We believe that employee success is essential to providing a superior customer experience, and to the long-term resilience and success of our Bank. We strive to create a safe and inclusive culture where every employee is enabled to reach their fullest potential and all individuals are respected for who they are.

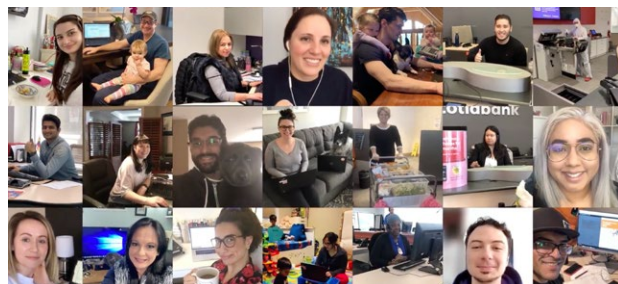
USEFUL LINKS

[Scotiabank Code of Conduct](#)

[2019 Employment Equity Report](#)

[Diversity and Inclusion](#)

A Culture of Diversity and Inclusion



Diversity and inclusion is a priority at the highest levels of the Bank. With the CEO as the executive sponsor, the global Inclusion Council is responsible for the Bank's diversity and inclusion strategy and addressing current and emerging issues that can impact our inclusive culture. We have mobilized senior Inclusion Councils in control functions, and in all four of our business lines – Canadian Banking, International Banking, Global Banking and Markets and Global Wealth Management – that help to implement the direction of the global Inclusion Council.

“

The most important investment we can make as a Bank is the one we make in our people. When we empower our employees, we build a winning team – which is essential to the long-term success of our Bank. That's why we are committed to cultivating an inclusive culture where all individuals are respected for who they are, and every employee is enabled to reach their fullest potential.”



Dominic Cole-Morgan
Senior Vice President,
Total Rewards

INVESTING IN OUR EMPLOYEES

Scotiabank's Diversity and Inclusion Goals

BY 2025, WE ARE COMMITTED TO:



Doubling the current representation of Indigenous employees across all levels of the organization



Increasing the representation of people with disabilities by 20% across all levels of the organization

30%

Increasing visible minorities in senior leadership roles to 30% or greater



Increasing the representation of Black employees in senior leadership to 3.5% and the Black student workforce to 5% or more, as stated in the BlackNorth CEO Pledge

40%

Increasing the representation of women in senior leadership roles (VP+) to 40% globally

In mid-2020, we conducted the most complete and comprehensive employee diversity survey in Canada and have plans to do the same across our international footprint in the coming year. With a 90% participation rate, the survey revealed areas where we are ahead of the labour market and areas for improvement. Using this data, we launched a set of ambitious goals to increase the diversity of our employee population over the next five years, with a focus on people who identify as Black, Indigenous peoples, visible minorities, people with disabilities and women. We know that building a more diverse workforce enables us to become a better Bank and a stronger partner in our communities.

Scotiabank's Employee Resource Groups (ERGs) provide employees with opportunities to learn, grow and communicate, and provide valuable insight to management about important issues related to diversity and inclusion. We operate 14 ERGs with 76 national and global chapters. In 2020, two new ERGs were formed – Environmental and Climate Action and the Middle Eastern Network. Scotiabankers invested more than 32,000 hours in planning and volunteering at ERG-led recruitment events, inclusion and awareness campaigns and virtual events.

EMPLOYEE DIVERSITY (CANADA)¹

Visible minorities	39.1%
Visible minorities in senior management (VP+)	26.8%
Employees with disabilities	7.35%
Indigenous employees	1.33%
Employees that identify their sexual orientation as being lesbian, gay, bisexual or another diverse sexual orientation	5.7%
Student hires that are Black, Indigenous peoples or people of colour	Over 50%

¹ Representation data is presented as at July 31, 2020. Representation is disclosed on a voluntary survey basis and is reflective of Canadian-based employee population responses only. Significant efforts were made in 2020 to increase employee participation and self-identification rates in Scotiabank's 2020 Canadian Employee Diversity Survey. This data reflects a more accurate representation of the employees and is not comparable to any data from previous years or data published in the 2019 Employment Equity Report. The 2020 Employment Equity Report (expected publication in June 2021) will include updated figures representing data as at December 31, 2020. For additional data related to women in leadership at Scotiabank, please refer to p. 33.

INVESTING IN OUR EMPLOYEES

A FOCUS ON CONFRONTING RACISM AND ADVANCING THE INCLUSION OF BLACK PEOPLE, INDIGENOUS PEOPLES AND PEOPLE OF COLOUR

Systemic racism and discrimination have disproportionately affected members of the Black, Indigenous peoples and people of colour (BIPOC) communities. At the inaugural BlackNorth Initiative Summit in Toronto, Canada, Scotiabank reaffirmed its commitment to combating racism and discrimination of all forms. Our CEO Brian Porter was appointed to the Board of Directors and signed the BlackNorth CEO pledge that includes a commitment to increasing the representation of Black employees in senior leadership to 3.5%, and the Black student workforce to 5% or more. Mark Mulroney, Vice Chairman, Corporate and Investment Banking at Scotiabank also joined the Board of Directors.

Scotiabank is committed to increasing the representation of Black employees in senior leadership to 3.5% and hiring 5% of our student workforce from the Black community by 2025

We developed a guide titled *Confronting Racism & Anti-Black Racism* for managers to help facilitate team discussions on recognizing and speaking up about systemic racism and anti-Black racism in the workplace, as well as racial harassment and discrimination.

We conducted three listening sessions between employees and executive management focused on diversity and inclusion. With the help of an external facilitator, more than 200 employees (79% of whom self-identified as BIPOC) were able to share their experiences anonymously. These sessions facilitated an open dialogue and were a frank reminder that racial discrimination is a real aspect of many employees' daily life.

To support the inclusion of Indigenous employees, we introduced a training module titled *Building Indigenous Cultural Competency* that helps prepare Scotiabankers



to be stronger partners to our Indigenous colleagues, communities and customers. Our Indigenous ERG expanded its reach in 2020, forming new chapters in Western Canada and creating a National Council of Chairs that meets monthly. This group discusses key strategies to engage Indigenous communities in ongoing, year-round projects led by the ERG. We conducted an Employment Systems Review in accordance with Canada's Employment Equity Act and developed a comprehensive Employment Equity Plan for Indigenous peoples. These actions helped us identify and remove barriers to recruitment, retention and advancement across all levels of the Bank.

Scotiabank is proud to be a corporate partner of Ascend Canada, whose mission to develop and advance Pan-Asian talent aligns with our diversity and inclusion strategy and provides employees in Canada with a free membership. Partnerships like these promote diversity and inclusion, enable mentorship and support our goals for recruiting and developing diverse talent.

Please refer to pp. 37 and 45 to learn more about how Scotiabank is working to advance diversity and inclusion among customers and communities.

INVESTING IN OUR EMPLOYEES

ADVANCING GENDER EQUITY
IN THE WORKPLACE

Scotiabank is committed to being an inclusive employer, an advocate for women and to removing barriers to succeeding at work. As a signatory to the [UN Women's Empowerment Principles](#) (WEPs), we used the WEP framework to complete a comprehensive gender gap analysis. For example, using the framework we completed an initial research assessment and developed recommendations toward further developing flexible workplace policies for employees. We continue to focus on projects that close key gaps related to leadership and strategy, workplace, marketplace and community.

As a signatory to the UN Global Compact, we were an active participant and research contributor to the Canadian network's [Blueprint for Gender Equality – Leadership in the Canadian Private Sector](#). Finalized in 2020, development of the Blueprint was a multi-year and multi-stakeholder project that provides an actionable roadmap to guide and assist organizations wanting to turn their commitment to gender equality into concrete action.

In Scotiabank Global Banking and Markets (GBM), the GBM Elevate pilot program was created to address a specific gender gap at the associate director and director level. The program was designed to provide participants with development-focused sessions and resources to increase their exposure to senior leaders. We are proud

that 300 women completed the six-month program and the retention goal was exceeded with 94% retention of women associate directors through 2020.

As part of the Bank's focus on building diverse, high performing teams at a senior level, a cross-functional group of 20 women in vice president and senior vice president roles were invited to complete the VP+ Women's Program, a curriculum focused on building leadership and strategy skills. In addition to learning sessions, the program included mentorship from an executive leader, small group coaching and a leadership assessment. Participant feedback was very positive with comments highlighting that it helped participants strengthen their cross-organizational network. Feedback is being used to help design the program for the 2021 cohort.

Our gender equality programs extend to different markets within our footprint. For example, in Peru, the Empowering Women Initiative offered a series of open enrollment Empowering Meetings to help emerging women leaders connect with senior leaders to gain insights on career development. We also launched a virtual hub that provides tailored modules, videos and resources to help women drive change and make their voice heard in the workplace.

In 2020, 36% of vice president roles or higher were filled by women, bringing us closer to our target of 40% globally by 2025. Furthermore, 43% of all vice president and senior vice president promotional appointments were women.

WOMEN IN LEADERSHIP	2018	2019	2020
Women on Executive Management Team	19% 5 out of 27	24% 7 out of 29	23% 7 out of 30
Women in executive positions (Maximum two reporting lines from CEO)	35%	34%	28%
Women in VP+ roles: Canada	39%	39%	40%
Women in VP+ roles: Global (Target: Increase to 40% globally by 2025)	34%	35%	36%
Women in VP+ roles: International	21%	24%	26%
Women in junior, middle and senior management positions: Global	44%	46%	45%
Women in total workforce	56%	56%	55%

INVESTING IN OUR EMPLOYEES

ENABLING AN INCLUSIVE ENVIRONMENT FOR EMPLOYEES WITH DISABILITIES

People with disabilities make our organization stronger. They bring unique perspectives, empathy and insights to our business activities. The Bank's Workplace Accommodation Policy supports employees with disabilities by creating tailored accommodation plans, for example modified workstations and adaptive technologies and training.

The Bank's Access Your Career program works with eligible candidates who voluntarily self-identify as a person with a disability in our recruitment process. We tailor this program to consider local contexts. For example, in Chile the *Scotiabank Incluye* (Scotiabank Includes) program was developed in consultation with Scotiabankers with disabilities aiming to improve their quality of life. The program helps employees receive National Disability Registry certification and provides benefits for those enrolled such as tailored health leave, transportation and mobilization support, co-pay assistance and other benefits.

Our *Inclusive Workplace Guide for Managers: Accommodating Persons with Disabilities* builds capacity and addresses barriers to full accessibility and inclusion among both Bank employees and customers with disabilities. During National AccessAbility Awareness Week in 2020, we focused on raising awareness about invisible and visible disabilities and spotlighted Scotiabank's DiversABILITY ERG.

GLOBAL COLLABORATION TO PROMOTE LGBT+ INCLUSION

We work to lead and foster safe spaces for LGBT+ employees and customers across our global footprint. We were the first Canadian bank to adopt the UN Global Lesbian, Gay, Bi, Trans and Intersex (LGBTI) Standards of Conduct for Business, and in 2020 we developed a LGBT+ Inclusion roadmap that was approved by the Bank's Inclusion Council.

