



# 2018 Sustainable Business Report

# About Scotiabank

Scotiabank is Canada's international bank and a leading financial services provider in the Americas. We are dedicated to helping our more than 25 million customers become better off 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. With a team of more than 97,000 employees and assets of CAD\$998 billion (as at October 31, 2018), Scotiabank trades on the Toronto Stock Exchange (TSX: BNS) and New York Stock Exchange (NYSE: BNS). For more information, please visit [www.scotiabank.com](http://www.scotiabank.com) and follow us on Twitter @ScotiabankViews.



## Our Strategic Agenda

**Our long-term strategic agenda includes five focus priorities:**

- Increase customer focus
- Enhance leadership depth, diversity and deployment
- Better serve our customers while enhancing enterprise productivity
- Drive a digital transformation
- Align our business mix with deeper customer relationships

For more information on the above please visit our website [www.scotiabank.com](http://www.scotiabank.com) or our 2018 Annual Report.



# About This Report

Scotiabank’s 2018 annual Sustainable Business Report shares our performance and achievements related to environmental, social and governance (ESG) factors and outlines how we engage with our stakeholders. We continue to evolve our approach in line with our stakeholders’ expectations. This year’s Sustainable Business Report focuses on priority ESG topics that Scotiabank and our stakeholders consider to be most important to the Bank, providing highlights of our progress in 2018 on our Sustainable Business priorities. Scotiabank has used the Global Reporting Initiative (GRI) framework for sustainability reporting since 2005. This report is prepared in accordance with the GRI Standards, fulfilling the requirements of a Core report. Scotiabank reaffirms its support of the Ten Principles of the United Nations Global Compact (UNGC) in the areas of human rights, labor, environment and anti-corruption. This report also constitutes our UNGC Communication on Progress and describes the actions we are taking to integrate the Ten Principles into our business strategy, culture and operations. Fundamental to this commitment is our global Human Rights Statement and approach.

[www.scotiabank.com/csr](http://www.scotiabank.com/csr)

## Scope of Reporting

The scope of reporting for this Sustainable Business Report and associated GRI Index includes information for the Fiscal Year 2018, from November 1, 2017, through October 31, 2018, for Scotiabank and its fully owned or major operating subsidiaries, unless otherwise stated. The report provides an overview of our priorities and selected initiatives for our fiscal year 2018.

## Companion Documents

The following documents are companion pieces to the Sustainable Business report:



[2018 GRI Index and UNGC Communication on Progress](#)



[Task Force on Climate-related Financial Disclosures \(TCFD\)](#)



[2018 Annual Report](#)



[2018 Management Proxy Circular](#)



[2017 Employment Equity Report – Canada](#)



[Public Accountability Statement \(PAS\) – Canada](#)

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## A Conversation With Our President and CEO

We sat down with our President and CEO, Brian Porter, to get his views on Scotiabank's 2018 Sustainable Business Report.

**Q** In your view, what is the role that banks play in society?

**A** I believe Scotiabank is an important part of the economic and social fabric of the communities in which we live and work. That means giving our 25 million customers a great banking experience and delivering for our shareholders. It also means making a positive and lasting difference for people across our footprint. The Bank has been giving back to our communities for almost 200 years – our employees should be very proud of that.

**Q** Why is Trust one of the pillars of our Sustainable Business Report?

**A** There is no question about the necessity of trust in our business. Trust is one of the most important assets we have – we will never take it for granted. We protect and maintain our customers' trust by acting ethically in everything that we do. Supporting our communities is another way that we demonstrate our values and maintain trust. By investing in our employees to prepare for a digital future, by partnering with communities and supporting young people, and by helping our customers reach their financial goals, we are reinforcing our role as a force for good in society.

**Q** Building on this foundation of Trust, how do our other sustainable business priorities support the Bank's Strategic Agenda?

**A** Our four sustainability priorities complement our focus on building a better bank over the longer term.

Economic inclusion is critical and multifaceted. It includes access to banking and financial services, as well as education about their finances. Economic inclusion is also about diversity – inside and outside the Bank. For example, we aspire to be the go-to bank for female business leaders. To that end, we

## A Conversation With Our President and CEO

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recently launched the Scotiabank Women Initiative, which provides female business leaders with access to capital, mentorship and education. Internally, we are working to create an inclusive culture to ensure that our current and future leadership team reflects our customers and employees. Last year we refocused the Scotiabank Inclusion Council, which I am very proud to chair. Supporting economic inclusion is helping us grow and establish a more diversified and resilient customer base and a more engaged workforce.

Assessing and managing the negative effects of climate change are also critical. We have been reporting annually to the CDP (formerly known as the Carbon Disclosure Project) since 2004 and have started to implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in this report and in our 2018 Annual Report. I should also note that in 2018, we financed more than \$8.5 billion to the renewable energy sector, up from \$4.7 billion in 2017.

The Bank is proud to work with many philanthropic partners that do tremendous work for young people in our communities. Our approach to supporting young people is focused on removing barriers to success, supporting programs that help build confidence and character, and initiatives that encourage young people to be leaders professionally and in their own communities. In 2018, Scotiabankers contributed more than 371,000 hours of volunteering and fundraising time in their respective communities and the Bank invested \$80 million in community organizations through donations, sponsorships and other forms of assistance. Of that, 70% was focused on our commitment to supporting young people.

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I believe Scotiabank is an important part of the economic and social fabric of the communities in which we live and work.

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**Q** What do you want readers to take away from the Bank's Sustainable Business Report?

**A** Firstly, I want readers to know that we are committed to being a force for good in the communities in which we live and work. It's a responsibility that we take seriously, and we look forward to sharing our progress. Secondly, I want our customers to know that we deeply value their trust and will never take it for granted. And finally, I want to thank our employees for their commitment to the Bank and our customers.



## A Conversation with the Chairman of the Board

Our Senior Vice President, Corporate Secretary and Chief Corporate Governance Officer, Julie Walsh, sat down with the Chairman of Scotiabank's Board of Directors, Thomas C. O'Neill, to discuss the evolution of CSR to Sustainable Business.

**Q** Tom, you have served as Chairman of the Board at Scotiabank for the past four years. What are you most proud of?

**A** I am very proud of our culture. A core component of that culture is how the Bank has continuously focused on building the trust of our customers. As directors, our fiduciary responsibilities speak directly to protecting our customers' interests. Our customers need to know and believe that protecting their interests and valuing the trust they have put in us is a continuous focus. That focus involves offering an exceptional experience, protecting data and respecting privacy, and ensuring we are delivering value-added products and services that help customers build their future prosperity. Maintaining our customers' trust also involves actively demonstrating how we create value for society and the communities where we operate. I'm proud of how our Bank has significantly improved in how we listen to our customers, which has been key to our success and will only intensify going forward.

I am very proud of our culture. A core component of that culture is how the Bank has continuously focused on building the trust of our customers.

**Q** How have you seen the importance of environment, social and governance (ESG) issues evolve?

**A** I think the Bank has long been a leader in corporate governance practices. But our focus on notable environmental and social issues has deepened considerably over the last few years. Both the Bank and our stakeholders have an increasingly sophisticated view of how ESG issues can both support the Bank's purpose, and how and where they may present risks. ESG issues are highly complex and interconnected and require a strategic and

## A Conversation with the Chairman of the Board

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multi-disciplinary approach in their management. We welcome continued and constructive engagement from investors and other stakeholders so that together we can tackle issues like climate change and human rights. We must continue to leverage our core competencies as an international financial institution to help create solutions to some of the world's most difficult challenges.

**Q** How should Scotiabank prepare for the next phase of its sustainability journey?

**A** We have made great progress and continue to evolve our governance and sustainability practices to reflect best-in-class standards. How our customers bank is always changing, and the role of financial institutions is evolving in exciting ways, presenting tremendous opportunities for us. Our goal is to be a leader in demonstrating the positive impact that banks can have while serving our shareholders over the long term. To deliver on this, responsibility starts at the top, with the Board of Directors and through the CEO and his management team, and we must ensure we are creating a diverse culture for employees to thrive, innovate and work together now, and in the future.

I am privileged to be a part of Scotiabank's 186-year journey, and am proud of our employees and customers for making Scotiabank the leading bank we are today.

# Sustainable Business

We believe banking is a calling. Financial services support economic progress, allow people to pursue ambitions and create more widespread future opportunities. We deliver on this through our focus on Sustainable Business.



## Commitment to Sustainable Business

As part of our commitment to sustainable business initiatives, we are supporters, signatories or members of the following:



\*Scotia Global Asset Management, MD Financial Management and Jarislowsky, Fraser Limited are signatories of PRI



# Sustainable Development Goals



The 17 UN Sustainable Development Goals (SDGs) collectively create an agenda to transform the world by overcoming barriers to economic, social and environmental progress by 2030. As an international bank, our activities have the potential to connect and influence many of the SDGs. Of the 17 SDGs, we identified six in which we can make the most progress.

Poverty can manifest in several ways – from social exclusion to a lack of participation in decision-making. Banks can help fight poverty by developing specialized products and services for vulnerable groups, supporting young people to become leaders in their communities and combatting financial crime.

**1** NO POVERTY



**3** GOOD HEALTH AND WELL-BEING



Ensuring healthy lives at all ages is essential to sustainable development. Banks can support health and well-being by ensuring employees and their families lead healthy and balanced lives, and by supporting community programs focused on mental and physical health, especially for young people.

Quality education provides an important foundation for sustainable development. When people are better informed, they can make better decisions for themselves, their families and the communities around them. Banks can leverage their core competencies in finance to promote financial knowledge and education, reaching out to customers directly and through partnerships with academic institutions.

**4** QUALITY EDUCATION



**5** GENDER EQUALITY



Providing women and girls with equal access to education, decent work and representation in political and economic decision-making benefits societies and humanity at large. Banks can play a direct role by actively fostering a culture of inclusivity, removing barriers for women in the workplace, and supporting businesses that champion gender equality with banking products and services.

Sustainable economic growth requires people to have quality jobs that stimulate the economy without harming the environment. Banks can support economic growth by increasing access to financial services that help lead to productive investments, and by investing in employees to help them prepare for the digital economy.

**8** DECENT WORK AND ECONOMIC GROWTH



**13** CLIMATE ACTION



Climate change is affecting every country on every continent. Banks can fight climate change by financing solutions to a sustainable future.

Learn more about the UN Sustainable Development Goals: [un.org/sustainabledevelopment/](https://un.org/sustainabledevelopment/)

# Value Chain and Impacts

Scotiabank seeks to create economic, social and environmental value for our stakeholders through our business. As a leading financial services provider with more than 97,000 employees and 25 million customers worldwide, we seek to conduct business in a way that enables all of our various stakeholders to create the future they want. Here are some of the ways in which we created value in 2018.



# Our Sustainable Business Strategy

We believe that the long-term success of our Bank and the world around us are fundamentally intertwined. By paying careful attention to the areas where we feel we can have the biggest impact – Trust, Climate Change, Economic Inclusion and Young People – we create economic, social and environmental value for our customers, employees, communities and our planet, while also delivering returns for our shareholders.



## Our Priorities

### TRUST

Building and enhancing trust by acting with integrity in everything that we do

### ECONOMIC INCLUSION

Enabling economic inclusion for our customers and employees

### CLIMATE CHANGE

Supporting the transition to a low-carbon economy

### YOUNG PEOPLE

Supporting young people in the community with resources to shape their future

# Material ESG Topics and Stakeholder Engagement

## Our Material ESG Topics

We strive to ensure we are addressing the ESG topics that matter most to our business and to our stakeholders, and on which we stand to make the greatest positive impact (our material ESG topics). In 2017, we worked with an external party to complete a stakeholder engagement process and materiality assessment using a dedicated digital platform in which stakeholders were asked to rank the importance of ESG topics. Responses were collected globally from employees, customers, investors, government, non-government organizations (NGOs), philanthropic partners and academic partners. Our material topics helped to inform the shaping of our Corporate Social Responsibility strategy, which included seven priorities. In 2018, we decided to refine these even further, to ensure we have a focused approach.

In 2018, through dialogue with senior management and external partners, we evolved the name of our strategy from Corporate Social Responsibility to Sustainable Business to reflect how ESG is both incorporated into the core of our business and also supports our long-term longevity. In addition, we narrowed our focus to the four priority areas we felt Scotiabank could have the biggest impact on – Trust, Climate Change, Economic Inclusion and Young People. We have mapped our previous material topics to these refined priorities. We plan to complete a thorough stakeholder engagement exercise and update of our material topics in 2019.

Priority	Description	Material ESG Topics
<b>Trust</b>	<p>Customers entrust us with their livelihood when they do business with us – so they expect us to act legally, ethically and with integrity – and rightly so. We lead with trust and adhere to strict corporate governance practices that let us respond to the diverse challenges, opportunities and interests facing our Bank.</p> <p>With every decision we make – whether upholding human rights, protecting our customers’ money, privacy and data or promoting a culture of inclusion – it’s through trust that we lay foundations for the future, helping us create and enable greater opportunity and progress for everyone.</p>	<ul style="list-style-type: none"> <li>• Governance of operations</li> <li>• Corporate structure</li> <li>• Transparency of operations and services</li> <li>• Human rights</li> <li>• Fair labor practices</li> <li>• Customer service</li> <li>• Data privacy and security</li> <li>• Fair design and sale of responsible products and services</li> <li>• Talent attraction, engagement and development</li> <li>• Sustainable/responsible procurement supply chain</li> <li>• Commitment to external sustainability/CSR initiatives</li> </ul>

## Material ESG Topics and Stakeholder Engagement

Priority	Description	Material ESG Topics
<b>Climate Change</b>	<p>Addressing climate change is an essential part of creating a sustainable future. As a bank, we can play a fundamental role in addressing climate change through our core business activities.</p> <p>By financing sustainable solutions that support the transition to a low-carbon economy, setting an internal price on carbon emissions and factoring climate change-related risks and opportunities into lending and investment decisions, we are helping lay foundations that will sustain us for decades to come.</p>	<ul style="list-style-type: none"> <li>• Environmental footprint (e.g. GHG emissions, paper use)</li> <li>• Environmental/social risk management in lending</li> <li>• Creation of products with environmental benefits</li> </ul>
<b>Economic Inclusion</b>	<p>From large increases in global population to widespread use of digital technologies, our world is changing rapidly. In a world where the only constant is change, we must thrive in change.</p> <p>We believe that building a better, more resilient future means supporting all of our stakeholders, as our success is intrinsically related to the success of those around us. Whether that means providing access to financial tools and education or supporting employees with a diverse, inclusive workplace where they can grow and succeed, we strive to enable economic inclusion for every customer and employee, providing them with opportunities to build the future.</p>	<ul style="list-style-type: none"> <li>• Financial education/literacy</li> <li>• Innovation/digitization</li> <li>• Financial inclusion/access</li> <li>• Creation of products with social benefits</li> <li>• Diversity and equal opportunity</li> <li>• Employee health and well-being</li> </ul>
<b>Young People</b>	<p>Long-term social and economic prosperity in our communities depends on future generations. When young people in the community succeed, families, businesses and entire societies are positioned to benefit for years to come.</p> <p>With the right support, children can realize their potential and unlock a future of sustained success that benefits, them, their family and their entire community.</p> <p>That's why Scotiabank invests in a range of programs that build young people's confidence, grow their character, and provide them with resources to shape better communities.</p>	<ul style="list-style-type: none"> <li>• Community investment and philanthropy</li> <li>• Health and well-being and education of youth</li> </ul>

## Material ESG Topics and Stakeholder Engagement

Listening to our stakeholders and understanding their interests and needs is essential to growing our business and delivering on our Sustainable Business priorities. We engage with stakeholders on ESG and other issues through a variety of methods and channels, both formal and informal, across the various business activities of the Bank.

### How We Interact With Stakeholders

Stakeholder Group	Topics of Interest in 2018	How We Interact
<b>Customers</b>	<ul style="list-style-type: none"> <li>• Sales practices</li> <li>• Cybersecurity and data privacy</li> <li>• Investments/financing in the energy sector</li> <li>• Sponsorships</li> <li>• Philanthropic community commitment</li> <li>• Access to banking</li> <li>• Problem or complaint resolution</li> <li>• Customer Experience improvement opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• Public engagement</li> <li>• Government and regulator engagement</li> <li>• The Pulse (NPS), ongoing customer feedback</li> <li>• Office of the Ombudsman; complaint resolution process</li> <li>• Social media</li> <li>• Contact Centre</li> <li>• Conference attendance and presentations</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Professional development and reskilling for a digital future</li> <li>• Human rights in the workplace</li> <li>• Knowledge and tools to enable even greater customer focus</li> <li>• Diverse and inclusive work environment</li> <li>• Local community support and volunteerism</li> </ul>	<ul style="list-style-type: none"> <li>• Online through internal social networking platform "Workplace," email and intranet</li> <li>• Town halls and team meetings</li> <li>• Annual engagement survey</li> <li>• Assessment of benefits used to determine most valued</li> <li>• Compensation benchmarking</li> </ul>
<b>Shareholders, Investors, Rating Agencies and Research Analysts</b>	<ul style="list-style-type: none"> <li>• Mergers and acquisitions</li> <li>• Share performance and valuation</li> <li>• Canadian housing and consumer indebtedness</li> <li>• Geopolitical and macroeconomic issues</li> <li>• Digital transformation</li> <li>• Taskforce for Climate-related Financial Disclosures (TCFD)</li> <li>• Human rights and Aboriginal relations</li> <li>• Gender Equality and Equal Pay</li> </ul>	<ul style="list-style-type: none"> <li>• First ever All-Bank Investor Day ran in February 2018</li> <li>• Management participation in investor conferences</li> <li>• Shareholder calls and one-on-one meetings</li> <li>• Shareholder proposals and enquiries</li> <li>• Annual meeting and quarterly earnings update calls</li> </ul>

## Material ESG Topics and Stakeholder Engagement

Stakeholder Group	Topics of Interest in 2018	How We Interact
<b>Government</b>	<ul style="list-style-type: none"> <li>• Cybersecurity and data privacy</li> <li>• International trade</li> <li>• Digital transformation of global financial sector</li> <li>• Diversity and Inclusion</li> <li>• Business competitiveness in Canada</li> <li>• Payments modernization in Canada</li> </ul>	<ul style="list-style-type: none"> <li>• Dialogue with policy makers and government officials</li> <li>• Public submissions to government consultations</li> <li>• Contributed to Canadian government External Panel on Sustainable Finance interim report</li> <li>• Member of joint public-private sector Sustainable Finance Working Group (SFWG) of the Institute of International Finance</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>• Supplier Code of Conduct</li> <li>• UK Modern Slavery Act and human rights</li> <li>• Environmental and social risk</li> </ul>	<ul style="list-style-type: none"> <li>• Sustainability assessment of prospective suppliers</li> <li>• Third Party Management (TPM) Program</li> </ul>
<b>NGOs, Community Development Organizations and Academia</b>	<ul style="list-style-type: none"> <li>• Helping young people thrive</li> <li>• Ensuring youth have access to job opportunities</li> <li>• Financial literacy and education</li> <li>• Support to local communities and academia</li> </ul>	<ul style="list-style-type: none"> <li>• Community partnerships</li> <li>• Conferences, events and webinars</li> <li>• Employee volunteerism and corporate volunteer days</li> <li>• Work with Business for Social Responsibility (BSR) on human rights</li> </ul>
<b>Global and National Sustainability Organizations</b>	<ul style="list-style-type: none"> <li>• Transparency on ESG risks</li> <li>• Carbon pricing</li> <li>• Gender equality</li> <li>• UN SDGs</li> </ul>	<ul style="list-style-type: none"> <li>• Public support of the Financial Stability Board’s Secretariat Taskforce for Climate-related Financial Disclosures (TCFD)</li> <li>• Participant in UN Global Compact Canada initiative on gender equality</li> </ul>

# Our Progress and KPIs

## Our Progress

We have identified targets to help drive continuous improvement for each Sustainable Business priority.

TRUST	2017 Performance	2018 Performance	2019 Target
<b>Board of Directors gender diversity</b>	33% female board members	38% female board members	Aspiration for each gender to be at least 30%
<b>Percentage of employees that attest to the Scotiabank Code of Conduct</b>	100%	100%	100%
ECONOMIC INCLUSION	2017 Performance	2018 Performance	2019 Target
<b>Percentage of women in VP+ roles</b>	Global: 33% (Canada: 39% Outside Canada: 20%)	Global: 34% (Canada: 39% Outside Canada: 21%)	Global $\geq$ 35%
<b>Increase in access to banking for Aboriginal communities (year-over-year; by customers; Canada)</b>	+7%	+10%	+10%
<b>Total small business loans (year-over-year growth; Canada)</b>	+9.2%	+11.4%	+15%
<b>Employee engagement score (global)</b>	79% +5 points higher than Financial Services norm	79% +4 points higher than Financial Services norm	$\geq$ Financial Services norm
CLIMATE CHANGE	2017 Performance	2018 Performance	2019 Target
<b>Decrease in Scope 1 and 2 GHG emissions (global, from 2016 baseline)</b>	7.74% reduction	8.87% reduction	10% reduction by 2021 (based on 2016 levels)
<b>Internal Carbon Price (CAD\$ per tonne CO<sub>2</sub>e)</b>	\$15	\$15	Maintain at \$15
YOUNG PEOPLE	2017 Performance	2018 Performance	2019 Target
<b>Percentage of total community investment to support young people</b>	60% young people in the community  40% foundational giving	70% young people in the community  30% foundational giving	70% young people in the community  30% foundational giving

## Our Progress and KPIs

### 2018 Performance

In addition to the above targets, we have a number of Key Performance Indicators that are used to measure and manage our progress.

TRUST	2017	2018
Inclusion in the Dow Jones Sustainability Index (DJSI) North America	Not met	<ul style="list-style-type: none"> <li>Included in DJSI North American Index</li> <li>Top 1% of global financial institutions for corporate governance practices</li> </ul>
Customer Experience – Total number of follow-up calls made to retail customers	Approximately 200,000	Approximately 430,000
Employee turnover rate (global) <sup>1,2</sup>	13%	16%
ECONOMIC INCLUSION	2017	2018
Total number of Scotiabank Peru customers with <i>Billatera Movil (BIM)</i> product (enabling mobile banking free from cell and data charges) <sup>3</sup>	90,000	104,000
Total number of new Colpatria “Zero-Fee” accounts opened in Colombia (increasing access to banking)	+366,897	+403,612
Percentage of women in executive positions (1-2 reporting lines from the CEO, global)	32%	35%
Overall % of employees with disabilities (Canada) <sup>4,5</sup>	3.8% (2016)	3.7% (2017)
Overall % of visible minority employees (Canada) <sup>4,5</sup>	28.4% (2016)	26.7% (2017)
Overall % of Aboriginal people employees (Canada) <sup>4,5</sup>	1.2% (2016)	1.1% (2017)

## Our Progress and KPIs

<b>Total invested in employee training and career development (CAD\$)</b>	\$69.9 million	\$73.9 million
<b>Average number of training hours per employee<sup>6</sup></b>	25	33
<b>CLIMATE CHANGE</b>	<b>2017</b>	<b>2018</b>
<b>Total financed in renewable energy sector (CAD\$, global)</b>	\$4.7 billion	\$8.5 billion
<b>Total GHG globally (tonnes of CO<sub>2</sub>e)<sup>7</sup></b>	140,191	145,486
<b>Scope 1</b>	13,950	13,476
<b>Scope 2</b>	108,181	111,990
<b>Scope 3</b>	18,060	20,020
<b>YOUNG PEOPLE</b>	<b>2017</b>	<b>2018</b>
<b>Total invested in the community through donations, sponsorships and other forms of assistance (CAD\$, global)</b>	\$80 million	\$80 million
<b>Total number of hours volunteered by employees (global)<sup>8</sup></b>	403,500	371,000

<sup>1</sup> Excludes casual staff, and affiliates and subsidiaries where breakdowns are not available due to different reporting systems.

<sup>2</sup> The increase in voluntary employee turnover in 2018 is due to pension plan changes in Canada.

<sup>3</sup> As of December 31.

<sup>4</sup> Data from previous year's Employment Equity Report, available on our website.

<sup>5</sup> Representation is disclosed on voluntary survey basis and is reflective of Canadian based employee population responses only.

<sup>6</sup> Figure excludes compliance training.