This year, we became a founding member of Partnership for Global LGBTI Equality (PGLE), a coalition of organizations committed to accelerating LGBTI equality and inclusion globally. PGLE partners with the UN and the World Economic Forum to promote thought leadership and encourage peer learning. As a Canadian bank with

business activities in both developed and developing markets, we bring a unique perspective to these discussions focused at a global level.

Employee training and awareness is a key component of our LGBT+ inclusion roadmap. We offer a global LGBT+ Ally certification program and mandatory learning modules about the inclusion of gender identity and expression, as well as resources for employees and managers on gender transition in the workplace.

Local initiatives are designed to build on guidance provided at a global level. For example in Colombia, Scotiabank Colpatria completed the Friendly Biz certification from the Colombian LGBT Chamber of Commerce following a rigorous application process that included branch visits and training for more than 1,500 employees on serving and supporting gender-diverse customers. Scotiabank Chile was one of 20 Chilean organizations recognized by the Human Rights Campaign Equidad CL Program for leadership in LGBT+ inclusion and diversity policies. We partnered with Homosensual, the most visited LGBT+ online platform in Spanish for Mexico and Latin America, to celebrate International Women's Day by presenting a video series featuring interviews with LGBT+ identified women in Mexico about their experiences. The campaign received over 4.8 million views and 400,000 likes, shares and comments.

Scotiabank's passion for celebrating Pride every year in Canada, Latin America and globally was not deterred by the global pandemic. Our virtual Pride celebrations received high levels of internal and external engagement. Over 1,000 employees participated in our Pride webcast and Pride-focused social media posts reached over 2.1 million people.

94% of employees believe that Scotiabank is building an inclusive workplace

VETERANS MAKE OUR BANK STRONGER

We recognize and appreciate the contributions of veterans and reservists – during their time of service and beyond. We value the talent advantage veterans and reservists can offer our team and are proud to have the

INVESTING IN OUR EMPLOYEES

experience and resources to support them as they bridge their military career to civilian employment. We have been recognized as the Most Supportive Employer in Canada – the top award presented by the Canadian Forces Liaison Council. The Scotiabank Veteran's Network provides a forum for support, networking, training and advancement of its members – with over 200 members and growing.

Driving Employee Engagement

ScotiaPulse is the Bank's employee experience program focused on how we listen and action feedback. It provides the opportunity to hear more frequently from employees during the moments that matter through voluntary and confidential surveys. In 2020, our employee engagement score increased to 84% from 81% in 2019, with balanced results among men and women. The results showed that employees are confident in their leaders to make the right decisions and that leaders are viewed as having an inspiring vision for the Bank.

EMPLOYEE ENGAGEMENT AND TURNOVER (GLOBAL) ¹	2018	2019	2020
Employee Engagement score	79%	81%	84%
Industry average ²	75%	74%	74%
Voluntary turnover rate	15%	12%	8%
Involuntary turnover rate	8%	9%	13%
Total turnover rate	24%	21%	21%

¹ Turnover is defined as permanent departures from employment with Scotiabank. Voluntary turnover includes Resignations and Retirements. Involuntary turnover includes all other reasons for terminating employment. Total turnover may not equal the addition of voluntary and involuntary turnover due to rounding. Turnover from 2018 and 2019 has been restated in 2020 due to the implementation of new human resource systems and a change in methodology.

² External benchmark provided by Qualtrics/IBM Kenexa World Norms and based on three-year rolling global average benchmarks of the Financial Services industry.

Investing in Talent Development

To enable Scotiabank's strategic priorities and truly prosper in the future of work, the Bank continues to evolve the learning experience for employees across our global footprint to build future-ready capabilities. We invested over \$63 million in employee training and development, an average of \$655 and 37 training hours per employee.

In 2020, 39% of all vacancies in Canada were filled by internal candidates.

We launched a new global learning platform, Scotia Academy, to drive our performance-based culture across all business lines. Based on five strategic pillars (see below), Scotia Academy is a modern learning library designed to enable employees to excel. It is underpinned by technology that combines Bank-developed content with content from leading learning platforms such as LinkedIn Learning and Pluralsight. From the global launch in August 2020, through to the end of the fiscal year, employees accessed Scotia Academy regularly, with over 25,500 content views. A few highlights from the Scotia Academy platform for 2020 include:

- The newly launched virtual iLEAD People Manager Essentials program supported 15,207 people managers across 31 countries to develop their day-to-day managerial skills and to enable high performance. Ninety-two percent of people managers who completed the program felt they had strong skills after the program, and 96% considered it a worthwhile investment.
- The annual Global Mandatory Learning Program is training mandated by legislation, regulation and Bank policy requirements and includes topics related to inclusion, ethics, conduct and keeping the Bank safe. On average, each employee spent 6.8 hours of training for all Global Mandatory Learning.

Scotia Academy Pillars



INVESTING IN OUR EMPLOYEES

- The newly launched global Data Analytics Skills Building program reached over 8,600 employees in 2020, enabling them to make more data-driven decisions in their roles. In addition, the Digital Discovery program continued to deliver sessions to help raise digital know-how through live webcasts and video content. Over 7,600 employees registered for 15 sessions in 2020.

EMPLOYEE TRAINING AND DEVELOPMENT	2018	2019	2020
Total training investment (millions) ¹	\$73.9	\$78.1	\$63.4
Average training hours per full-time employee ²	42	40	37
Women	40.5	36.9	35.9
Men	44	43.1	38
Eligible employees that received a performance and career development review	96%	95%	96%

¹ Training travel and course fees were reduced due to the COVID-19 pandemic, and the decrease in internal training expenses in 2020 was largely driven by the shift from classroom to virtual delivery.

² Including only average full-time employees participating in training via our centralized Learning Management System.

Our global Performance and Development Policy outlines our rigorous performance development system. Focused on goal setting, transparency and ongoing coaching and feedback, this process allows employees to align, track and report against personal development goals, and provides a consistent measurement framework to recognize and reward high performance.

Fostering Employee Wellness, Health and Safety

Scotiabank offers a variety of benefit programs globally to support employees' total well-being and help them bring their best selves to work – and life – every day. These programs are based on local regulations, market practices and Scotiabank's commitment to ensure a safe and pleasant work environment for our employees. Some of these offerings include pension arrangements that provide long-term savings for retirement; employee share

Invested over \$63 million in training for employees in 2020

ownership plans; active benefit programs that provide health coverage such as medical, dental, life insurance and long-term disability; and other wellness policies designed to support the physical, financial, mental and social well-being of our employees such as paid vacation, parental leave and employee assistance programs. Please refer to pp. 19-22 in the Appendix: 2020 ESG Reporting Indices for additional data regarding workplace health and safety.

Throughout the COVID-19 pandemic, Scotiabank proactively and rapidly deployed extensive measures to ensure our premises remain as safe as possible while supporting the well-being of all employees. Some of these measures included:

- Enabled 80% of non-branch employees globally to work remotely by providing remote access to Bank systems
- Reconfigured workspaces to reduce density, increased sanitization and regular deep cleaning, protective plexiglass dividers in branches and distribution of hand sanitizer, personal protective equipment, wipes and cleanser
- Access to medical support and advice, including on-site or virtual consultations
- Prioritization of mental health support, including access to Employee and Family Assistance Plans, virtual mindfulness and meditation sessions, information sessions on self-care and parenting during the pandemic, access to counsellors and more
- Support for employees transitioning to remote work arrangements, including access to expertise on remote work and ergonomic best practices
- Provided additional paid personal days in a number of countries to support mental health as well as childcare and eldercare obligations
- Provided additional financial support for customer-facing employees in select jurisdictions and access to paid leave where necessary

Empowering Our Customers

Why it Matters

Financial service providers have an important role to play in enabling a better future for everyone. Each day we advance our customers' well-being by providing access to important financial services, products and advice that help individuals, families and businesses build financial resilience and achieve their goals.

USEFUL LINKS

[2020 Annual Report](#)

[2020 Public Accountability Statement](#)

[The Scotiabank Women Initiative](#)

[Bank Your Way Seniors Centre](#)

[Resources for Small Business](#)

[StartRight Program for Newcomers](#)

[Services for Aboriginal Peoples](#)

During the COVID-19 pandemic, while we kept 98% of the Canadian branch network open and approximately 90% of branches open in Latin America and the Caribbean, our previous investments in our digital transformation enabled us to be there for our customers while keeping employees safe. We launched initiatives to help customers better understand digital tools available to them, such as the Bank Your Way program, which increased digital adoption rates and helped foster a sense of confidence in online banking.

Additionally, the Bank's commitment to leveraging data and analytics for decision-making has helped inform our customer response programs during the COVID-19 pandemic. To better understand customers' financial vulnerability during the pandemic, Scotiabank's analytics teams built a model to calculate a vulnerability score for retail customers. Using this metric, Scotiabank built relief programs and proactively reached out to the most vulnerable customers to provide tailored financial advice.

Focusing on Customer Experience

Our goal is to be a leader in customer service and experience across the Americas. To help improve customer experience, we utilize The Pulse, our system which leverages Net Promoter Score (NPS) as the primary metric, enabling a global consistent approach for gathering real-time feedback and acting on it to improve customer experience. We sent over 14 million survey invitations and followed up with calls to approximately 548,000 retail and 7,700 commercial customers. The Bank's NPS in Canadian branches is up 11% and internationally we are seeing improvement of up to 52% across the Pacific Alliance markets of Mexico, Peru, Chile and Colombia. We are especially proud of our improved competitive NPS ranking in Canada, moving from fourth to third place.

During 2020, Scotiabank provided \$120 billion of relief to customers globally. Please refer to Scotiabank's 2020 Annual Report (pp. 10 and 26) for a summary of how we supported our customers, including businesses, during the COVID-19 pandemic.

BROADENING ACCESS TO FINANCE THROUGH DIGITAL INNOVATION

Scotiabank has embarked on a multi-year digital transformation with the aspiration to be a digital leader in the financial services industry. Innovation in digital banking is essential to being a leader in customer service

EMPOWERING OUR CUSTOMERS

as well as efficient operations. It can also support positive social impact by enabling greater access to financial products and services and streamlining community investment processes. To support this digital strategy the Bank has opened a Digital Factory in Toronto, Canada and in each of its key international focus markets: Mexico, Colombia, Peru and Chile. Examples of how Scotiabank's focus on digital is helping to improve the lives of our customers include:

- In January 2020, in collaboration with two other major banks in Peru and the technology company YellowPepper, we helped launch PLIN – the country's first digital real-time person-to-person payment platform. PLIN is an innovative solution for consumers that enables the transfer of funds between different banks at no cost and only using a cellphone number. Surpassing 1.9 million users in the first nine months on the market, PLIN helps to remove barriers for transferring money, reduces the country's reliance on cash transactions and makes people's lives easier.
- Scotiabank customers in Jamaica can now bank without worrying about mobile data charges or overages. Customers can use the Scotiabank Mobile App via both of the country's major telecom networks without incurring data charges.
- In Canada, a new Bank Your Way platform addresses key web-based tools and educates customers on how to get started with digital banking. Customers can learn

Scotiabank was awarded Best Bank in North America for Innovation in Digital Banking by The Banker magazine and ranked #1 for Online Banking Satisfaction in the *J.D. Power Canadian Online Banking Study*, driven by our commitment to delivering the best customer experience, and our focus on providing fast, easy-to-use and secure online banking services throughout the COVID-19 pandemic

how to handle more day-to-day tasks through mobile or desktop portals, which decreases the need to visit branches in person. Bank Your Way's interactive step-by-step demonstrations increase familiarity with digital tools in an engaging, visual way.