<sup>7</sup> Calculated in accordance with the Greenhouse Gas Protocol of the World Resources Institute and the World Business Council for Sustainable Development, including emissions factors for electricity purchases, natural gas and fuel.

<sup>8</sup> In 2018, we updated guidelines for our employee programs across our operations globally, resulting in a decrease.

# Awards & Recognition

Scotiabank is proud to have been recognized for our strong ESG performance through awards, inclusion on global indices, and other recognitions. Internationally, these include:



We were also recognized with other awards across our global footprint. Some of these include:

- 2018 Excellence in Innovation Award by **Women in Capital Markets** for approaching gender diversity with an innovative lens and taking bold steps to improve Diversity and Inclusion in Canada
- Scotiabank Peru recognized on the Good Corporate Governance Index by the **Lima Stock Exchange (BVL) and EY**
- Scotiabank Mexico's 11th time in a row to be named a Socially Responsible Corporation by **Centro Mexicano para la Filantropía (CEMEFI)**
- Recognized in the top 50 companies for Responsibility and Corporate Governance in Chile by **Monitor Empresarial de Reputación Corporativa (Merco)**
- Showcased as one of 12 successful cases of Sustainability in the Financial Industry by **ASOBANCARIA** in Colombia
- Scotia Wealth Management recognized as the Best Wealth Management Provider in Canada by the **World Finance Wealth Management Awards**
- 5th on **Hired.com's** Top Technology Employers list in Canada
- 3rd Safest Bank in North America and 27th in the World according to **Global Finance** magazine's ranking of the **World's 50 Safest Global Banks**
- Colpatria ranked 29th out of 131 companies, for leadership in gender equality practices, by **Aequales**
- 18th on the 2018 **LinkedIn** Top Companies in Canada
- One of 50 Most Engaged Workplaces in Canada, according to **Achievers**
- Named on the Most Attractive Employers list by **Universum** as an ideal employer
- Scotiabank Peru ranked as one of 10 Most Admired Companies in Peru by **PWC and El Diario Gestión**
- Scotiabank Peru recognized by the **Peruvian Institute of Business Administration** for excellence in promoting education for young people

### Great Place to Work Awards

Scotiabank Recognized Internationally as a Great Place to Work in 2018:

- Top 25 in the World
- Scotiabank El Salvador, Panama and Costa Rica ranked within Top 15 in Central America<sup>9</sup>
- Top 15 in both Peru and Chile<sup>10</sup>
- Top 15 Multinational in Latin America
- 3rd in Mexico<sup>10</sup> and 15 years in the Hall of Fame Ranking
- 4th in the Caribbean for Scotiabank Dominican Republic and their 11th consecutive year to be recognized
- Best Workplaces in Canada in Financial Services and Insurance

<sup>9</sup> Among companies with more than 1,000 employees.

<sup>10</sup> Among companies with more than 5,000 employees.

# Trust Across Our Value Chain

Customers entrust us with their livelihood when they do business with us – so they expect us to act legally, ethically and with integrity – and rightly so. We lead with trust and adhere to strict corporate governance practices that let us respond to the diverse challenges, opportunities and interests facing our Bank. With every decision we make – whether upholding human rights, protecting our customers' money, privacy and data or promoting a culture of inclusion – it's through trust that we lay foundations for the future, helping us create and enable greater opportunity and progress for everyone.



## 2018 Highlights

- Scotiabank was recognized by the Dow Jones Sustainability Index as being in the top 1% of global financial institutions in terms of corporate governance practices
- Our Board of Directors is now 38% female
- We will invest CAD\$250 million over the next decade to help our employees adapt to the digital economy
- We were the only bank to be recognized on the global Top 25 World's Best Workplaces list
- We expanded our customer feedback platform, The Pulse, to employees to help improve the customer experience through the eyes of our front line
- Scotia Global Asset Management became a signatory to the Principles for Responsible Investment (PRI)

## Looking Forward

- Continue to invest in our capabilities to combat money laundering and terrorist financing, and its abuse of the financial system
- The Pulse for our commercial customers is now live in Canada, Colombia and Peru, with Chile and Mexico to follow in 2019.

# Trust From The Top of Our Business

## Why it Matters

**Integrity and accountability at the highest level of Scotiabank – the Board of Directors – is vital to our success. A solid approach to governance enables us to protect the interests of shareholders, and maintain the trust of all stakeholders.**

## Our Approach

**We take a principles-based approach to corporate governance and are committed to a framework that supports leading practices and protects the long-term interests of our stakeholders. Scotiabank has long been a market leader in robust corporate governance practices; and our commitment to good governance is at the heart of our strong risk culture. Our Board oversees Scotiabank's strategy, policies and culture.**

## Board Diversity

Our commitment to strengthening our business through Diversity and Inclusion is reflected in our Board of Directors. 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. Fourteen of our 16 directors are independent and six of them – 38% – are women. We remain committed to the [Catalyst Accord](#), which aims to increase the average percentage of women on boards and in executive positions in corporate Canada to 30% or greater by 2022. We will continue to enrich the diversity of our Board as part of our continued focus on Diversity and Inclusion.

Fourteen of our 16 directors are independent and six of them – 38% – are women.

## The Scotiabank Code of Conduct

The [Scotiabank Code Of Conduct](#) (the "Code") is essential for upholding our high standard of ethics and integrity and managing risk – as it sets out how we expect our employees to behave in relation to our company, customers, communities, shareholders and each other. We require all employees, officers and directors to acknowledge compliance with our Code on an annual basis.

### The six guiding principles of the Code are:

- Follow the law wherever Scotiabank does business
- Avoid putting yourself or Scotiabank in a conflict of interest position
- Conduct yourself honestly and with integrity
- Respect confidentiality, and protect the integrity and security of assets, communications, information and transactions
- Treat everyone fairly, equitably and professionally
- Honour our commitments to the communities in which we operate

## Trust From The Top of Our Business

In 2018, we reviewed and enhanced the Code to bring it in line with the Bank's most current related policies. Key changes in 2018:

- The Code highlights and clarifies options available to employees on raising concerns or reporting Code breaches, leveraging the *Need Help Raising a Concern* guide (which replaced the *Pathways to Resolution* guide)
- The Code continues to encourage employees to raise concerns and provides protection from retaliation to anyone who, in good faith, reports any actual, suspected or potential breach
- A new section on Close Personal Relationships in the workplace has been added with enhanced guidance on disclosure

### Sustainable Business Governance

Oversight of our social, economic and environmental impacts is a shared responsibility of the Board of Directors, and specific areas are addressed at individual Board Committees.

The Corporate Governance Committee of the Board has primary oversight of our Sustainable Business strategy and reporting, including evaluating our environmental and social performance and discussing best practices for non-financial disclosure. In 2018, the Committee reviewed the evolution of our Sustainable Business priorities.

The Risk Committee of the Board retains primary oversight of climate change risk and opportunities, as well as any climate-related natural disasters. Climate change risks are captured within a quarterly Enterprise Risk Management report and other special reports. In 2018, the Risk Committee reviewed a Future of Energy report as part of its industry analysis and review of climate change risks and discussed and provided direction on the Bank's adoption and integration of the TCFD.

In addition, the Audit and Conduct Review Committee of the Board oversees our climate change-related disclosure as part of our financial reporting and is responsible for

conduct review, conduct risk and setting the Bank's ethical standards. In 2018, they supported the integration of the TCFD disclosure in the Annual Report.

The Human Resources Committee of the Board has oversight for leadership, succession planning and total rewards, which includes ensuring our compensation programs are consistent with our risk management programs. In 2018, they oversaw the leadership strategy and succession planning process, which includes key accountabilities for increasing the representation of women at senior management levels.



## Trust From The Top of Our Business

### Robust Anti-Money Laundering and Terrorist-Financing Policies and Practices

Activities such as money laundering and terrorist financing have harmful legal, economic and social consequences.

In 2018, we continued to invest in Anti-Money Laundering (AML) and Anti-Terrorist Financing (ATF) capabilities to protect our clients and our business.

Our program includes policies and internal controls with respect to client identification and due diligence, transaction monitoring, investigating and reporting of suspicious activity, and evaluation of new products and services to prevent and detect activities that may pose unacceptable risks. The program includes an annual Bank-wide AML/ATF risk assessment process and we ensure that all employees, as well as the Board of Directors, undergo initial and ongoing training.

Scotiabank is strictly opposed to entering into relationships with businesses or individuals engaged in illegal activities, or with businesses engaged in improper, quasi-legal or inappropriate activities. We are committed to sustaining secure financial systems in the countries around the world in which we maintain operations by taking the necessary action and using a risk-based approach.

### Human Rights

At Scotiabank, respect for human rights is fundamental to the way we do business and is part of our core values across all of our business activities and operations. In 2016, we formalized this with a Human Rights Statement, signed by our President and CEO, Brian Porter.

This Statement put into writing the work we had been undertaking with human rights experts, Business for Social Responsibility (BSR) for a number of years. Following a comprehensive human rights risk and impact assessment, we created a multi-year strategy

for strengthening human rights considerations into our business, in line with the UN Guiding Principles on Business and Human Rights.

In 2018, we made progress on identified priority areas including Equal Pay, Accommodation, Harassment, Supply Chain and Due Diligence.

### Accommodation

In 2018, we undertook a pilot project in Chile to assess the "Work Plan for Accessibility and Inclusion of People with Disabilities," to ensure we were addressing accommodation needs for our customers and employees.

A thorough gap assessment was completed, including interviews with cross-departmental representatives, to identify areas of opportunity. This led to an established work plan with four priority areas: remote customer service channels, branches, employees, and policies and governance.

This three-year plan will help Scotiabank Chile take the lead in strengthening our inclusive culture by improving the accessibility of employees and customers through technical training, improved technology and digital channels, and planning that considers persons with disabilities.

The learning from this pilot will also help to inform other markets and areas of the Bank. We have already begun a second pilot focusing on our Contact Centers, where we see an opportunity to learn from the work in Chile in ensuring we are living our human rights commitment to its fullest. This will continue throughout 2019.

### Harassment

In 2017, we finalized an enhanced Global Harassment Policy to ensure that we are applying consistent global standards and processes. In 2018, we furthered these efforts by ensuring all employees were aware of the policy by highlighting this in our mandatory training. Additional mandatory training was added for all employees on topics including harassment, accommodation, accessibility, violence at work and gender identity. This is now a mandatory aspect for all new employees as part of their official on-boarding process.

## Trust From The Top of Our Business

### 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 2018 as part of this human rights workstream.

In order to ensure a like-for-like comparison, we reviewed total median remuneration by gender for roles at the same level in Canada. As the table below demonstrates, the analysis found less than a 5% variance predominantly as a result of demographic and role differences. While this gap may be small, we recognize we have more to do in order to close this gap. We remain committed to ensuring our remuneration design and decision making is fair, transparent and based on performance in role.

Role <sup>11</sup>	Total Median Remuneration <sup>12</sup>
	Female % Relative To Male
Vice Presidents, Senior Vice Presidents	98%
Management – Seasoned Professional	95%
Professional, Administrative and Operational	99%

As part of our regular review of the allocation of base salary adjustments, incentive awards and individual performance for 2018, we found a marginal difference in favour of females compared to males (less than 5%). The proportion of employees receiving an incentive award was the same for both females and males.

We continue to provide line managers with tools to support bias-free decision making and continue our efforts in accelerating the advancement of women into more senior roles and addressing the lower

representation of women at more senior levels. We recognize there are some areas within the Bank that are less balanced on gender than others, and we have a number of 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. Please see [Page 25](#) for more on these efforts.

### Supply Chain

A review of human rights risks in our supply chain in 2017 identified the high risk categories and markets for human rights considerations. Following this review, we have taken an approach to screening of new suppliers that fall into one of these identified categories and/or markets. In 2018, this included an updated Supplier Code of Conduct, and continued ESG reviews in the request for proposal (RFP) process when selecting new supplies, with a particular focus on human rights in these identified categories. In 2019, we will focus on enhancing human rights risk reviews for more suppliers and operationalizing a formal process. For more on responsible procurement see [Page 32](#).

### Due Diligence

In 2018, we conducted a pilot project which aimed to enhance our due diligence guidelines for our commercial lending practices to consider human rights risks. This project will continue in 2019, and we plan to roll it out to more of our markets.

### Looking Ahead

As part of a subsequent review of our Human Rights Statement, we noted we could be more direct about how we address Indigenous Peoples' rights in our due diligence processes. We also noted we could be more explicit by stating we acknowledge and respect the rights of Indigenous Peoples, consistent in the countries where we operate. In recognition of our respect for human rights and the rights of Indigenous

<sup>11</sup> 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.

<sup>12</sup> Total remuneration includes base salary, short-term incentives and long-term incentives (where applicable).

## Trust From The Top of Our Business

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Peoples, we plan to update our Human Rights Statement to this effect in 2019.

Scotiabank is committed to providing its employees with education on the histories, cultures and traditions of Indigenous communities in order to build and maintain respectful relationships with Indigenous peoples and create an inclusive space for Indigenous employees. We are currently developing a comprehensive curriculum for employees to receive further education about the histories, culture and traditions of Indigenous Peoples, which will be rolled out in 2019. Elements of the curriculum will focus on creating opportunities for employees to receive traditional teachings from Elders and respected community members in order to increase employees' understanding of Indigenous cultures.

In addition in 2019, we plan to continue the initial work started in the workstreams mentioned here, as well as furthering our human rights strategy to our customers. This includes exploring discrimination and privacy. We are also planning an employee engagement campaign to further educate our employees on our human rights ambitions, and the role they play in executing on our commitment.



# Trust From Our Employees

## Why it Matters

Our most important investment is the one we make in our people. Our customer focus starts with taking care of our more than 97,000 employees (affectionately called Scotiabankers) around the world. That's why we work to grow and diversify talent and engage employees in a performance-oriented culture.

## Our Approach

Supporting our employees means continuously striving for higher levels of engagement, fostering an internal culture of trust and well-being, and investing in knowledge and skills for the digital economy.



## The Importance of Culture and Employee Engagement

Scotiabank has made a conscious commitment to creating a culture that will motivate and engage employees, deliver for our customers and keep us focused on the future. In 2018, we launched a new online internal collaboration and engagement platform that allows employees to more easily access and share information, providing a forum for connecting, idea-sharing and support. We have 77,000+ employees on the platform with a monthly engagement rate of over 50%. We also launched a campaign that empowers employees to identify areas where we could be more productive. Our hope is to actively foster a culture where employees have a voice, feel ownership and bring big ideas to the table. As we continue on our journey, we added a new category to our annual employee awards called Culture Catalyst to celebrate individuals who inspire their colleagues and serve as role models for the culture we seek to build.

**//** We recognize that our industry, like the rest of the world, is shifting rapidly. In a business climate where constant change and adaptation is the new norm, we believe our culture can help us thrive."

— Ilyse Smith,  
Vice President, Culture and Strategy

## Trust From Our Employees

### Transforming The Way We Work (W3)



At our headquarters in Toronto, Canada, our *Way We Work (W3)* initiative is bolstering employee engagement by creating innovative Activity-Based Working environments, referred to as “Ecosystems.” Activity-Based Working provides employees a flexible work environment with a variety of work stations for each activity they engage in during the day. State-of-the-art tools and technology make for a high degree of mobility and connectivity within the workspace. Without assigned desks, Scotiabankers are empowered to choose how, when and where they work, based on what makes them, their teams and colleagues most effective.

Activity-Based Working is revolutionizing our approach to work and encouraging a culture of trust. By doing away with traditional barriers that can sometimes separate departments, we have created a shared space where employees can better collaborate, innovate, problem solve and pursue common purposes. By January 2019, 3,200 employees were moved into Activity-based Working environments. Employees in Ecosystems report better collaboration, productivity, technology and pride in their workplace. Eighty percent of employees in Ecosystems reported they would *not* go back to a traditional way of working if given the choice.

W3 is also helping us reduce our environmental footprint by using less space, and less paper. Read more in our Climate Change section, [Page 47](#).

**“ I love Activity-Based Working and all the options that W3 has given us. Open areas, quiet areas, collaboration areas, focus rooms, call rooms, conference rooms, huddle space and little nooks throughout give us many different configurations to work with. I often say that now everyone can have the corner office – and it’s true!”**

— Scotiabanker in Toronto, Canada

### Employee Engagement

ViewPoint, our annual employee engagement survey, is a key way that we measure employee sentiment and engagement. In 2018, our employee engagement score remained steady at 79% for the second year in a row. This score measures our employees’ depth of commitment, sense of pride and level of satisfaction working at Scotiabank.

**Our 2018 employee engagement score (79%) exceeds the financial services industry average (75%).**

The score exceeds the global financial services industry average of 75% – reflecting our focus on supporting our employees with a positive, inclusive work environment and our commitment to listening to their perspectives. Additionally, 87% of employees globally agree that there is a strong customer focus within the Bank, and 86% of employees believe Scotiabank is a socially and environmentally responsible company.

**86% of employees believe Scotiabank is a socially and environmentally responsible company.**

## Trust From Our Employees

Employee Engagement Index	2018	2017	2016
Scotiabank	79%	79%	77%
Industry average <sup>13</sup>	75%	74%	74%

In 2018, Scotiabank received several awards from the Great Place to Work Institute.



**Scotiabank named Top 25 World's Best Workplaces by *Fortune* and their partner, Great Place to Work. We are particularly proud that we're the only bank globally to make the list.**

**The Bank ranked #15 in the Multinationals category in Latin America of the Great Place to Work Top 25 companies in the region.**

### Attracting, Developing and Retaining Talent

By strengthening our talent pipeline and providing all employees with access to advancement opportunities, we aim to build high-performing teams and be recognized as a leader in business performance. To develop future leaders, we offer Scotiabank employees the opportunity to take advantage of thousands of learning activities through our online portal, me@scotiabank. The portal is available in English, Spanish and French, and includes activities such as classroom learning, e-learning, and virtual instructor-led courses. In 2018, Scotiabank employees participated in more than 2.7 million courses. iLEAD, our global management and leadership development program provides employees with tailored support at every stage of their career. In 2018,

<sup>13</sup> IBM research calculated this average using employee engagement scores among the top 10% of global financial services organizations.

<sup>14</sup> Including only full-time employees participating in training via our centralized Learning Management System.



Scotiabank employees participated in more than 40,000 leadership courses. Additionally, our Leadership Resource Planning Process actively identifies and develops future leaders to ensure that the right people are ready to move into key leadership roles.

Employee Training	2018	2017	2016
Average training hours per employee (excluding compliance training) <sup>14</sup>	33	25	22
Average training hours per full-time employee (including compliance training) <sup>14</sup>	42	33	29
Total training investment, in millions CAD\$	\$73.9	\$69.9	\$71.5

The large increase in training hours in 2018, compared to 2017, is due to an increase in Onboarding, Leadership and Customer-focus training.

## Trust From Our Employees

### A CAD\$250 Million Investment in Our People



We understand that digital technology is dramatically changing the nature of work. Over the next decade, we are investing CAD\$250 million to help our employees adapt to the digital economy. This re-skilling initiative was announced by our President and CEO, Brian Porter in April 2018.

As new roles emerge – and potentially displace existing roles – the need to equip our employees with the skills of the future has never been more important. We are conducting extensive research to map out roles predicted to change and identify critical current and future skills needed to be successful in a rapidly changing business climate. Our goal is to build, curate and provide learning that will bridge the competency gap for employees in both current and future roles.

In 2019, we will focus on creating an environment that fosters curiosity, learning agility and personal ownership for development – so that employees can thrive in the new world of work. To enable continuous opportunities to develop in-demand skills, we will be launching a new Scotiabank Virtual University that will be available to all employees with pilots planned in 2019 in Canada, Chile, Colombia, Mexico and Peru. We will also offer training through accredited institutions with a focus on new and enhanced skills to prepare employees for emerging roles at Scotiabank.

Our annual Performance and Development cycle plays an essential part in supporting employees. Our Annual Performance Plan enables employees to set, align, track and report progress against their performance and development goals. It also provides a consistent measurement framework that allows managers to effectively recognize and reward high performance. To support our high-performance culture, we put a strong emphasis on regular coaching conversations to ensure employees are supported in pursuing their goals.

Nearly 19,000 employees moved into new roles within the Bank globally.

We are committed to providing employees with opportunities to grow and are proud that nearly 19,000 employees moved into new roles within the Bank globally, filling 44% of all vacancies. We also hired more than 3,000 interns last year in Canada through partnerships with top Canadian universities.

# Trust From Our Customers

## Why it Matters

Our success as a financial institution relies on trust. Our ability to meet the changing needs of customers depends on maintaining their trust.

## Our Approach

We strive to offer an unparalleled customer experience by focusing on highly engaged and knowledgeable employees ready to go above and beyond. Obtaining feedback from both employees and customers on how to improve is critical.



## Connecting With Our Customers Through The Pulse

At Scotiabank, customers are the centre of our business, and we strive to instill a customer-focused culture at the Bank. To help drive this, we have The Pulse, our Net Promoter System (NPS), which provides us with a globally, consistent approach and operating model for gathering real-time feedback from our customers. After an experience with Scotiabank, customers are emailed a short, four-question survey. Over 12 million survey invitations were sent to retail customers in 2018. Employees from across the globe made a total of 430,000 phone calls to follow up and gain a deeper, more personal understanding of the customers' experience. The Pulse is fully live across our retail branches, contact centres and digital channels in Canada, the Caribbean, Chile, Colombia, Mexico and Peru.

Over 12 million survey invitations were sent to retail customers in 2018. Employees from across the globe made a total of 430,000 phone calls to follow-up and gain a deeper understanding of the customers' experience.

The Pulse for our commercial customers is now live in Canada, Colombia and Peru, with Chile and Mexico to follow in 2019. The Commercial Pulse Program sent 20,000 survey invitations, and we made a total of 3,500 follow-up phone calls to our commercial customers.

## Trust From Our Customers

Our first year using Employee Pulse was 2018. Employee Pulse helps us improve the customer experience by examining it through the eyes of our front-line employees. Unlike The Pulse for customers, our employee program is 100% confidential, which gives senior management an honest and balanced view into the day-to-day successes and challenges of our front-line employees. These views are incorporated into decision-making for changes to customer experience initiatives, products, service levels, and branch design and placement. Employee responses are analyzed alongside customer feedback, allowing us to prioritize initiatives raised by both stakeholders.

**“The Pulse puts the customer’s voice at the centre of all we do. We listen, we learn and we act on the feedback from our customers to make improvements in our processes, products and services in all our markets.”**

— Carolyn Saunders, Senior Vice President, Global Customer Experience

### Responsible Sale of Products and Services

Scotiabank advisors are focused on the needs of our customers. We never compromise ethics for the sake of meeting sales, profit, or other targets or goals. This is a core value that is stated clearly in our Code of Conduct and articulated through our Global Sales Principles.

In 2018, we strengthened our policies and processes through an enterprise sales conduct framework. We monitor and enhance sales practices and processes on an ongoing basis to ensure we consistently meet our customers’ needs. We value hearing from our customers about what we can do better and actively seek feedback in real-time from more than one million each year. If a customer is unable to resolve a concern at their local branch or through our contact centre, they can raise it to the Office of the President or to the Office of the Ombudsman.

### Data Privacy and Security

Complying with privacy regulations and effectively managing privacy risk is fundamental to the success of Scotiabank and the well-being of our customers. Individuals trust us to properly safeguard their personal information.

We comply with privacy laws and regulations in all of the jurisdictions in which we do business through a three lines of defense model that operationalizes privacy compliance through the business line itself, the Enterprise Privacy Office (EPO) and Internal Audit. Our approach is guided by our Privacy Policy.

In 2018, we undertook initiatives to protect customer data and privacy, and to ensure we are using customer data responsibly. We reviewed all customer data used in our applications and completed a global rollout of the Privacy Impact Assessment process. In 2019, we will focus on developing guidelines for the use of customer data in analytics and a review of our incident and breach management procedures.