- The Scotiabank Women Initiative [Digital Hub](#) provides articles, stories, templates and training to drive growth and connection online for women entrepreneurs. In collaboration with Shopify, Google Canada, Facebook, HubSpot and LinkedIn, Digital Hub provides resources to help pivot and grow business within a new digital ecosystem.



Banking is now more accessible than ever – and it will continue to evolve thanks to digital. Opening an account or making a transfer has never been so easy and immediate. Through greater innovation and the use of data and analytics, we can help accelerate digital adoption and improve the customer experience, as we provide customers with relevant advice, and ensure safe and seamless banking.



Hanoi Morillo Villa
Vice President,
Digital Banking,
Scotiabank Colpatría
in Colombia

EMPOWERING OUR CUSTOMERS

ENABLING ACCESS TO FINANCE
THROUGH LOW AND NO FEE BANKING

Providing access to better financial services supports economic growth, social inclusion and well-being.

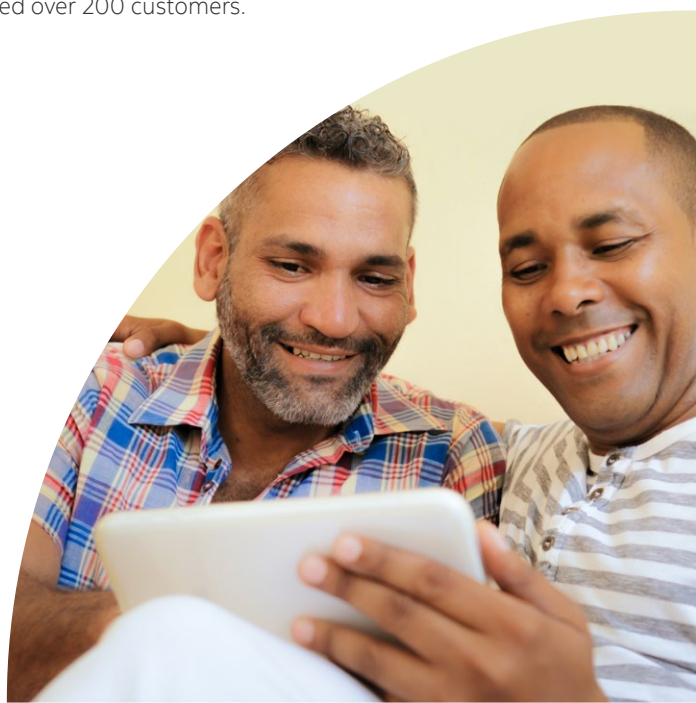
- In Chile, a series of new low-cost banking plans – ScotiaFull, Medium and Light – launched in 2020 that provide greater access to banking services at low cost with benefits that scale to customers' needs. For example, ScotiaLight plans are offered at low or zero cost and are tailored to students, senior customers and newcomers.
- In Peru, Scotiabank's Free Account allows free transactions throughout the country and withdrawals without commissions from all ATM machines of allied banks outside of Peru. The account requires no minimum balance and provides customers with an easy, secure alternative to cash. This year, these accounts also helped low income and unemployed individuals receive COVID-19 government assistance more easily. Approximately 886,260 new Free Accounts were opened by customers in 2020, bringing total Free Accounts opened in Peru to more than 2.7 million.
- At Scotiabank Colpatría, our subsidiary in Colombia, the Zero Fee account eliminates traditional transaction fees, minimum deposit amounts and consultation fees for customers. In 2020, more than 212,000 Zero Fee accounts were opened, for a total of more than 1.3 million opened by customers since the product launched in 2016.
- In Jamaica, we supported the government's focus on financial inclusion by offering the no monthly maintenance fees Scotia Care Access account to people receiving financial assistance.
- Other examples of access to financial products and services available in Canada can be found in Scotiabank's 2020 Public Accountability Statement at [Scotiabank.com/sustainability](https://www.scotiabank.com/sustainability).

SUPPORTING FINANCIAL GOALS
THROUGH EDUCATION

The COVID-19 pandemic highlighted the need for consumers to be financially aware and the importance of building their financial knowledge. Sixty-two percent of Canadians agree that getting financial advice is more important now than before the pandemic.¹ In 2020, we launched Advice+, a financial advice service for customers in Canada. The online self-service ScotiaAdvice+ Centre provides new resources and videos featuring Scotiabank advisors to help customers navigate topics such as paying off student debt, buying a home or starting a family, as well as investing and saving for the future. Similarly, in Colombia, Scotiabank Colpatría provides retail and business customers with self-directed financial education through the *EconoMÍA* (EconoMY) platform on its website. Articles, videos and webinars provide educational information on financial terms and definitions, making a financial plan, how taxes work and more.

Across the Americas, we shifted financial education and literacy initiatives to virtual models for retail and business customers. In Chile, we offered a family finance workshop and personal finance online course, reaching over 600 customers. In Costa Rica, we continued our commitment to the government to promote financial education for consumers and businesses, reaching over 2,000 customers through webinars and virtual training sessions focused on adapting a family budget during a pandemic and saving for an emergency. In Panama, a webinar series focused on important and timely topics for customers such as savings and making secure online payments, reached over 200 customers.

¹ The Scotiabank COVID-19 poll was conducted online between May 15-28 2020 with a nationally-representative sample of 1,009 adult Canadians (18+ years of age) who are the primary or shared decision maker for their household finances. The sample was drawn from the Nielsen Consumer Insights Online panel. The overall data has been weighted by age, gender and region to be representative of the Canadian adult population.



EMPOWERING OUR CUSTOMERS

Supporting Small Business

Access to financing continues to be a key ingredient in the creation, growth and productivity of small- and medium-sized businesses. In Canada, these businesses are an essential part of the economic fabric, representing 88.5% of employed individuals in the private sector in 2019.¹ We continue to support small business customers across the country with loans and lending solutions tailored to their individual needs.

Scotiabank was proud to announce support for the Government of Canada's Black Entrepreneurship Program in September 2020. This partnership includes other Canadian financial institutions and collectively commits up to \$128 million in lending capital for the program's Black Entrepreneurship Fund. Recognizing the barriers to economic success COVID-19 has placed on Black business owners, the Black Entrepreneurship Program will help direct capital into the hands of business owners and entrepreneurs. The fund will provide access to loans between \$25,000 and \$250,000, supporting the growth and increasing the potential of Black-owned and Black-led businesses in Canada.

Scotiabank was named the leading bank in the Bond COVID-19 Canadian Client impact study for Business Banking clients across both Small Business and Commercial Banking

In 2020, we were dedicated to supporting our small business customers, many of which were deeply affected by the COVID-19 pandemic. In addition to Customer Assistance Programs and enabling access to government relief programs (please refer to pp. 10-12 and 26-27 of the 2020 Annual Report), we initiated various efforts globally to offer additional support. In Canada, we expanded our small business virtual advice team, making it easier to get on-demand support with key banking questions, and enabling customers to open a variety of different accounts through our digital channels without having

to visit a branch. As part of a local initiative in Toronto, Scotiabank's Digital Banking team volunteered their time and expertise to help hundreds of small businesses to build and launch their online stores. We also sponsored the Canadian Federation of Independent Business' #SmallBusinessEveryday campaign to encourage consumers to shop local.

In Colombia, we moved financial education initiatives online and offered a webinar series to business customers focused on navigating a financial crisis and going digital, as well as business topics such as patents, copyrights and marketing. We also enabled small businesses to pivot their offerings to online shopping experiences. In Chile, where small businesses have fewer online sales, we sponsored the creation of an online marketplace, *Apaño tu PYME* (Supporting Your Small Business), where small businesses could gain increased visibility with free access to a sales channel and digital integration with their business.

Financial education is critical for running a successful business in the long term. Scotiabank partnered with the Private Sector Organization of Jamaica for the Access to Finance Facilitation Project, hosting several webinars and workshops with small businesses to help educate and raise awareness of financial services. In the Dominican Republic, we renewed the *Mi Empresa* (My Company) project in partnership with the Barna Management School for five years to provide training to small business clients on financial decision making, marketing, human resources and corporate governance. To date, this program has benefited 420 small business customers.

Supporting Women in Business

The Scotiabank Women Initiative™ is helping women take their businesses to the next level through access to capital, mentorship and education. In the first two years of the program, we deployed two-thirds of the program's three-year, \$3 billion commitment to women-owned and women-led businesses, and more than 2,500 women have been engaged through Un-Mentorship Boot Camps™, regional mini-boot camps and group mentorship sessions across Canada. In 2020, we launched a collaboration with Femmessor to offer free virtual advisory services to women entrepreneurs in Quebec, Canada who were affected by the COVID-19 pandemic. Also in Quebec, we teamed up with Réseau

¹ Innovation, Science and Economic Development Canada: https://www.ic.gc.ca/eic/site/061.nsf/eng/h_03126.html#2.1

EMPOWERING OUR CUSTOMERS

des Femmes d'affaires du Québec to launch educational networking series for women entrepreneurs. In Western Canada, the Initiative partnered with MNP LLP to provide women entrepreneurs with financial education on topics such as accounting, financial statements and money management. In late 2019, the Initiative expanded to provide specialized programming and support for Global Banking and Markets clients, and in 2020 launched the Good Corporate Governance Program with Scotiabank's Chief Corporate Governance Officer. Over three sessions, a group of senior women leaders from Scotiabank's clients explored best practices, Board effectiveness expertise and emerging trends, while enhancing their skills and potential as a Board director. In 2020, the Initiative expanded again to include Scotia Wealth Management clients.

In Chile, Scotiabank continued to recognize women leaders in business through the ninth annual Entrepreneurial and Career Awards that seek to recognize women entrepreneurs and women-led businesses from all over the country for their leadership, financial management and impact on their communities.

Aboriginal Banking in Canada

There are approximately 1.67 million people in Canada who identify as Indigenous (Inuit, First Nations, Métis).¹ Scotiabank operates 27 Aboriginal Banking Centres across Canada – including four on reserves – that provide Aboriginal communities and businesses with our full range of banking services. Scotiabank exceeded its target of 11% growth in its Aboriginal customer base, achieving a 19% increase from 2019. This success can be attributed to our commitment to understanding our Indigenous customers and communities in Canada. We have set a new target of 12% growth in 2021.