## SCOTIABANK’S SIX GLOBAL SALES PRINCIPLES

1

Put your customer first

2

Be an ambassador for the Bank

3

Be transparent with your customers

4

Always get your customer’s consent and protect their information

5

Keep your customers and our Bank safe

6

Act honestly and with integrity

## Trust From Our Customers

### Artificial Intelligence

Artificial Intelligence (AI) is defining a new age in customer service and risk management, with Canada poised to lead the way in AI applications. As a culture of diverse strengths, we have an unprecedented opportunity to re-imagine how AI can transform the economics of how we do business at Scotiabank. Our new statement on responsible interactive AI development plays a significant role in anchoring AI development with our core values:

- Be useful
- Be transparent
- Be respectful
- Be safe
- Be accountable
- Be adaptable

How we value the costs and benefits of AI is essential as we work together to realize and integrate its advantages for our customers, partners and stakeholders. Pursuing better outcomes for them means we have to build solutions responsibly and consider wide-ranging implications for how we use digital tools and data.

How we value the costs and benefits of Artificial Intelligence is essential as we work together to realize and integrate its advantages for our customers, partners and stakeholders.

### Cybersecurity

Like all technology-focused companies, Scotiabank is exposed to cybersecurity risks. We have invested in technologies and other forms of advanced security controls to lower the risk caused by new and complex attacks. In 2018, we made significant investments to recruit additional security professionals and experts to support functions such as cyber hunting, threat intelligence, digital forensics and vulnerability

management. We have undertaken cyber simulation exercises and made improvements in identity management technologies for both customers and employees.

In 2018, we strengthened the resiliency of cyber protection for key payment systems. We improved our Virtual Private Network (VPN) access security and invested in sophisticated automated technologies to improve our incident response capabilities with the goal to reduce time between the occurrence of event and our investigation and response to it. We have also focused on cybersecurity risk mitigation capabilities by strengthening metrics collection and reporting on key risk indicators throughout the year.



# Trust From Our Suppliers

## Why it Matters

Scotiabank has approximately

**15,000**  
suppliers globally.

We seek to have a positive influence by integrating sustainability criteria into our purchasing decisions.

## Our Approach

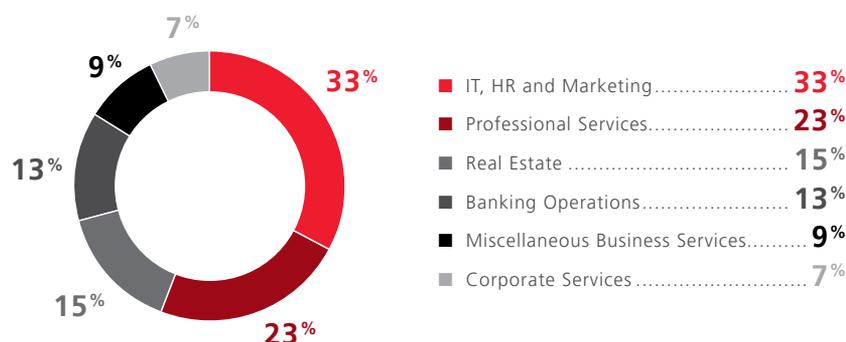
In September 2018, we released a revised **Supplier Code Of Conduct**. The new Supplier Code outlines the obligations that third-party suppliers, service providers, intermediaries and independent contractors – including their employees and representatives – must comply with when conducting business with or acting on behalf of Scotiabank.

As an international bank, Scotiabank partners with thousands of suppliers globally. We strive to manage our supplier relationships in an efficient way, while also minimizing our exposure to ESG risks. Our updated Supplier Code of Conduct helps communicate our expectations to all current and prospective suppliers. All suppliers invited by Global Procurement Services to participate in a formal Request for Proposals are assessed and evaluated based on a set of quantitative and qualitative criteria, which includes ESG factors. Suppliers are asked to explain and provide documentation related to their sustainability strategy, Code of Conduct, whistle-blower mechanisms, energy and GHG reduction initiatives and targets, human rights, countries of operations, environment, health and safety (EHS) audits and diversity and inclusion initiatives.

In 2018, we enhanced the third-party risk assessment module in Vista, our Supplier Sourcing and Third Party Management system, enabling a more streamlined process for vetting potential new supplier relationships. This further ensures proper strategic sourcing and contracting processes are adhered to on 300 to 1,000 new supplier arrangements per month.

We also introduced additional procurement tools in 2018 in order to enhance efficiencies for our business and for our supplier partners. Employees can now request goods and services online through our SmartBuy tool for a growing list of suppliers. By modernizing the purchasing process, orders are automatically sent to preferred suppliers and fulfillment is completed quicker. Invoices are also passed through SmartBuy electronically avoiding paper and allowing for faster payment to suppliers.

## SCOTIABANK'S SUPPLIER SPEND, BY CATEGORY (2018)



# Trust From Our Community

## Why it Matters

Communities are a critical part of the economic and social fabric of the world. When communities thrive, customers, businesses and entire societies do as well.

## Our Approach

We have a long history and strong culture of supporting the communities in which we operate.

In 2018, we invested

**CAD\$80  
million**

globally in donations, sponsorships and other forms of assistance.

By investing time and energy and giving back to people who need help most, we are helping build more vibrant, resilient communities.



## Employees Are Our Ambassadors

As our employees live and work in our communities, they can most effectively serve as ambassadors for Scotiabank. Our employees are proud to be engaged citizens in their communities, and we encourage this.

Through the Scotiabank Employee Volunteer Program (SEVP), individual employees who have volunteered for at least 50 hours a year with a qualifying community organization can apply for funding of up to CAD\$1,000 for that organization.

Through the Scotiabank Team Community Program (STCP), we encourage groups of employees to raise funds for charity that is important to them. We match funds when two or more employees raise funds for a qualifying community organization. For teams under 30 employees, funds raised are matched up to CAD\$3,000 and CAD\$15,000 by teams of 30 or more.

## Trust From Our Community

employees. For example, employees in Nova Scotia, Canada participated in a fundraiser for The Youth Project, an organization that provides a safe and inclusive space for LGBT+ youth. Employees helped raise over CAD\$5,000 which was matched by Scotiabank. In 2018, Scotiabankers donated CAD\$7.3 million through SEVP and STCP Programs, and volunteered a total of 371,000 hours, through the Employee Volunteer Program or through Bank-led employee volunteer days.

**In 2018, Scotiabankers volunteered 371,000 hours, either through the Employee Volunteer Program or through Bank-led employee volunteer days.**

Since 2009, Scotiabank in El Salvador has partnered with *Club Rotario San Salvador Cuscatlán* to carry out an annual school backpack campaign. Each year, our employees help provide students throughout the country with supplies that facilitate learning, encouraging students to continue to pursue education. In 2018, Scotiabank volunteers distributed approximately 700 backpacks filled with school supplies to students throughout El Salvador.

In November 2017, more than 30 Scotiabankers in London, United Kingdom, participated in Centrepoin's annual Sleep Out. For one night, these employees swapped their beds for sleeping bags in order to raise money and awareness for homeless youth. Their actions raised over GBPE35,000 (CAD\$59,000) for Centrepoin to help homeless youth.

As part of United Way Trinidad and Tobago's National Day of Caring 2018, 500 Scotiabankers, their families and friends put together emergency preparedness and relief packages for communities throughout the country. The packages contained emergency relief items that had been donated by employees or purchased by Scotiabank. The packages were then delivered to the Office of Disaster Preparedness and Management.

## Responding to Disaster in Our Communities

In 2018, many of the communities where we work experienced devastating natural disasters and tragedies.

In April 2018, Scotiabank joined Canadians, the hockey community and people from around the world in mourning the devastating loss endured by the Humboldt Broncos Junior hockey team, their families and the province of Saskatchewan, Canada. After this horrific accident, Scotiabank committed CAD\$300,000 in support to the community, with CAD\$50,000 immediately donated to Shock Trauma Air Rescue Society, who were among the first responders at the site of the accident. The remainder of the donation is to help the community – especially young people – to recover from emotional trauma caused by the tragedy. This included a CAD\$180,000 commitment over three years to Partners Family Services and a CAD\$70,000 commitment over two years to the Saskatoon Crisis Intervention Service.

We also donated CAD\$330,000 to relief efforts that continued into 2018 following Hurricane Irma's catastrophic effects on communities in late 2017.

Overall, Scotiabank donated CAD\$830,000 to organizations assisting with rescue and relief efforts globally.



# Trust From Our Investors

## Why it Matters

**ESG topics are an important component of delivering superior, long-term investment performance. Our Sustainable Business priorities help us ensure we are balancing investor demand for short-term results while creating medium- to long-term value.**

## Our Approach

**We strive for transparency with our stakeholders, including investors, in our ESG disclosure. We achieve this through our annual Sustainable Business report, responding to ESG ratings firms and through ongoing one-on-one dialogue and engagement with shareholders.**

## Engaging With Investors On ESG

Investors are increasingly interested in how ESG topics play a role in creating value and sustaining shareholder returns. We continue to maintain trust with our investors by engaging on these topics and demonstrating how we are balancing short-term results while ensuring the long-term sustainability of the Bank.

We are committed to transparency and clear disclosure in our reporting to ensure investors have the information they need on our ESG performance. This includes through our annual Sustainable Business report, as well as our response to ESG rating firms. We respond annually to the Dow Jones Sustainability Index, CDP (formerly Carbon Disclosure Index), and review data collected by Sustainalytics, MSCI and Institutional Shareholder Services. We also welcome focused engagement from investors. This dialogue helps us to understand the issues most important to them.

## Principles For Responsible Investment

As a financial institution, we are also committed to responsible investing. Incorporating ESG factors into investment processes helps us to enhance returns and manage risks, ultimately helping us to deliver on our commitment to customers and investors.

A key component of the investment process at Scotia Global Asset Management is direct engagement between investment professionals and the management teams of the entities in which we invest. This enables better, more informed investment decisions while allowing us to communicate any views and concerns on ESG-related and other issues.

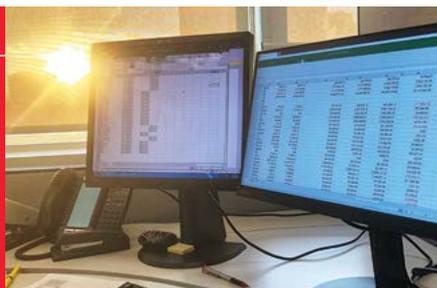
In order to formalize our continued commitment to responsible investment, Scotia Global Asset Management signed the UN-supported Principles for Responsible Investment (PRI) in autumn 2018.

As a signatory, Scotiabank has joined a global movement of companies in reporting in our responsible investment activities. This annual reporting for investors ensures a standardized transparency tool for reporting, and an opportunity for the Bank to receive feedback on our approach for further development.

Recently acquired firms Jarislowsky, Fraser Limited and MD Financial Management are also signatories of the PRI.

## Trust From Our Investors

### Sustainable Investing at Jarislowsky Fraser



In February 2018, we announced the acquisition of Jarislowsky, Fraser Limited (Jarislowsky Fraser), which enhances our institutional investment capabilities across Canada. As one of Canada's largest institutional money managers, Jarislowsky Fraser has built a distinguished reputation as a long-term investor in quality businesses. With a history of collaborative engagements, it has held companies accountable for the fair and equal representation of all stakeholders and urged management teams to focus on long-term value creation.

A founding member of the Canadian Coalition for Good Governance, member of the Sustainability Accounting Standards Board Alliance and signatory to the UN-supported Principles for Responsible Investment, Jarislowsky Fraser has established its own Sustainable Investment Policy which it applies across all its strategies and mandates. Its approach is differentiated by the fact that ESG analysis, proxy voting and company engagements are fully embedded into its investment process, and carried out by its in-house global research team.

**//** Preserving and growing our customers' wealth is a responsibility we take very seriously, so we take all factors, including environmental, social and governance issues into account when making investment decisions. Signing the Principles for Responsible Investment allowed us to formalize the commitment we have long held around these issues."

— Glen Gowland,  
Executive Vice President, Global Wealth Management

### Sustainable Investing in Canada

In 2017, Scotia iTRADE offered Canada's first sustainable investing tools for direct investors that help combine financial investments with positive social impact. In partnership with Sustainalytics, comprehensive performance ratings based on ESG factors are provided for over 1,200 companies on the Toronto Stock Exchange and Russell® 1000 Index. Users can map out their own particular views and beliefs pertaining to issues such as deforestation, water scarcity, labour standards and governance issues to help identify companies to invest in that align with their values. In 2018, around 28,000 users interacted with the tool.

We have also created an online series of learning modules for our customers interested in learning more about sustainable investing. In these online modules, sector experts from Sustainalytics and Scotia iTRADE explain the importance of understanding ESG risks and opportunities to customers. Experts from Scotia iTRADE also demonstrate how the tool can be used on the trading platform. Initial modules cover how to develop an overall approach to sustainable investing, with separate modules that go into detail on ESG topics.

# Climate Change

Addressing climate change is an essential part of creating a sustainable future. As a bank, we can play a fundamental role in addressing climate change through our core business activities. By financing sustainable solutions that support the transition to a low-carbon economy, setting an internal price on carbon emissions and factoring climate change-related risks and opportunities into lending and investment decisions, we are helping lay foundations that will sustain us for decades to come.



## 2018 Highlights

- Announced our support of the Financial Stability Board (FSB) Task Force on Climate-related Financial Disclosures (TCFD) and included disclosures in our 2018 Annual Report and this report
- Provided more than CAD\$8.5 billion in financing to the renewable energy sector, up from CAD\$4.7 billion in 2017
- Implemented our Internal Carbon Price at CAD\$15/tonne CO<sub>2</sub>, for Scope 1 and 2 emissions, using these funds to support the business case for long-term energy efficiency initiatives

## Looking Forward

- Continue to formalize our approach to climate change risks and opportunities through an enterprise-wide climate strategy
- Further enhance our transparency on climate change risk through TCFD reporting and our CDP submission
- Achieve a 10% absolute reduction of Scope 1 and 2 GHG by 2021, compared to 2016 levels, and prepare for a review of progress in 2020

# Focus on the Environment

## Why it Matters

**Climate change and impacts on the environment pose a significant risk to the global economy and society as a whole. There is also an opportunity for Scotiabank to support the transition to a low-carbon economy and more sustainable environmental solutions. As a major financial institution, we have both the responsibility and the opportunity to take action that will improve the well-being of our customers and the environment.**

## Our Approach

**To safeguard Scotiabank and its stakeholders, climate and environmental risks have been integrated into company-wide risk identification, assessment and management processes. We strive for clear disclosure on our direct and indirect impacts and how we are managing environmental risks.**

## Environmental Policy

Scotiabank's Environmental Policy governs our approach to managing our impact on the environment. This includes our day-to-day operations, lending and investing practices, supplier agreements, management of real estate holdings and external reporting. Reviewed every two years, the Policy applies to both Canadian and international operations, as well as to all wholly owned or controlled subsidiaries of the Bank. It addresses both direct and indirect impact, with direct impacts including water, waste and energy use in office buildings and branches, as well as business travel. Indirect environmental impacts occur largely through the Bank's lending and investing activities, and result from environmental risks of our customers.

Our Global Risk Management and Sustainable Business teams share responsibility for the Policy and work closely with key partners across the Bank to review internal processes, industry best practices, regulatory developments and emerging trends. The Policy is overseen by senior management and approved by the Board of Directors every two years.

## SUMMARY OF ENVIRONMENTAL PRINCIPLES

Our Environmental Principles shape our Environmental Policy and define our approach to managing our direct and indirect environmental impacts:

- 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.

## Focus on the Environment

### Task Force On Climate-related Financial Disclosures (TCFD)

Initially launched by the FSB, the TCFD has helped to provide meaningful information to investors and other stakeholders on the financial risks and opportunities businesses will be facing due to climate change. In July 2017, the Task Force published recommendations for voluntary disclosures on climate risk that aim to ensure consistent, comparable and clear data across a broad range of sectors. The recommendations focus on enhancing climate-related disclosure in the following areas: Governance, Strategy, Risk Management, and Metrics and Targets.

Scotiabank recognizes that climate change poses a significant risk to the global economy and to society as a whole. As a major financial institution, we have both the responsibility and opportunity to take action, which is why we fully support the TCFD recommendations. Following our public commitment by our President and CEO in February 2018, we have had significant engagement with a number of investors, NGOs and governments, to discuss climate-related impacts in the short-, medium- and long-term. We began reporting according to the TCFD recommendations in our 2018 Annual Report.

**As a major financial institution, we have both the responsibility and opportunity to take action on climate change, which is why we fully support the TCFD recommendations.**

The implementation of the recommendations across Scotiabank will be a multi-year journey, involving various business areas including Retail, Corporate and Commercial Lending, Asset Management, Real Estate and a number of corporate functions such as Environmental and Social Risk.

In this first year of implementation, we focused on our corporate and commercial lending activities, as this was deemed to have the biggest potential exposure

to climate-related risk. Please refer to our [2018 Annual Report](#), pages 87 and 88 for our initial disclosure.

### Governance

The Board of Directors, through its committees, oversees climate change, as this topic requires a multidisciplinary approach.

The Board reviews and discusses the risks and opportunities of climate change and related disclosures as it pertains to the Bank's lending, investing and our own portfolio.

In particular, the Risk Committee of the Board retains primary oversight for climate change risks and opportunities for the Bank. As climate change is identified as an emerging risk, updates are provided to the Committee on a quarterly basis.

The Corporate Governance Committee of the Board oversees the Sustainable Business strategy (of which climate change is a key priority) and the annual CSR/Sustainable Business report. The Audit and Conduct Review Committee of the Board oversees our climate change-related disclosure as part of our financial reporting.

At the management level, the management of climate change risk is ultimately overseen by the Chief Risk Officer, who reports directly to the CEO. This is aided through a cross-departmental senior management committee on Reputational Risk, chaired by the Executive Vice President and General Counsel, which meets quarterly.

### Strategy

We recognize that the implementation of the TCFD recommendations is a multi-year journey. We are developing an enterprise-wide climate change strategy, which will support further climate-related disclosures. This strategy will aim to address the two main risk types associated with climate change:

- **Transition Risks:** the risks and opportunities that flow from moving towards a low carbon economy, e.g. emerging regulations, new innovations

## Focus on the Environment

- Physical Risks: physical impacts of climate change, e.g. sea level rise, extreme weather events

These risks present both challenges and opportunities in the short-, medium- and long-term. For example, in the short-term, we have the opportunity to support our customers investing in sustainable solutions – our Global Banking and Markets division financed more than CAD\$8.5 billion in the renewable energy sector in 2018, up from CAD\$4.7 billion in 2017. Meanwhile in the mid- to longer-term, the physical impacts of climate change, such as the increased frequency of severe weather events, pose a risk to our operations and our customers globally.

Scenario planning will form part of our strategy in the coming years to help us better understand how our customers and the Bank might be affected under different climate change scenarios.

### Risk Management

At Scotiabank we have robust systems in place to identify and manage risk. Climate change has been identified as an environmental risk and as such the identification, assessment and management of climate-related risks is part of our enterprise-wide risk management framework.

Central to our risk management framework in our lending activities are the Credit Risk Policy, Credit Policy Manual and Credit Administration Handbooks applicable to each business line. These documents provide guidance on assessing potential climate change risks.

The Global Risk Management team also has a dedicated Environmental and Social Risk team that manages the day-to-day initiatives underway to identify, assess and report on climate-related risks. In 2018, we continued integrating climate change risk management into our lending activities. This included:

- Updated 26 main industry reviews to include climate-related risks and opportunities
- Updated and enhanced due diligence guidance and incorporated a climate change risk module into mandatory environmental risk training for banking officers and credit adjudicators

- Began investigating the use of geospatial analysis to better understand and assess the climate-related physical risks that may be incurred by clients based on their location

### Metrics and Targets

We set, monitor and report on climate change-related targets annually in this Sustainable Business Report. We also report to CDP and a copy of our submission can be found on our website.

Since we have the most control over our own operations, we decided to set our own targets to reduce GHG first and foremost.

We are proud these include:

- 10% Scope 1 and 2 GHG reduction target by 2021 (See [Page 45](#) for full emissions data)
- Implementation of an Internal Carbon Price of CAD\$15/tonne CO<sub>2</sub>, to be reviewed every two years

As we continue to develop a fulsome climate strategy, we will aim to set further metrics and targets to continue measuring our progress.

**For further reference on how Scotiabank has reported against the TCFD recommendations, please see [Page 75](#) in the Appendix.**

# Sustainable Finance

## Why it Matters

The provision of finance and lending helps fund economic activities that stimulate job creation and encourage the economy to grow. Applying a sustainable lens to financing activities allows us to mitigate risks and helps us enact a better, more sustainable future for both Scotiabank and our stakeholders.

## Our Approach

**We base lending and finance decisions on a number of factors, including risks and opportunities related to environmental and social considerations. In addition, our renewable energy financing supports the global shift to a low carbon economy.**



## Environmental and Social Risk Management

There has been increased interest in sustainable finance in 2018 across the globe. In the spring of 2018, the Government of Canada appointed an Expert Panel on Sustainable Finance to identify opportunities sustainable finance could bring to the Canadian economy. The Chair of the Expert Panel is a member of Scotiabank's Board of Directors. The Bank has provided input into the recommendations of the Expert Panel presented through its Interim Report, and we look forward to continuing discussions on the opportunities addressing climate change presents to our business.

In 2018, our Environmental and Social Risk (E&S Risk) team provided environmental technical advice on 159 loan transactions involving real estate as security and guidance on procedures for another 300 loan transactions.

### Equator Principles

Scotiabank has been a signatory to the Equator Principles (EP) since 2006. The EP provide companies with an environmental and social risk management framework to help understand the potential impact of major projects on people, communities and the environment. At Scotiabank, banking and credit teams are required to assess transactions to determine if a potential deal could trigger the application of the EP.

In 2018, we screened 13 transactions for EP eligibility. Four projects met the EP transaction requirements in 2018, for which extensive environmental and social risk due diligence was completed.

## Sustainable Finance

### Renewable Energy

In 2018, we continued to focus on providing products and services to support the development of renewable energy. Scotiabank's Global Banking and Markets division provided bank financing totaling CAD\$8.5 billion to the renewable energy sector globally, up from CAD\$4.7 billion in 2017. This includes:

- CAD\$3.0 billion in Canada<sup>15</sup>
- CAD\$1.9 billion in the United States<sup>15</sup>
- CAD\$3.6 billion in authorized credits in Latin America<sup>15</sup>

### A YEAR OF SUSTAINABLE ENERGY TRANSACTIONS

Our Global Banking and Markets division was involved in the following renewable energy transactions in fiscal 2018.

#### November 2017:

Scotiabank acted as Joint Bookrunner on a USD\$1.2 billion, 5- and 10-year bond offering for TerraForm Power Operating, LLC to refinance existing debt. **TerraForm Power is a renewable energy company that owns and operates a 3,600 MW diversified portfolio of high quality wind and solar assets** in North America and Western Europe.

#### January 2018:

Scotiabank acted as Joint Lead Bookrunner and Fronting Bank on EUR£150 million of three and a half year facilities for Brookfield Renewable UK Hydro Ltd. to finance their stake in the U.K.'s largest pumped storage portfolio located in North Wales, U.K. **The portfolio represents 50% of the U.K.'s hydroelectric capacity** and is a critical component of the electrical system.

#### February 2018:

Scotiabank acted as Joint Bookrunner on a USD\$400 million 10-year bond offering for Terraform Global Operating, LLC ("TerraForm Global") to refinance existing debt. The Bank also acted as Joint Lead Arranger and Joint Bookrunner on a USD\$45 million revolving credit facility. TerraForm Global is a **renewable energy company which owns and operates a 952 MW portfolio of wind and solar energy generation facilities** located in Brazil, India, China, Thailand, Malaysia and South Africa.

2017

2018

#### January 2018:

Scotiabank acted as Joint Bookrunner on a USD\$700 million, 30-year bond offering for MidAmerican Energy Company to finance **eligible green projects, including investments in their 2,000 MW Wind XI project and certain existing wind facilities**. MidAmerican Energy Company, a subsidiary of Berkshire Hathaway Energy, is a regulated utility company, serving 1.6 million electric and gas customers in four Midwestern states.

#### January 2018:

Scotiabank acted as a Joint Bookrunner on the CAD\$250 million Preferred Unit Offering by Brookfield Renewable Partners L.P. which operates one of the world's largest publicly traded, pure-play renewable power platforms with a portfolio of hydroelectric, wind, solar and storage facilities in North America, South America Europe and Asia **totaling over 17,000 MW of installed capacity and an 8,000 MW development pipeline**.

<sup>15</sup>Calculated based on each client's credit exposure multiplied by the client's renewable energy generation capacity as a percentage of its total power generation mix. Proportion of each client's renewable energy generation was obtained from client produced publicly available sources and reporting documents.