In 2020, we introduced a training module titled *Building Indigenous Cultural Competency* that is available to all employees (and mandatory for all people managers and those in customer-facing or human resources roles). This module helps employees better understand and serve our Indigenous customers and augments our Indigenous Cultural Competency program, a growing database of resources that allows employees to learn about the culture, histories and traditions of Indigenous peoples in Canada.



We proudly participate in the Canadian Council for Aboriginal Business' Progressive Aboriginal Relations review process and maintain our prestigious Gold Level standing. Scotiabank continues to be a proud member of the Canadian Chamber of Commerce Task Force on corporate and Indigenous engagement, with the goal of developing opportunities for Indigenous and non-Indigenous businesses to collaborate more effectively.

In September, we opened our third Gord Downie and Chanie Wenjack Legacy Space at a branch in Yellowknife, Canada, where members of the public can view Indigenous art and learn about the intergenerational trauma caused by the residential school system in Canada. We are the only financial institution in Canada to have Legacy Spaces open to the public as we work to further increase awareness and engagement on Canada's path toward reconciliation.

Newcomers to Canada

Scotiabank's StartRight program addresses the unique banking needs of newcomers in Canada and helps them establish a firm footing to reach their financial goals. In 2020, we added the no-fee Scotia International Money Transfer, enabling customers to send money abroad to friends and families in an easy, cost-effective and secure way. We also launched two new mortgage products for Permanent Residents who have been in Canada for five years or less allowing them access to the housing market with minimal income requirement and no credit history.

To address key concerns of newcomers to Canada during the COVID-19 pandemic, we added a COVID-19 Resource Centre to the StartRight website that includes helpful resources on topics such as getting ready to move, preparing for employment during and beyond COVID-19 and shopping safely. We published webinars on topics such as the economic outlook in Canada, and managing finances during a pandemic through our pre-arrival partners.

¹ Based on self-identification in the Government of Canada's 2016 census.

EMPOWERING OUR CUSTOMERS



Support for Seniors

At Scotiabank, we recognize and appreciate the meaningful contributions that seniors make to our communities, and we are committed to supporting them with their banking needs. In Canada, we appointed a Seniors Champion and continued to implement the Canadian Banker Association's Code of Conduct for the Delivery of Banking Services to Seniors. We formalized a new internal policy that defines how the Bank will support senior customers, and how we will support our employees and representatives in serving seniors. Resources were consolidated for customer-facing employees and representatives to help them assist seniors, with training scheduled to be delivered in 2021. Accessible or alternate document formats are available at the customer's request.

In response to the COVID-19 pandemic, we accelerated initiatives to promote digital banking in various regions. In Canada, we launched a new information hub called Bank Your Way, which includes a new Seniors Centre. In various markets, including Canada and the Caribbean, we proactively reached out to senior customers via calls, email and through digital training sessions to help with completing the online banking registration process and assist with daily banking needs like paying bills and transferring funds. During the pandemic, we offered priority in-person service for seniors and other vulnerable customers at branches, and customers aged 75 and over were offered priority access to our call centres.



Seniors are important to our communities and a valued customer segment for the Bank. We are keeping a keen eye on serving their diverse needs and continue to make efforts to improve their banking experience through all of our channels. During the pandemic, we introduced in-branch priority service, a priority line at our call centre for those 75 years and older, and online resources to help seniors adopt digital banking.”



Ahmad Dajani
Vice President,
Operating Practices
and Scotiabank
Seniors Champion,
Canadian Banking

Building Resilience in Our Communities

Why it Matters

Connected, supported communities in which people have access to resources and opportunities are an essential part of a strong economic and social fabric. When communities thrive, individuals, families and businesses – including ours – are better positioned for sustained success. The COVID-19 pandemic has impacted all communities where we operate, and we are committed to supporting them. We are helping to build healthy, resilient communities across our global footprint, prepared *for every future*.

USEFUL LINKS

[ScotiaRISE](#)

[2020 Public Accountability Statement](#)

Community Investment

Our community investments are targeted toward making an impact on the communities we operate in. In 2020, we contributed nearly \$85 million globally to communities through donations, community sponsorships, employee volunteering and other types of community investment. Some examples of our community investments in 2020 include:

- We contributed \$16.6 million to support people and communities most at risk during the COVID-19 pandemic including \$7.2 million in support of hospitals and healthcare professionals.
- We invested \$6.4 million in academic institutions across our major markets in the Americas. We partner with the best and brightest minds in academia to solve some of the world's most complex challenges. Our academic partnerships drive student participation in innovative programming while strengthening Scotiabank's pipeline for talent. Since 2017, we have invested more than \$24 million in academic partnerships.
- Our employees volunteered more than 168,962 hours globally. Scotiabank employees are engaged in their communities, and we encourage them to raise funds

for charities they believe in by matching a portion of funds raised through Bank volunteering programs. We are proud our employees continued their commitment to volunteerism in a year marked by challenges and uncertainty.

- As an Imagine Canada Caring Company, Scotiabank gives 1% of pre-tax profits to the communities where our employees live and work across Canada.



SUPPORTING COMMUNITIES IN THE FIGHT AGAINST COVID-19

In response to the COVID-19 pandemic, we listened closely to community needs across our footprint and acted swiftly to support those most impacted. We focused our philanthropic investments on community-based donations that supported local charities wherever possible. This helped to address the most critical needs that arose, including food insecurity, mental health and the need for medical equipment and protection. Some examples of these contributions across our global footprint include:

- Our commitment of \$400,000 to the United Way's COVID-19 Community Response and Recovery Fund supported work with local governments across Canada to connect a network of local community agencies to emergency response plans.
- Scotiabank and Tangerine teamed up with Maple Leaf Sports Entertainment, Rogers, Bell and national charity

BUILDING RESILIENCE IN OUR COMMUNITIES

Second Harvest to prepare and deliver up to 10,000 meals per day for front-line healthcare workers, their families and community agencies at the height of the first wave of the pandemic, transforming Scotiabank Arena into Toronto's largest kitchen. Scotiabank also opened its kitchen facilities at Scotia Plaza to provide additional support.

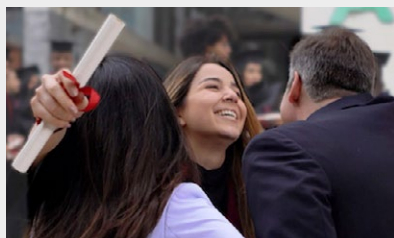
- In Mexico, our support for the *Fondo para la Paz* (Peace Fund) reached rural Indigenous communities in seven regions across the country where healthcare resources can be less accessible. Our investment of over \$100,000 helped to provide personal protective equipment (PPE) to staff of rural healthcare clinics and community caregivers of COVID-19 patients.

ScotiaRISE

We are committing \$500 million in community investment by 2030 to help people RISE.

ScotiaRISE is Scotiabank's 10-year, \$500 million initiative to promote economic resilience among disadvantaged groups. Through ScotiaRISE, we will support programs and partner with organizations across our footprint that provide the tools people need to improve their education and employment prospects, adapt to changing circumstances and increase the likelihood of financial success.

To help foster economic resilience, ScotiaRISE will invest in three important focus areas across the geographies where Scotiabank operates:



Increasing High School Graduation and Post-Secondary Participation

Helping disadvantaged youth to increase their employment prospects, life opportunities and full participation in the economy.



Helping Newcomers Feel at Home Faster

Fast-tracking the way to meaningful employment in order to support their contribution to the prosperity and social fabric of their communities.



Removing Barriers to Career Advancement for Disadvantaged Groups

Helping to enable their full inclusion and financial success.

For more information please visit our [webpage](#).

BUILDING RESILIENCE IN OUR COMMUNITIES

- Windmill Microlending is Canada's largest and most successful microlending program for immigrants and refugees. Our partnership and \$100,000 donation supported newcomers specifically interested in working in Canada's health care sector who also needed coaching and access to low-interest loans to complete their Canadian accreditation. When these skilled workers requalify as doctors, nurses, pharmacists, medical lab technicians and epidemiologists, they will help fill the growing labour market shortage created by the COVID-19 pandemic.
- In Chile, we invested CLP\$500 million (approximately \$830,000) in the Private Health Emergency Fund, an initiative of the Confederation for Production and Commerce, a cross-sector private health emergency fund that purchases medical equipment such as respirators, rapid tests and PPE and invests in local foundations that support vulnerable populations and food distribution in smaller rural communities.
- In Peru, we worked with our partners at Plan Peru to help deliver over 35,000 pieces of PPE to front-line medical professionals in over 35 hospitals and healthcare centres in different regions across the country. A significant portion of Scotiabank's donation came from employee giving, thanks to the help of the #YoPongo (I Give) campaign, a platform used to collect and channel donations in emergency situations.
- In Colombia, we continued our partnership with *Fundacion Cardioinfantil – Instituto de Cardiologia* (Cardio Infantil Foundation – Cardiology Institute) to invest part of our original USD\$220,000 donation in medical technology and equipment, including mechanical ventilation equipment for Intensive Care Units. We also helped provide rapid diagnostic testing equipment and PPE to protect front-line patient care workers.
- In the Dominican Republic, we made a series of donations to various organizations to help protect against COVID-19 in communities across the country, including to Heart Care Dominicana and UNICEF, benefiting over 170,000 people. Our contribution supported the distribution of food baskets, public health campaigns, PPE and the creation of support networks to reduce acute malnutrition in children, pregnant women and nursing mothers in various parts of the country.
- In the Caribbean, our donation of \$150,000 to the University Hospital of the West Indies in Jamaica helped purchase ventilators and other specialized medical equipment to improve the hospital's ability to treat critical patients experiencing respiratory difficulty. In Trinidad and Tobago, we supported 20,000 people through 17 charities focused on food relief, domestic violence counselling and helping schools adjust to new COVID-19 protocols.



Windmill microloans empower skilled immigrants and refugees to achieve their professional goals in Canada, making the cost of Canadian credentials and licensing affordable. Fifty-seven percent of Windmill loans support newcomers entering the healthcare professions – doctors, nurses and pharmacists who go on to support not only our healthcare system but also Canada's long-term prosperity.”

Claudia Hepburn

CEO, Windmill Microlending



BUILDING RESILIENCE IN OUR COMMUNITIES

In October 2020, Scotiabank and MD Financial Management in partnership with the Canadian Medical Association launched the Physician Wellness+ Initiative, with \$15 million targeted to address the urgent and ongoing health and wellness needs of physicians and medical learners. Earlier in the year, this partnership also committed \$4.6 million in emergency funds to support physicians during COVID-19.

ENABLING ECONOMIC RESILIENCE AND INCLUSION

We are committed to promoting economic inclusion for individuals across our footprint, making our communities more resilient, especially in times of crisis. In 2020, we partnered with a broad range of organizations addressing a diverse set of economic and social issues.