## Sustainable Finance

2018

### March 2018:

Scotiabank acted as co-advisor to Canadian Solar Inc., on the sale of a subsidiary's interests in three solar photovoltaic projects totaling 235 MWac/309 MWp. **The Korea Electric Power Corporation ("KEPCO"), South Korea's largest electric utility acquired the interests, which marks KEPCO's largest investment in the U.S. solar market.** KEPCO partnered with the Corporate Partnership Fund, a Korean private equity fund to make the acquisition.

### March 2018:

Scotiabank acted as Administrative Agent and Lead Arranger on a MXN\$570 million five year senior secured credit facility for a subsidiary of Canadian Utilities Limited ("CUL") to finance the acquisition of a 35 MW fully contracted **hydroelectric generation** facility and 4.3 km transmission line located in Veracruz, Mexico. CUL, a subsidiary of ATCO Ltd., is a diversified global energy infrastructure company with operations in North and South America, Europe, Australia and Mexico.

### June 2018:

Scotiabank acted as Co-Documentation Agent on a CAD\$1.25 billion bank financing for Northland Power Inc., a Canadian-based independent power producer with ownership interests in a **diversified portfolio of onshore and offshore wind, natural gas and solar energy generation facilities** located across Canada and Europe. The company also has ownership interests in an advanced and early stage development pipeline, including two offshore wind projects in Germany and Taiwan.

### September 2018:

Scotiabank acted as Joint Lead Agent on an approximately USD\$80 million U.S. Private Placement for TerraForm Falcon 1, LLC, a 51 MW portfolio of **utility scale solar projects in California, Colorado and North Carolina**, as well as a portfolio of smaller distributed generation solar assets in the Northeastern U.S. Scotiabank also provided the project with a letter of credit facility. The project portfolio is owned by TerraForm Power Operating, LLC.

### March 2018:

Scotiabank acted as Sole Lead and Bookrunner on the reopening (CAD\$15 million) of the 2032 amortizing bonds for Northland Power Solar Finance One L.P., the bonds are backed by **six solar projects** which sell all electricity to the Ontario electricity grid.

### June 2018:

Scotiabank acted as Joint Bookrunner on a CAD\$150 million common share offering for TransAlta Renewables Inc., which is among the largest publicly traded renewable independent power producers in Canada with over 2,400 MWs in owned **generating capacity across wind, hydroelectric, solar** and natural gas technologies.

### September 2018:

Scotiabank acted as Joint Lead Bookrunner on a CAD\$300 million, 10-year green bond financing for Brookfield Renewable Partners ULC, with proceeds used to finance and/or refinance investments in renewable power generation. The transaction represented **the first non-government, non-financial green bond issued in Canada.**

### October 2018:

Scotiabank acted as Joint Bookrunner on Fondo Especial para Financiamientos Agropecuarios **MXN\$5.4 billion green bond offering, which is the only green bond positively endorsed by two second party opinions from Sustainalytics and Climate Bond Initiative.** Also, in October 2018, Scotiabank acted as Joint Bookrunner on Productos Tissue del Peru S.A.C inaugural PEN 100 million green bond transaction, which was the first green bond public offering in Peru.

## Sustainable Finance

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### CrediAuto®

In 2018, Scotiabank Mexico continued its CrediAuto program, which offers customers an incentivized credit plan to purchase an electric or hybrid vehicle. The initial cost of such vehicles can sometimes be higher than conventional vehicles. To offset this difference in cost, CrediAuto's Green Credit Program offers benefits including a preferential interest rate and a cash-back "environmentally friendly bonus."

In 2018, bookings increased by 162% compared to 2017.

Along with fuel savings and government incentives, the program seeks to make owning cleaner-running vehicles accessible to more people. Lending under CrediAuto continues to increase year-on-year. In 2018, bookings increased by 162% compared to 2017.



# Operational Footprint

## Why it Matters

As global populations increase, demand for energy and natural resources are also increasing. Building a better more sustainable future for our customers and our Bank means minimizing resource consumption to reduce our impact on climate change.

## Our Approach

Scotiabank owns or leases over 2.2 million square metres of real estate globally. We work to manage and reduce our operational footprint by focusing on reducing greenhouse gas emissions, increasing energy efficiency, reducing our waste and monitoring water consumption. Our shift to digital, and our flexible approach to how we work is helping us reduce our footprint.

## Greenhouse Gas Emissions

In 2017, we set a new global GHG emissions reduction target: a 10% absolute reduction of Scope 1 and 2 emissions by 2021, compared to 2016 levels. In 2018, we are well on our way to achieving a 10% reduction by 2021, having achieved an 8.87% decrease in Scope 1 and 2 emissions since 2016. Our Scope 3 emissions increased by 10.85% in 2018, compared to 2017. This rise was caused largely by more robust reporting on international travel. In 2019, we will continue to look at opportunities to address this increase. GHG emissions are verified on an annual basis by an independent verifier. Our letter of assurance can be found on [Our Website](#).

### Greenhouse Gas Emissions (Global) Metric Tonnes CO<sub>2</sub>e\*

Source	2018	2017	2016	2015
Scope 1	13,476	13,950	12,409	15,314
Scope 2	111,990	114,183	125,053	133,930
Scope 3	20,020	18,060	15,445	9,803
<b>TOTAL</b>	<b>145,486**</b>	<b>146,193</b>	<b>152,907</b>	<b>159,047</b>

\*Calculated in accordance with the Greenhouse Gas Protocol of the World Resources Institute and the World Business Council for Sustainable Development ([www.ghgprotocol.org](http://www.ghgprotocol.org)), including emission factors for electricity purchases, natural gas and fuel.

\*\* The completeness and accuracy of our total GHG emissions has been verified by an independent third party. In 2018, proxy data amounting to 6% of our Scope 2 emissions was not subject to verification. Note: Scope 2 emissions from 2015-2017 have been restated due to new locations acquired internationally.

## Operational Footprint

### Scotiabank's Internal Carbon Price



As part of our commitment to the Carbon Pricing Leadership Coalition, we implemented an internal carbon price in 2018. After consultations with external experts and a thorough peer review, we established an internal tax of CAD\$15 per tonne of CO<sub>2</sub> for our global Scope 1 and 2 emissions. This allowed us to fairly compare projects that required higher upfront costs (but delivered longer term energy savings), with those that were more cost-effective but short-term solutions.

In year one of implementation, this enabled HVAC replacements in Canadian branches, and the kick off of a pilot solar panel project in the Caribbean.

**HVAC Upgrades:** Through a retrofit initiative, 80 branches in Canada were upgraded in 2018, resulting in an estimated savings of 555,629 kWh, or 413 tCO<sub>2</sub>e. A total of 156 branches have been upgraded since the initiative started and 147 branches are due to be upgraded by the end of 2019.

We plan to further the HVAC retrofit project across our international branch network in FY2019 and beyond.

**Solar panels:** In 2018 we kicked off a solar panel initiative in Jamaica. Not only will this take advantage of the sunny region, but it will also reduce pollution as the energy supply in Jamaica is heavily reliant on fossil fuels. We plan to extend this initiative in FY2019 to our operations in the other Caribbean countries.

### Energy Efficiency Initiatives

To achieve our GHG emissions reduction target, we have a number of energy efficiency initiatives underway. These help us to not only reduce the amount of energy we consume, but also reduce our operating costs.

Over the course of 2018, we have densified our head office space in Toronto, Canada, which will result in a reduction in absolute emissions for all renovated premises. In 2018, we also retrofitted one of our Toronto office buildings with a green roof, providing energy reduction benefits through insulation, slowing stormwater runoff and regulating building temperature.

A number of our major office locations have environmental accreditations:

- **Scotiabank Plaza in Toronto, Canada** – LEED Platinum
- **Broadgate Tower in London, United Kingdom** – Building Research Establishment Environmental Assessment Method (BREEAM) certified
- **Brookfield Place in New York, USA** – LEED Gold

We plan to make several upgrades to our Head Office in Toronto – such as adding a cooling tower and heat exchanger, upgrading our building automation system and modernizing elevators.

## Operational Footprint

### Energy Efficiency in Branches

We have also reduced the footprint of our new branches in Canada, which now range from 1,500 to 4,000 square feet, compared to previously occupying 5,000 to 6,500 square feet. Additionally, central control of workstations in our branches automatically turns off unused computers during non-working hours, helping us to save energy.

We've reduced the footprint of our new branches in Canada, which now range from 1,500 to 4,000 square feet, compared to previously occupying 5,000 to 6,500 square feet.

In 2018, we upgraded old thermostats to new devices that can automatically and efficiently adjust temperatures to save energy. We annually investigate utilities at high-consuming premises. Where appropriate, we implement metrics to reduce environmental impact.

**// Paper independence means employees print if it helps them review information, but we no longer store or share paper. When combined with workplace and technology changes, we've seen an 80%+ printing decrease year-over-year. Less paper also means less space devoted to storage and less shredding. It becomes a large cumulative environmental impact."**

— Gus Scaiano, Vice President,  
Workplace Transformation

We also help our customers reduce their fossil fuel consumption by encouraging electric vehicles. Thirty-eight of our branches in Canada are equipped with electric vehicle charging stations.

### Waste Reduction

In 2018, Scotiabank continued to reduce the amount of paper consumption through a variety of initiatives.

Scotiabank's large-scale strategic move to digital products is saving a substantial amount of paper across our global footprint. The Canadian Banking Paperless Program aims to increase customer adoption of digital statements, fulfillment materials and communications by strengthening digital document capabilities. We digitally delivered over 95 million documents in 2018, resulting in over 300 million pages of paper conserved.

In our international operations digital advances are enabling further paper savings. For example, in Colombia digital products such as the Zero Account, credit cards and Certificates of Deposit have enabled us to reduce our paper use by an average of three sheets of paper, per product. For our digitalized Zero Account, almost half a million pages were conserved. In addition, our new digital branches in both Latin America and Canada allow customers to use technology to complete their banking needs, limiting the use of paper.

Scotiabank's newly implemented Activity-Based Working culture is allowing us to dramatically reduce our use of paper and our need for square footage. In year one, we reduced paper use by 2.2 million sheets. Once fully implemented, based on initial trials, we estimate that this new way of working will reduce paper consumption by approximately 86% compared to the more traditional workplace culture. Activity-Based Working also enables us to reduce the space needed per employee by 40%. By mid-2019, we will have exited over 300,000 square feet of space at our offices in downtown Toronto, Canada. For more information on the Activity-Based Working concept, see [Page 26](#) on the Scotiabank *Way We Work* initiative.

## Operational Footprint

### Water Consumption

We measure water consumption across our Canadian footprint and a portion of our portfolio outside of Canada. We also work with property managers to obtain accurate water consumption data for large buildings where we lease office space.

Water Consumption (Canada)*					
2018**		2017		2016	
Total Use	M <sup>3</sup> intensity (per square metre)	Total Use	M <sup>3</sup> intensity (per square metre)	Total Use	M <sup>3</sup> intensity (per square metre)
696,067	0.65	719,778	0.67	451,492	0.66

Water Consumption (International)*					
2018**		2017		2016	
Total Use	M <sup>3</sup> intensity (per square metre)	Total Use	M <sup>3</sup> intensity (per square metre)	Total Use	M <sup>3</sup> intensity (per square metre)
326,099	0.72	430,331	0.88	418,727	0.88

\*The above information was collected from the best available data and methodologies, which includes information directly captured from invoices processed for payment from various water vendors. We continue to expand the geographic scope of our reporting boundary with the objective of reporting total consumption. The above represents the full Canadian portfolio and a sample of the International portfolio. When necessary, some buildings were estimated using consumption data found in similar regions and building types.

\*\* From 2017 onward, our figures represent the full Canadian portfolio. In 2018, our Canadian figures are based on a combination of owned/leased retail locations and office buildings occupied by the Bank across Canada, representing approximately 1,065,504 square meters. In 2016 our Canadian figures only covered a portion of our Canadian portfolio, which is why the total use consumption figure is smaller in 2016 compared to 2017 and 2018.

Our International figures are based on a combination of owned/leased retail locations and office buildings occupied by the Bank in Chile, Costa Rica, Colombia, El Salvador, Mexico and Peru, representing approximately 453,417 square meters.