We continued our partnership with The 519 by investing \$500,000 over three years in economic resilience programs for LGBT+ community members across Canada. This will help increase employment readiness for LGBT+ refugees and has helped redevelop The 519's Creating Authentic Spaces toolkit – a guide that helps employers support social change and emphasizes the intersections of the LGBT+ and Black, Indigenous peoples and people of colour (BIPOC) communities. We also joined the global Tent Partnership for Refugees and have committed to mentoring 150 LGBT+ refugees over the next three years through our partnership with The 519.

We invested \$200,000 over two years with the Canadian Women's Foundation to support nine proven, high-impact programs focused on addressing poverty, gender-based violence, girls' empowerment and inclusive leadership. Our partnership also helped launched the Tireless Together Fund to help critical programs reach vulnerable women and girls facing economic hardships during the recession in Canada.

2020 was year two of a three-year \$750,000 commitment to support newcomer and immigrant youth through Pathways to Education. This donation supports newcomer and immigrant youth enrolled in the Pathways Program, who often experience feelings of isolation, language barriers and difficulty navigating an unfamiliar school system. Scotiabank's pledge helps to address these barriers by creating access to a network of community

support including English language tutors, settlement services and employment skills training – setting students up for long-term success in Canada.

In Peru, we have a longstanding partnership with CARE, a humanitarian organization committed to the fight against poverty. Our two-year, USD\$500,000 investment made in 2020 will help 1,100 women entrepreneurs improve technical and organizational skills to build resilient and sustainable businesses. Participants can access financial education and formal financing options to grow their businesses, boosting women-owned micro, small- and medium-sized enterprises across the country.

“

LGBTQ2S folks know how important community is for people's ability to not just survive, but thrive. Creating spaces for communities to come together, support each other and create positive change has never been more difficult or important as it is today.”

Curran Stikuts

Manager, Community Engagement, The 519



BUILDING RESILIENCE IN OUR COMMUNITIES



For 50 years, we have worked toward social justice and improving the living conditions of the most vulnerable populations in Peru, especially women and girls. Through the development of pilot projects using scalable models and processes, we find innovative solutions to help people rise above poverty.”

Marilú Martens

National Director of CARE Peru



In Chile, we continued to help advance digital innovation skills and promote the participation of women in science, technology, engineering and mathematics through our five-year partnership with Federico Santa Maria University in Santiago and Valparaíso. Our \$1.25 million investment created the Scotiabank Centre for Digital Transformation which will enhance research and development and benefit 2,000 students each year through hands-on initiatives including hackathons, capstone projects and internships in cybersecurity, artificial intelligence and data analytics.

We extended our commitment to support Next Canada’s strategic entrepreneurship activities. Next Canada provides education, funding and mentorship for entrepreneurs looking to solve global challenges

with artificial intelligence-enabled solutions. In 2020, we provided Next Canada with \$400,000 to continue supporting the country’s most exceptional entrepreneurs and innovators and to help remove injustices and biases entrepreneurs may face. The funds also established The Scotiabank Outstanding Contribution to Society Award to recognize a venture that has driven significant social and environmental progress.

We are in the second year of our partnership with Junior Achievement (JA) Americas, which is a \$1.3 million investment into financial education to prepare youth to be successful in a global economy in Latin America and the Caribbean. The Scotiabank-JA Road to Success 2.0 program is implemented annually in 13 countries and focuses on leadership development, innovation and design thinking and career development during the school year. Over 35,000 students will be impacted through this investment.

We recognize the need to develop and nurture the next generation of environmental leaders. For this reason, Scotiabank sponsors initiatives like Relay Education’s Green Collar Careers program, which builds awareness and capacity in Indigenous youth to pursue careers that positively impact the environment. We are proud to be the National Youth Programs Sponsor for Relay Education in Canada, helping to inspire over 18,000 people every year in building a 100% renewable energy future.

SUPPORTING DIVERSE AND INCLUSIVE COMMUNITIES

This year, citizens and civil society organizations called on corporations to condemn racism and address its negative effects. We are committed to fighting racism in our own organization as well as in the communities we aim to serve. In 2020, we directed community investment contributions toward providing tools and educational resources for BIPOC youth in areas where we operate.

Only 53% of youth in First Nations, Inuit and Métis communities in Canada currently graduate from high school. To help address this disparity, we leveraged our long-term partnership with Indspire – Canada’s largest Indigenous-led and Indigenous-focused charity – providing a \$600,000 contribution to provide Indigenous youth with access to financially and culturally relevant resources that address key educational barriers including access to networking, coaching and mentorship.

BUILDING RESILIENCE IN OUR COMMUNITIES



Indspire's North Star vision is that within a generation, every Indigenous student will graduate. We have a 35-year track record enabling First Nations, Inuit and Métis students in Canada to pursue their educational dreams through our Building Brighter Futures: Bursaries, Scholarships and Awards program and our mentorship programs."

Mike DeGagne

President and CEO, Indspire



We made a \$500,000 commitment to several organizations recognized for their leadership in the fight to eliminate racial discrimination within Canada and the U.S. For example, our partnership with the Careers Education Empowerment (CEE) Centre for Young Black Professionals in Canada works to unlock better job readiness and career development for Black youth. We have committed \$200,000 over three years to support programs and infrastructure at the CEE with a focus on Black youth facing multiple barriers to employment. With Scotiabank's support, CEE expects to help 260 Black young

With Scotiabank's support, CEE expects to help 260 Black young professionals in their pursuit of career development

professionals in their pursuit of career development and job readiness using holistic, person-centred and culturally relevant programs and services.

We launched a multi-year partnership with Harlem Children's Zone devoted to breaking the cycle of generational poverty in Central Harlem, New York. Our funding will support the organization's Center for Higher Education and Career Support, which promotes the success of Harlem-area youth by connecting them with more than 200 post-secondary institutions across the United States.

In addition, we leveraged our academic partnerships strategy to further advance anti-racism efforts. Examples of this include:

- A five-year, \$500,000 commitment to Ryerson University's DMZ Black Innovation Fellowship, which provides mentorship and networking opportunities to start-ups led by Black entrepreneurs.
- The newly established Scotiabank Program for Law Students (SPLS) will provide funding to students in six law schools across Canada who are interested in addressing systemic racism through a career in the legal profession. The scholarship will mobilize \$540,000 over five years to provide 18 students with a renewable scholarship, mentorship and career development opportunities.
- As part of SPLS, a \$60,000 commitment over three years was made to the University of Toronto Law School's Black Future Lawyers program with the goal of increasing the number of Black students who attend law school and join the legal profession.

BUILDING RESILIENCE IN OUR COMMUNITIES

HELPING YOUTH ACHIEVE SUCCESS
THROUGH SPORT

We believe youth development is an essential part of building resilient communities. Each year, we sponsor events and partnerships in our communities to help instill values like leadership, respect, integrity, teamwork, discipline and responsibility.

As Canada's Hockey Bank, Scotiabank invests in supporting youth on and off the ice. In 2020, we celebrated the 20th Annual Scotiabank Hockey Day in Canada and our 10th anniversary as title sponsor in Yellowknife, Northwest Territories, with three days of community hockey events. We also activated Scotiabank Girls HockeyFest in four markets across Canada with over 2,100 girls participating. Scotiabank Girls HockeyFest expanded to provide online content related to hockey, nutrition and other topics when programming wasn't available in person due to COVID-19.

The Scotiabank Futbol Club (SFC) brings football-based youth and community programming to countries across Latin America and the Caribbean. Since 2014, SFC has reached almost 500,000 children. In early 2020, Scotiabank and Concacaf completed the second edition of the NextPlay Cup, providing boys and girls in the Caribbean with an opportunity to learn, practice football skills and develop values like hard work, fair play, teamwork and respect. This friendly football competition reached 1,750 boys and 750 girls across Jamaica, The Bahamas, Barbados and Trinidad and Tobago. In addition, Scotiabank is the official sponsor of the Liga Nacional Femenil Amateur Scotiabank in Mexico, supporting the women and girls Under-13 to Under-20 categories of the Mexican Football Federation's Amateur Sector. Over the past three years, more than 5,000 young women across 33 Mexican states participated – and we aim to reach another 30,000 over the next three years.



Governance



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2020 HIGHLIGHTS

- For the third consecutive year, achieved top 1% in Corporate Governance among financial institutions globally according to the Dow Jones Sustainability Index, and awarded a perfect score on Anti-Crime Policies
- 46% of Board Directors are women
- Completed a corporate human rights assessment to evaluate progress since our 2016 assessment and better understand emerging human rights risks
- Joined the Canadian Aboriginal and Minority Supplier Council and became an Aboriginal Procurement Champion for the Canadian Council for Aboriginal Business to establish and strengthen relationships with Indigenous communities, businesses and peoples
- Completed a pilot program to offer specialized financial products to survivors of human trafficking, with plans to expand in 2021
- Launched a COVID-19 focused cybersecurity taskforce that processed tens of thousands of early warning indicators of possible compromise

Trust at the Top of Our Business

Why it Matters

Integrity and accountability are vital to our success, which is rooted in ethical conduct and a strong risk culture. We take a principled approach to corporate governance and are committed to leading practices to protect the interests of shareholders and maintain the trust and confidence of our employees, customers and communities.

USEFUL LINKS

[Corporate Governance Policies](#)

[Board of Directors](#)

[2020 Annual Report](#)

[2021 Management Proxy Circular](#)

[Scotiabank Code of Conduct](#)

[Whistleblower Policy \(enterprise-wide\)](#)

[Customer Codes of Conduct and Public Commitments](#)

[Ombudsman's Annual Report](#)

Board Diversity¹

Scotiabank's Board of Directors and management team actively invest to develop, promote and recruit leaders that reflect the diversity of our operations and the customers we serve. Board directors are regional, national and international business and community leaders who contribute world-class expertise across a variety of disciplines. We are proud of the gender, age, ethnic and global diversity reflected by our Board. As part of its approach to Board diversity, the Board aspires to have each gender comprise at least 30% of its members. Twelve of our 13 directors are independent, and six directors (46%) are women. In addition, we have strong gender diversity at many of our large subsidiary boards with women representing 50% of Scotia Capital directors, 67% of Tangerine Bank directors, 45% of the Board in Jamaica, 43% in Colombia, 40% in the United States, 38% in Peru and Europe, 33% in Ireland and Trinidad and Tobago, 20% in Mexico and close to 20% in Chile.

Risk Culture

Effective risk management requires a strong, robust and pervasive risk management culture where every Bank employee is a risk manager and is responsible for managing risks. The Bank's risk culture is influenced by numerous factors including the interdependent relationship amongst the Bank's risk governance structure, risk appetite, strategy, organizational culture and risk management tools. A strong risk culture promotes behaviours that align to the Bank's values, supports sound risk taking and enables employees to identify risk taking activities that are beyond the established risk appetite. The Bank's Risk Culture Program is based on four indicators of a strong risk culture:

- **Tone at the Top** – Leading by example including clear and consistent communication on risk behaviour expectations, the importance of Scotiabank's values, and fostering an environment where everyone has ownership and responsibility for "doing the right thing."
- **Accountability** – All employees are accountable for risk management. There is an environment of open communication where employees feel safe to speak up and raise concerns without fear of retaliation and consequences for not adhering to the desired behaviours.
- **Risk Management** – Risk taking activities are consistent with the Bank's strategies and risk appetite. Risk appetite considerations are embedded in key decision-making processes.
- **People Management** – Performance and compensation structures encourage desired behaviours and reinforce the Bank's values and risk culture.

¹ Board diversity figures are reported as at October 31, 2020.

TRUST AT THE TOP OF OUR BUSINESS

Responsible and Ethical Conduct

The Scotiabank Code of Conduct (the Code) describes the standards of conduct required of employees, contingent workers, directors and officers of Scotiabank and its direct and indirect subsidiaries located in various regions around the world. It is an important tool for maintaining and strengthening trust.

The Bank requires individual attestation to the Code on an annual basis and we formally review the Code every two years at minimum. In 2020, we revised the Code to improve clarity and alignment with other Scotiabank policies and to address conduct in a remote working environment. The 2020 Code training and acknowledgment included addressing adherence to the Code and standards when working remotely or off Bank premises. In addition to the Code training, a separate Anti-Bribery and Anti-Corruption (ABAC) training is also required for all employees as part of the Global Mandatory Learning cycle.

TRAINING	2020
Employees that attested to the Scotiabank Code of Conduct ¹	100%
Employees that completed training on anti-bribery and corruption	99.8%

¹ As at December 31, 2020. Excludes approved exceptions.

Employees, officers, directors and contingent workers must be able to raise any and all workplace concerns and we provide numerous options for them to do so through the Bank's Raise-a-Concern program, including:

- Raise concerns directly with a manager and/or supervisor, with an option to escalate to senior management directly
- Contact a human resource representative online or via telephone
- Seek support from the Staff Ombudsman Office, which provides anonymous, off-the-record assistance with work-related issues
- Submit a report anonymously through an independent third-party hotline accessible 24/7 in all countries where the Bank operates or by emailing whistleblower@scotiabank.com

Scotiabank's Whistleblower Policy (enterprise-wide) was enhanced and re-approved by the Board of Directors in 2020. New mechanisms were implemented to strengthen the governance of the Whistleblower Policy and Raise-a-Concern program and improve the experience of individuals raising concerns. The Policy continues to articulate the Bank's commitment to providing confidential and anonymous channels to ensure workplace matters are addressed and effectively investigated and are free from retaliation. Retaliatory behaviour and actions are never tolerated.

Scotiabank is focused on the needs of our customers – we do not compromise ethics for the sake of meeting sales, profit or other targets or goals. This core value is stated clearly in the Code and is also articulated by our Global Sales Principles. Scotiabank is committed to several voluntary codes of conduct and public commitments designed to protect consumer interests, available on our website. We monitor and enhance our sales practices and processes regularly to ensure we meet our customers' needs. The Global Sales and Specialized Incentive Plan Design framework ensures incentive plans are designed, reviewed and governed in accordance with the Code, the Global Sales Principles and the guidance of various regulatory authorities. We also ensure plans are in line with the Bank's risk appetite. In 2020, mandatory trainings were completed on the Global Sales Principles by employees, in addition to business-specific sales training.

Scotiabank's Global Sales Principles

- 1 Put our customers first.
- 2 Be an ambassador for the Bank.
- 3 Be transparent with our customers.
- 4 Always get our customers' consent and protect their information.
- 5 Keep our customers and our Bank safe.
- 6 Act honestly and with integrity.

TRUST AT THE TOP OF OUR BUSINESS

We value hearing from our customers about what we can do better and actively seek feedback. If a customer is unable to resolve a concern at their local branch or through our contact centre, they may raise the issue to the Office of the President or to the Office of the Ombudsman. The Office of the Ombudsman undertakes an independent review of complaints from retail and small business customers in Canada that could not be resolved in the first two steps of [Scotiabank's Complaint Resolution Process](#).

Governance of Social and Environmental Issues

Oversight of our environmental and social impacts is a shared responsibility of management and the Board of Directors. The Corporate Governance Committee of the Board has oversight of the Bank's ESG strategy and reporting, including evaluating our environmental and social performance and assessing best practices for ESG disclosure.

The Committee examines current and emerging ESG topics, considers their implications on the Bank's strategy and reviews the annual ESG Report. The Corporate Governance Committee acts in an advisory capacity through a continuing assessment of the Bank's approach to corporate governance and makes policy recommendations, including on topics such as human

rights. In 2020, the Committee reviewed material at meetings in February and August, informing the Bank's ESG approach and ensuring it is well aligned to overall corporate strategy and market trends. The full Board of Directors reviewed progress on Scotiabank's Climate Commitments in October.

Executive responsibility for the ongoing monitoring, assessment and management of the risk environment and the effectiveness of the risk management framework resides with the Chief Risk Officer, who reports directly to the CEO and has unfettered access to the Risk Committee of the Board. The Risk Committee of the Board retains oversight of enterprise risks including climate-related risks. Climate-related risks are disclosed in a quarterly Enterprise Risk Management report. The Risk Committee of the Board periodically reviews and approves the Bank's key risk management policies, frameworks and limits to make sure that management is operating within the Bank's Enterprise Risk Appetite Framework.

The Audit and Conduct Review Committee of the Board oversees climate-related disclosure as part of our financial reporting, sets standards of conduct for ethical behaviour and oversees conduct risk management.

The Human Resources function has management responsibility for diversity, inclusion, leadership, succession planning and total rewards. The Human Resources Committee of the Board oversees these subjects including ensuring that our compensation programs are consistent with our risk management programs. In 2020, the Committee oversaw the leadership strategy and succession planning process, which includes key accountabilities for increasing the representation of women and visible minorities at senior management levels.

The Bank's corporate governance policies are overseen by the Corporate Governance Office and Corporate Secretary and are designed to ensure the independence of the Board of Directors and its ability to supervise management's operation of the Bank, including as it relates to environmental and social topics.



Advancing Human Rights

Why it Matters

Human rights are universal and every person around the world deserves to be treated with dignity and equality. With “respect” as one of the Bank’s core values, we have a responsibility to respect and promote human rights in our business activities and operations, in our hiring practices, how we develop and deliver financial products and services and in the supply chain – *for every future*. Our global Human Rights Statement outlines that human rights are a central tenet of our business and a cornerstone for sustainability and stakeholder trust.

USEFUL LINKS

[Human Rights Statement](#)

[Supplier Code of Conduct](#)

[Anti-slavery and Human Trafficking Statement](#)

Further, the Scotiabank Anti-slavery and Human Trafficking Statement¹ outlines the Bank’s processes to avoid slavery and human trafficking. In 2020, we commissioned an external review of policies and processes to affirm this important human rights commitment and regulatory requirement.

Human rights are integrated into Scotiabank’s Global Mandatory Learning program for employees. In 2020, over 78,000 hours of training related to human rights topics such as accessibility, safety, inclusion and the Code of Conduct were completed.

Our Commitment to Human Rights

Our Human Rights Statement articulates our approach to fulfilling the commitments we have made as an employer, financial services provider, business partner and community member. We are committed to upholding the UN Guiding Principles on Business and Human Rights, which provide a clear framework for embedding human rights into our value chain. In 2020, we joined Business for Social Responsibility’s human rights working group to share best-practices, challenges and lessons learned with other global companies. Building on a human rights assessment completed in 2016, we initiated a new assessment in 2020 to evaluate progress against our 2017-2020 priorities. This process involved internal and external stakeholder engagement to identify new and emerging issues and further address our most salient human rights impacts, risks and opportunities.

Equal Pay

As part of our commitment to diversity and inclusion, and discrimination-free decision making, we review and analyze information in relation to gender and remuneration. A thorough review of our Canadian business was conducted in 2020 as part of our focus on human rights.

In order to ensure a like-for-like comparison, we reviewed total median remuneration by gender for roles at the same level in Canada. Overall, the trend remained flat year-over-year as the table on the following page demonstrates. The analysis found less than a 4%

¹ This Statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 UK and constitutes the Bank’s Slavery and Human Trafficking Statement for the Bank of Nova Scotia and Scotiabank Europe PLC in respect of the financial year ending October 31, 2020.

ADVANCING HUMAN RIGHTS

variance predominantly as a result of demographic and role differences. We maintained a variance of 1% within junior roles, our largest population, and slightly higher than this for the more senior roles. 2020 was an unusual year, with many of our Human Resources initiatives being impacted due to economic conditions, and as such, we recognize we still have more to do to close this gap across our population. We remain committed to ensuring remuneration design and decision making is fair, transparent and performance based.

As part of our annual review we also studied the allocation of base salary adjustments, incentive awards and individual performance assessments for 2020 across women and men. We identified a marginal difference overall in favour of women compared to men, except at the managerial level where the annual salary and variable pay results were marginally in favour of men due to the higher representation of men in specialty/technical fields. The proportion of employees receiving an incentive award was the same for both women and men.

We continue to provide line managers with training and tools to support bias-free decision making and continue our efforts in accelerating the advancement of women into senior roles. We believe addressing the lower representation of women in senior roles is key to addressing the variance at this level. We recognize there are some areas within the Bank that are less balanced on gender than others, and we have several programs in place to increase diversity and inclusion across the Bank. By strengthening our talent pipeline and ensuring all employees have equal access to advancement opportunities, we aim to build a high performing team and be recognized as a leader in business performance. As part of our commitment to strengthening the pipeline, we have published our diversity and inclusion goals which includes increasing the representation of women in senior leadership (VP+) to 40% globally over the next five years. Please see p. 33 for more information.

TOTAL MEDIAN REMUNERATION¹

Role ²	Women % Relative to Men
Vice President, Senior Vice President	97%
Management – Seasoned Professional	96%
Professional, Administrative and Operational	99%

¹ Total remuneration includes base salary, short-term incentives and long-term incentives (where applicable).

² To ensure a like-for-like comparison, all employees in full-time roles within Canada were included, excluding those in front-line sales or participating in specialized incentive plans.



ADVANCING HUMAN RIGHTS

Managing Our Supply Chain

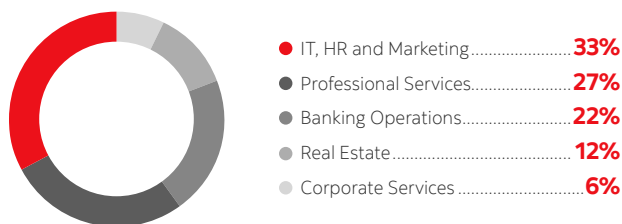
As an international bank, Scotiabank partners with approximately 20,000 suppliers globally and procured goods and services totalling \$5.9 billion in 2020. Our Supplier Code of Conduct (Supplier Code) sets expectations for all current and prospective suppliers related to ethical and responsible business conduct, human rights and environmental stewardship. ESG issues and risks are integrated into our procurement and third-party risk management processes. All new and existing suppliers who participate in a formal request-for-proposal are assessed and evaluated on quantitative and qualitative criteria that include ESG factors.

The Supplier Code is reviewed formally every two years, and in 2020 was updated to reflect our expectations related to supplier diversity and equity, environmental stewardship and climate change, data protection, anti-bribery and corruption and anti-money laundering.

The Bank's master service agreement contract template includes language that requires suppliers to comply with the Supplier Code. In 2020, we developed new Know Your Supplier assessment questionnaires that will help evaluate supplier employment practices in the area of human rights, with implementation to begin in 2021. For example, questions will request information on the countries of operation of any subcontractors, suppliers' employee turnover rate, and if there have been any significant investigations, fines or penalties related to child labour/human trafficking, labour standards and health and safety.

In 2020, we took steps to promote business relationships with diverse suppliers across the enterprise. We secured a corporate membership with the Canadian Aboriginal and Minority Supplier Council and became an Aboriginal Procurement Champion for the Canadian Council for Aboriginal Business' Aboriginal Procurement Strategy. We intend to pursue or extend partnerships with other key certifying organizations.

SCOTIABANK'S SUPPLIER SPEND BY CATEGORY



Keeping the Bank Safe and Protecting Our Customers

Why it Matters

Trust is the foundation on which banking is built. As a major participant in the financial system, we have a role in ensuring that banking and financial systems operate efficiently and securely, and that customers can bank with confidence. This includes protecting personal information, helping to protect against fraud and fight financial crime and ensuring ethical advancements in technology.

USEFUL LINKS

[Safe Computing Practices](#)

[Statement on Scotiabank's AML Program](#)

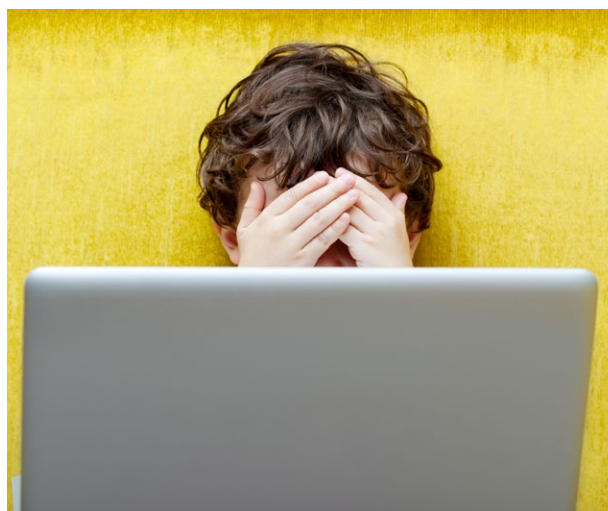
[Statement on Scotiabank's Sanctions Policy](#)

[Privacy Commitment](#)

Combating Financial Crime

Financial crime refers to a range of activities including fraud and money laundering. The Bank has no appetite for knowingly allowing its products or services to be used to facilitate money laundering, terrorist financing, human trafficking or any activity that is prohibited by laws and regulations. We are committed to sustaining secure financial systems in the countries in which we operate by continuing to use a risk-based approach, investing in strengthening our defenses and improving data and risk intelligence.

In 2020, we published an enterprise-wide anti-money laundering (AML) and anti-terrorist financing (ATF) Statement which summarizes our commitment and international approach to combating financial crime. The Bank's Know Your Client policies and programs are an important part of this. Scotiabank's Chief AML Officer is accountable for the design and operation of the AML program and has unfettered access to Executive Management and the Board. All employees are required to complete mandatory annual training on AML, ATF and sanctions.



As a leading bank in the Americas, we have an important role to play in improving the effectiveness of AML and ATF efforts across the financial sector to protect our customers, communities and the Bank. Through innovative financial products and services, global and national multi-stakeholder partnerships and awareness raising campaigns, we can help to protect human rights and combat crime. For example:

- Scotiabank is helping to increase access to financial services for survivors of human trafficking by advancing a successful pilot completed in 2020 with the Financial Access Project. As part of a new specialized retail program in 2021, survivors will have access to a tailored credit card offering and customized financial education training, in addition to a free, unlimited chequing and savings account to support their journey to recovery.

KEEPING THE BANK SAFE AND PROTECTING OUR CUSTOMERS

- In early 2020, Scotiabank spearheaded the development of Project Shadow, a public-private partnership designed to combat online child sexual exploitation by enhancing methods to detect, report and disrupt transactions suspected of being connected to money laundering. The partnership, co-led by Scotiabank and the Canadian Centre for Child Protection, is supported by the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) with participation from major financial institutions and law enforcement agencies in Canada. In December 2020, FINTRAC announced an Operational Alert that lists money laundering indicators related to online child sexual exploitation to help reporting entities identify and report this crime. By the time of that announcement, Project Shadow had enabled FINTRAC to provide more than 40 financial intelligence



Through our participation and leadership in public-private partnerships, like Project Shadow, Scotiabank is helping to shine a spotlight on the dark nature of online child exploitation and its criminal use of the financial system. Our collective efforts to increase awareness, identify typologies and facilitate reporting to law enforcement will make an immeasurable difference to those communities that we serve.”



Stuart Davis

Executive Vice
President and Global
Head, Financial Crimes
Risk Management

disclosures to its law enforcement partners in relation to online child sexual exploitation.

- In December 2020, Scotiabank joined the WePROTECT Global Alliance, a global public-private partnership dedicated to tackling online child sexual exploitation and abuse that shares the Bank's interest in helping Latin American and Caribbean communities stop the online sexual abuse of children.
- In Colombia, Scotiabank Colpatria launched an internal awareness campaign for employees focused on anti-money laundering, titled *No te dejes contagiar* (Do not get infected). The innovative campaign drew parallels between the prevention measures needed to prevent the spread of COVID-19 and the prevention measures required to protect against money laundering. The campaign won Best Digital Campaign, awarded by the UN Office on Drugs and Crime.

Ethics in Technology and Artificial Intelligence

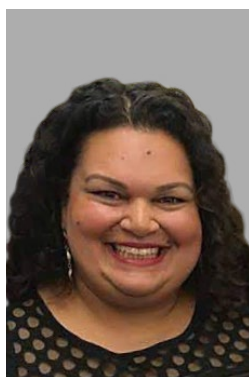
Harnessing the power of technology and artificial intelligence (AI) in banking technologies has the potential to dramatically enhance the customer experience and drive operational efficiencies. Although the banking industry is in the early stages of deploying AI, Scotiabank has begun to establish an ethical foundation for the use of AI technologies in our operations through our Guiding Principles for AI.

In 2020, we formalized an AI Governance Policy that outlines our commitment to govern AI life cycles responsibly and with an emphasis on business performance and customer experience. The first cohort of more than 40 employees completed the Trusted Data and AI for Canadian Business certification that is designed specifically for Scotiabank employees and launched in collaboration with Queen's University in Canada and the IEEE, the world's largest technical professional organization. We also developed new internal training options in 2020, adding an AI Ethics module to our internal learning platform, partnered with Deloitte to deliver a data ethics workshop for executives, and had over 400 employees attend a virtual information session on AI and ethics. In 2020, we announced the use of a new Global AI Platform that provides customers with intelligent and personalized financial advice.

KEEPING THE BANK SAFE AND PROTECTING OUR CUSTOMERS

“

The cornerstone of innovation within banks and financial institutions will be rooted in the ethical use of data and artificial intelligence, to foster and maintain a trusted relationship with customers. Putting ethics and customer protection at the centre of how we develop and use technology is an enabler of innovation, not a barrier or a box to check off.”



Elizabeth Chacko
Vice President,
Data and Artificial
Intelligence Risk

Data Privacy and Security

Scotiabank has established a robust data privacy program that is designed to protect the personal information entrusted to us by our customers. Our Privacy Commitment formalizes the principles of our approach to using customer information responsibly and keeping customers' data safe. The Bank's Privacy Risk Management Framework approved by the Board in 2019 and the Privacy Risk Management Policy detail the principles and specific policies and procedures that form our global approach to managing privacy risks, ensuring regulatory compliance and safeguarding our customers' trust. This Policy is developed in accordance with national and global best practice standards, including

those set out by the Canadian Standards Association and the Organisation for Economic Co-operation and Development, and is reviewed every two years.

The Bank manages privacy events, including those involving third parties, according to a clear and comprehensive set of steps laid out in the Privacy Incident and Breach Management Procedures. All privacy events must be escalated according to the Procedures in order to determine the level of severity and the necessary steps for mitigating any risks to those impacted and/or to the Bank.

We continue to support all employees with tools and resources to ensure the Bank's privacy standards are upheld every day, including through mandatory online training required for all employees, new guidance on protecting customer privacy when working remotely, and enhanced specialized training on privacy impact assessment and privacy incident and breach management.

Scotiabank's annual global 2020 Privacy Awareness Week was extended to the full month of May, during which we launched a toolkit on our Privacy Commitment to help make all employees aware that they play a critical role in ensuring customer and employee personal information remains safe.

PRIVACY

2019 2020

Total number of substantiated ¹ complaints received concerning breaches of customer privacy (global)	13	8
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¹ "Substantiated" is defined as having met regulatory reporting thresholds. See p. 24 in the Appendix: 2020 ESG Reporting Indices for additional details. None of these reported privacy breaches caused significant economic, environmental or social impacts or substantively influenced the assessments and decisions of stakeholders.

KEEPING THE BANK SAFE AND PROTECTING OUR CUSTOMERS

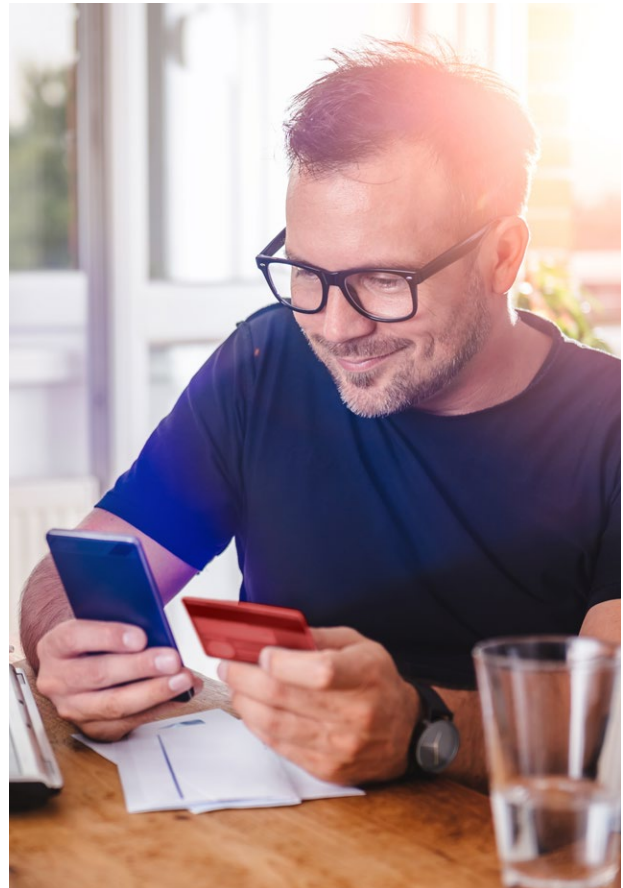
Cybersecurity

Cybersecurity continues to be an important priority for Scotiabank, particularly throughout the global pandemic as digital banking increased. To help safeguard our customers, we have implemented robust processes to detect and respond to preemptive cyberattacks, risks and threats. Cybersecurity is a cornerstone of our risk management program and essential to our financial crime prevention program.

We maintain a suite of policies that articulate the Bank's approach to security, including the Information Security Policy, Cybersecurity Policy and the Information Security Governance Framework, developed in alignment with the National Institute of Standards and Technology (NIST). Scotiabank's Chief Information Security Officer leads the Bank's global cybersecurity strategy and reports to the Board on a quarterly basis on security risks. In 2020, Board directors completed additional cybersecurity training via a series of videos featuring employees discussing topics such as identity theft, knowing our attackers and cloud security.

With the increased risk of COVID-19-related fraud and other cybercrimes, we assembled a COVID-19-focused cybersecurity taskforce in early 2020. The multi-disciplinary taskforce worked collaboratively to detect and eradicate active COVID-19-related cyber threats, processing tens of thousands of early warning indicators of possible compromise. The taskforce also collaborates with industry partners and communities to exchange cyber threat intelligence to improve timely detection and remediation against threats.

To support employees and promote cybersecurity awareness and education, we launched a new online cybersecurity resource hub to complement the annual mandatory cybersecurity training that all employees must complete. We increased the volume and frequency of employee phishing awareness campaigns globally and developed and launched a phishing learning module to help foster the cyber risk management culture that continues to keep the Bank, our customers and employees safe. Annual Cybersecurity Awareness Month in October was kicked off by the CEO and included virtual sessions on important topics such as women leaders in technology, ransomware and data protection.



Material ESG Topics and Stakeholder Engagement

We strive to address the ESG topics that matter most to our business and stakeholders, and those on which we deem to have the greatest positive impact.

Scotiabank regularly monitors ESG topics that could potentially have an impact on the Bank, or which the Bank may influence in society. In 2020, in partnership with global sustainability consultant Business for Social Responsibility (BSR), we conducted an ESG materiality assessment in order to validate and inform Scotiabank's current and future ESG strategy, deepen engagement with stakeholders and support our approach to ESG reporting and disclosure. The assessment integrated internal and external perspectives and had a strong focus on human rights. The assessment also identified emerging ESG topics that could become amplified in the future. We utilized a common methodology for completing an ESG materiality assessment:

1 IDENTIFY

We developed a long list of potentially material ESG topics that may affect the Bank and/or where the Bank may have a significant impact on society and the environment. To identify these issues, we drew extensively from internal and external sources including our business priorities and strategies, the Sustainable Development Goals, ESG reporting frameworks and standards including SASB, GRI and the TCFD, industry associations and collaborative initiatives, stakeholder priorities and the regulatory landscape.

2 ASSESS

To explore and assess the identified topics further, we conducted interviews with 58 leaders and subject matter experts inside the Bank, including across our Latin American footprint. The perspectives gathered in these interviews provided a deep understanding into how ESG topics can impact Scotiabank. To ensure an understanding of how the Bank can impact the identified ESG topics, we also completed research covering 80 stakeholder organizations, including NGOs, investors, peers and advocacy organizations. Interviews with experts from many of these organizations helped to provide alternative perspectives on specific ESG topics. A social and media monitoring tool was applied to validate insights gained from the desk-based research and interview processes on emerging ESG issues relevant to Scotiabank and the financial sector.

3 PRIORITIZE

In this stage, we identified common themes from the assessment and rated the potential significance of the ESG topics in terms of its impact to the Bank and the Bank's impact on society and the environment. We also sought an understanding of how different future scenarios could influence the prioritization of ESG topics. We conducted an exercise to determine which material topics could be amplified or moderated in different future scenarios, allowing us to highlight emerging, unpredictable and dynamic issues that could give rise to other material ESG impacts in the future.

MATERIAL ESG TOPICS AND STAKEHOLDER ENGAGEMENT

ENVIRONMENTAL	SOCIAL	GOVERNANCE
• Environmental impacts of lending and investing • Climate change risks • Operational environmental footprint	• Social impacts of lending and investing • Customer satisfaction • Disruptive technologies • Diversity, equity and inclusion in the workplace • Employee health and well-being • Employee working conditions • Financial inclusion and access • Local economic impact • Positive impact of banking products • Talent recruitment, development and retention	• Business ethics • Corporate governance • Consumer protection • Data protection • Responsible use of data • Financial system instability • Public policy and lobbying • Responsible procurement • Transparency
STAKEHOLDER GROUP	HOW WE INTERACTED IN 2020	ESG AREAS OF INTEREST IN 2020
Customers	• Proactive outreach to vulnerable customers during COVID-19 pandemic • Customer feedback through The Pulse survey and follow-up calls • In-person interactions through the Branch network • Digital banking products and services • Contact Centres • Social media	• Customer experience improvement opportunities • Support and advice during the COVID-19 pandemic • Financial inclusion and access to financial products and services • Community investment and philanthropy • Cybersecurity and data privacy
Employees	• Online through internal social networking platform, email and intranet • Conducted three listening sessions between more than 200 employees and executive management focused on diversity and inclusion, in which employees could share their experiences anonymously (79% of participants self-identified as BIPOC) • In-person and virtual town halls and team meetings • Virtual events celebrating Global Inclusion Days, for example Black History Month, LGBT+ Pride, National Indigenous Peoples Day and Orange Shirt Day, Mental Health Day and International Day of Persons with Disabilities • Regular engagement through employee survey – ScotiaPulse, including COVID-19-focused surveys	• Flexible and supportive work environment that values and prioritizes employees' physical and mental health • Resources and tools to adapt to remote working • Diverse, equitable and inclusive work environment • Opportunities for continuous learning and development of new skills • Human rights in the workplace • Knowledge and tools to continually enhance customer focus • Opportunities to connect with local communities and give back

MATERIAL ESG TOPICS AND STAKEHOLDER ENGAGEMENT

STAKEHOLDER GROUP	HOW WE INTERACTED IN 2020	ESG AREAS OF INTEREST IN 2020
Shareholders, investors, rating agencies and research analysts	• Management participation in virtual investor conferences • Shareholder proposals and inquiries • Annual general meeting and quarterly earnings update calls • Social media	• Impacts of COVID-19 pandemic on the Bank, its customers and broader economies • Acquisitions, divestitures and repositioning of the business • Share performance and valuation • Canadian housing and consumer indebtedness • Geopolitical and macroeconomic issues • Digital transformation • Financial instruments to support sustainability, e.g. Green Bonds • Harmonization of ESG disclosure standards • Human Rights and Indigenous relations • Executive compensation
Government	• Dialogue with policy makers and government officials • Public submissions to government consultations • Member of joint public-private sector Sustainable Finance working group of the Institute of International Finance • Canadian Standards Association Technical Committee for the development of a Green and Transition Finance taxonomy for Canada	• Cybersecurity and financial crime • Digital finance and data privacy • International trade • Diversity and inclusion • Sustainable Finance and climate change policy • Payments modernization in Canada
Suppliers	• Procurement procedures • Sustainability assessment of prospective suppliers • Third Party Risk Management program	• Supplier Code of Conduct • UK Modern Slavery Act and human rights • Environmental and social risk • Global Procurement Policy
NGOs, community development and advocacy organizations and academia	• Community partnerships • Virtual events and webinars • Employee volunteerism • Investment in academic partnerships • Work with Business for Social Responsibility on human rights	• Economic inclusion and resilience • Financial literacy and education • Donations and financial support during COVID-19 pandemic • Respect for Indigenous culture • Climate change
Global and national sustainability organizations	• Signatory of the UN Global Compact • Signatory of the UN Women's Empowerment Principles • Signatory of the UN LGBTI Standards of Conduct for Business • Signatory to BlackNorth Initiative CEO Pledge	• Human rights • Diversity, equity and inclusion • Transparency on ESG risks • Climate change and carbon pricing • Sustainable Development Goals

ESG Awards and Recognition

Scotiabank is proud to be recognized for our ESG performance through awards, inclusion on global sustainability indices and other recognitions.



ESG RATINGS AND INDICES:

- For the third consecutive year, included in the Dow Jones Sustainability Index (DJSI) North America, ranking highest in Financial Industry for Corporate Governance and Anti-crime Policy Measures
- Included in the FTSE4GOOD Index since 2001
- ISS ESG: Prime
- MSCI ESG: AA

ENVIRONMENT:

- Received a rating of A- from CDP recognizing the fiscal 2019 climate change disclosures
- MD Financial Management awarded one of Canada's Greenest Employers

SOCIAL:

- Received multiple recognitions from Great Places to Work for 2020 including as one of the World's Best Workplaces, Best Workplaces in Canada and Dominican Republic, Best Workplaces for Women in Peru and Best Workplaces for Mental Wellness
- Winner of two Benefits Canada Workplace Benefits Awards: Coronavirus and Benefits Award and Mental Health Award
- Named National Corporation of the Year by the CGLCC, Canada's LGBT+ Chamber of Commerce, as part of CGLCC's Business Leadership Awards
- Recognized by the Human Rights Campaign Equidad in Mexico and Chile for Mejores Lugares para Trabajar LGBT (Best Places to Work for the LGBTQ Community)

- Recognized by Aequales PAR in Peru and Colombia for leadership in gender equity
- Named one of Canada's Most Admired Corporate Cultures for 2020 by Waterstone Human Capital

GOVERNANCE, INNOVATION AND REPUTATION:

- Scotiabank was named Bank of the Year in Canada, Trinidad and Tobago, Barbados and Jamaica by The Banker magazine (a Financial Times publication)
- Scotiabank Chile named Bank of the Year by LatinFinance
- Bond COVID-19 Client Impact Study: #1 in Customer Satisfaction for Scotiabank's response to the COVID-19 crisis amongst Canadian business owners
- Winner of two Euromoney Awards for Excellence 2020: Latin America's Best Bank Transformation and Chile's Best Bank
- Retail Banking Security Innovation of the Year Award from Retail Banker International, recognizing the Bank's focus and investment in its Financial Crimes Risk Management program
- Recognized by Global Finance for Outstanding Crisis Leadership, and Best Bank in Trinidad and Tobago
- Named the Best Bank in North America for Innovation in Digital Banking by The Banker magazine
- #1 ranking in the J.D. Power 2020 Canada Online Banking Satisfaction Study, and #2 on mobile app satisfaction