# Economic Inclusion

From large increases in global population to widespread use of digital technologies, our world is changing rapidly. In a world where the only constant is change, we must thrive in change. We believe that building a better, more resilient future means supporting all of our stakeholders, as our success is intrinsically related to the success of those around us. Whether that means providing access to financial tools and education or supporting employees with a diverse, inclusive workplace where they can grow and succeed, we strive to enable economic inclusion for every customer and employee, providing them with opportunities to build the future.



## 2018 Highlights

- Recognized in the Thomson Reuters 2018 Diversity and Inclusion Index and the 2019 Bloomberg Gender Equality Index for our work on Diversity and Inclusion
- We acted as a Joint Lead Manager for a CAD\$1 billion World Bank Sustainable Development Bond focused on supporting women and young people
- We maintained a “Gold Level” in the Canadian Council for Aboriginal Business (CCAB) Progressive Aboriginal Relations (PAR) review process. This demonstrates our commitment to working with Aboriginal communities.

## Looking Forward

- Roll-out the newly announced Scotiabank Women Initiative to enhance access to capital and education for women-led businesses
- Implement Aboriginal Financial Literacy and Education Training in four pilot communities followed by all 27 Aboriginal Banking Centres, in partnership with AFOA Canada (Aboriginal Financial Officers Association of Canada)
- Continue to develop new and exciting programming to enhance financial education for customers across our global footprint

# Economic Inclusion For Customers

## Why it Matters

Providing access to financial services and an understanding of how to use them is an essential part of building a better, more inclusive society. According to [The World Bank](#), financial inclusion has been identified an enabler for many of the UN SDGs. With proper financial education and tools, customers can build skills and confidence to manage their financial futures.

## Our Approach

**Across our international footprint, we strive to empower customers to succeed by providing them with tools and education to effectively manage their finances. We also support specific vulnerable groups such as students, newcomers to Canada, Aboriginal customers and small businesses access to finance. By addressing potential barriers these vulnerable groups face, we can contribute to a more inclusive future.**



## Newcomers to Canada

More than 300,000<sup>16</sup> people were expected to make Canada their home in 2018 – and we were delighted to welcome them.

Our StartRight Program addresses the unique banking needs of newcomers in Canada, and helps them to establish a firm footing to reach their financial goals. We also support CanPrep, a national pre-arrival program delivered by JVS Toronto in partnership with the Toronto Region Immigrant Employment Council and other community organizations in Canada. Scotiabank employees provide online and in-person mentorship and facilitate interactive webinars for people across the globe looking to move to Canada.

In 2018, we developed financial literacy webinars tailored specifically to the needs of International Students, Foreign Workers and Permanent Residents. We also added a “New to Canada” feature to our online branch tools, reducing the time a financial advisor needs to onboard a new customer, and increasing the time to provide advice and explore solutions. We also offer a free chequing account for all students, as well as other discounted services for other customer groups. Our 2018 Public Accountability Statement highlights these products and services.

<sup>16</sup> [canada.ca/en/immigration-refugees-citizenship/news/notices/supplementary-immigration-levels-2018.html](https://www.canada.ca/en/immigration-refugees-citizenship/news/notices/supplementary-immigration-levels-2018.html)

## Economic Inclusion For Customers

### Access to Finance Through Digital Transformation

Two years ago, Scotiabank embarked on a digital transformation journey to better serve our customers and become more efficient.

Advances in digital technology are making it easier for Peruvian entrepreneurs to obtain loans from CrediScotia, our consumer lending and microenterprise division in Peru. Technology has made it possible for CrediScotia to finance a business loan in under an hour – a process that took up to 48 hours previously.

In 2018, CrediScotia's Mobile Wallet – 'BIM' – has seen an average of over 4,000 monthly transactions, double that of last year.

Also in Peru, CrediScotia's Mobile Wallet – known as *Billetera Movil*, or BIM – is a cell phone-based banking tool that makes sending and receiving money easier, without incurring cell phone fees or using data. BIM has 100,000 users – a 13% increase from 2017 – and sees an average of over 4,000 monthly transactions, double that of last year.

Microlending – providing loans in small amounts – helps encourage entrepreneurship and economic growth in developing nations. Making the loan process faster and easier is one of the ways in which Pronto!, the microlending division of Scotiabank Uruguay, is improving access to finance in the country. Existing customers can use Pronto! to gain access to small loans in just 3 to 7 minutes at self-service kiosks across the country. In 2018, over 75,000 customers interacted with Pronto!, with nearly 57,000 loans and over 4,000 credit cards disbursed. Of these customers, 61% were women.

In Panama, we opened our first digital branch in La Chorrera in 2018. At this branch, customers learn the power of self-service digital banking from an in-person service coordinator, learning how easy, safe and comfortable it is to conduct transactions using digital platforms and channels.

// Technology is providing unprecedented opportunities for the banking industry to better serve our customers and make a significant impact in our communities.

Scotiabank's digital transformation has created new digital and mobile tools that are giving more consumers and small businesses access to the financial system, and finding customized solutions that help all our customers succeed."

— Ignacio "Nacho" Deschamps,  
Group Head, International Banking  
and Digital Transformation

In addition, our focus on digital transformation is also helping more Colombians join the formal financial system. In 2018, Colpatria's digital account opening process contributed to more than 100,000 new accounts being opened. New digital tools dramatically reduced the amount of time to open a bank account – 10 minutes instead of 25. Formal documents, fingerprints and physical signatures are no longer required to open a savings account, and the time for debit card delivery decreased from 10 days to less than three. Helping people access basic banking serves as a gateway to other financial services, such as credit, which can be used to invest in their businesses.

### Fee-free Accounts

Another way Scotiabank supports financial inclusion is by offering basic banking accounts with no monthly fees in select locations. Basic banking accounts with no fees help attract a new customer base who may have viewed fees as a disincentive to joining the formal financial system.

Peru's Free Account allows free transactions throughout the country, as well as withdrawals without commissions from ABMs of allied banks abroad. The Free Account

## Economic Inclusion For Customers

aims to provide customers with an easy and secure option to make deposits and payments instead of relying on cash. The Free Account is the only banking product in Peru that allows customers to access funds at no additional cost from locations outside of the country.

**Between October 2017 and September 2018, the Zero Fees strategy in Colombia has led to over 400,000 new accounts.**

Similarly in Colombia, Scotiabank's subsidiary Colpatria also implemented a Zero Fees strategy that eliminated traditional transaction fees, minimum deposit amounts and consultation fees. Between October 2017 and September 2018, the Zero Fees strategy at Colpatria led to over 400,000 new accounts.

Other examples of access to finance products and services in Canada can be found in the 2018 Public Accountability Statement, available on our website.

### Aboriginal Banking in Canada

We are also working to have a positive impact on Aboriginal people, communities and businesses. Our 27 Aboriginal Banking Centres across Canada, including four on reserves, offer banking specialists who are ready to provide our full range of banking services. In addition, Commercial Banking provides custom on-reserve lending services to Aboriginal economic development organizations and band councils. We proudly align to the CCAB Progressive Aboriginal Relations (PAR) review process. We have been committed to the PAR Program since 2001, and are proud to maintain a "Gold Level" standing, which demonstrates our sustained leadership in Aboriginal relations and commitment to working with Aboriginal communities and businesses.

In 2018, we achieved our target and grew our Aboriginal customer base by 10%, and aim to grow this by an additional 10% in 2019. In 2018, we provided training

sessions for Canadian employees that focused on the inclusion of Aboriginal peoples as employees and clients. In 2019, we plan to offer a comprehensive curriculum for employees about the histories, cultures and traditions of Aboriginal peoples. Elements will focus on creating opportunities for employees to receive traditional teachings from Elders and respected community members to increase employees' understanding of Aboriginal cultures.

To support Aboriginal youth, we continue to partner with Relay Education, promoting renewable energy education to Canadian youth. Working collaboratively with First Nations and Metis communities, Relay provides educational workshops for Indigenous individuals to build interest in skills in renewable energy and sustainability. Our sponsorship of Relay's Green Collar Careers Program encourages Indigenous youth to explore a career in sustainability. In 2018, over 4,400 students participated, and of those surveyed nearly two-thirds indicated they were highly interested in a career in sustainability months after the initial workshop.

**We have been committed to the Canadian Council for Aboriginal Business since 2001, and are proud to maintain a "Gold Level" standing.**

### Supporting Small Businesses

A Government of Canada report highlights that small-to medium-sized enterprises (SMEs) employ over 90% of Canada's private workforce<sup>17</sup>. And according to the UN's Economic Commission for Latin America, SMEs "account for 99% of the industrial fabric and create the majority of jobs" in Latin America and the Caribbean<sup>18</sup>. Access to finance is key to the creation, growth and productivity of SMEs, so we strive to support these businesses through products, programs and partnerships.

In Costa Rica, we developed a training program that helped provide guidance and business advice to over

<sup>17</sup> Innovation, Science and Economic Development Canada. KEY SMALL BUSINESS STATISTICS. June 2016.

[ic.gc.ca/eic/site/061.nsf/vwapj/KSBS-PSRPE\\_June-Juin\\_2016\\_eng-V2.pdf/\\$file/KSBS-PSRPE\\_June-Juin\\_2016\\_eng-V2.pdf](https://www.ic.gc.ca/eic/site/061.nsf/vwapj/KSBS-PSRPE_June-Juin_2016_eng-V2.pdf/$file/KSBS-PSRPE_June-Juin_2016_eng-V2.pdf)

<sup>18</sup> [cepal.org/en/topics/micro-small-and-medium-sized-enterprises-msmes](https://cepal.org/en/topics/micro-small-and-medium-sized-enterprises-msmes)

## Economic Inclusion For Customers

490 SMEs. The course covered topics such as branding, time management and driving performance. It also allowed entrepreneurs to network with each other and build their client base.

Since 2017, over 3,000 small business representatives from 133 organizations – 59% led by women – have been trained through Scotiabank’s partnership with CARE Peru.

“At Scotiabank, we believe that if our local businesses thrive, so do our communities. That’s why we’re committed to supporting businesses of all sizes. It is a priority for us as a bank and a critical driver of our country’s economic growth and international footprint.”

— Jason Charlebois, Senior Vice President, Small Business Banking

In Dominican Republic, our subsidiary dedicated to microfinance, Soluciones Scotiabank, offers products and services, such as quick loans, to microentrepreneurs. The 2018 annual workshop invited experts to coach around 1,000 microentrepreneurs on resource management, savings and development for the growth of their businesses.

Our Small Business division in Mexico, meanwhile, served over 140,000 small business customers in 2018, which amounted to over 5,000 credit transactions worth Mex\$2.7 billion (CAD\$187 million) in credit and Mex\$62 billion (CAD\$4.3 billion) in deposits.

In 2018, we marked the second of a three-year partnership with CARE Peru to help improve the economic situation of families living in poverty. We provide financial support to run programs, and Scotiabank employees volunteer their time to help



run financial knowledge workshops. In 2018, with the support of local governments, knowledge-building workshops were held to deliver skills related to entrepreneurship, financial well-being and social security. For example, in Arequipa, Peru, a workshop on obtaining and using seed capital resulted in 20 organizations implementing their business plans, which ranged from textile manufacturing, catering and 3D printing. To date, over 3,000 small business representatives from 133 organizations – 59% led by women – have been trained in Peru. In addition, 105 organizations were trained in a second phase to deepen their skills.

In Canada, we are committed to supporting a thriving business environment. In 2018, we invested in technology that automates credit approvals up to CAD\$100,000 for small business customers in Canada, reducing the processing time from two weeks to less than 30 minutes for many. We also continued to enhance our digital business account opening platform and further strengthened our digital fraud and AML processes to protect customers opening accounts online. Through our partnership with the Canadian Federation of Independent Business (CFIB), we continued to offer CFIB members exclusive discounts on banking products and services. Our annual sponsorship of Startup Canada provides us with a platform to share best practices and advice with new businesses through live tweet chats and podcasts, and opportunities to celebrate their successes through regional and national awards programs. Promotional activities throughout the year, including those focused

## Economic Inclusion For Customers

### Scotiabank Women Initiative



On December 5, 2018, we launched The Scotiabank Women Initiative, a comprehensive program that will advance women-led businesses in Canada through access to capital, education and mentorship. Women-owned businesses generate CAD\$117 billion in economic activity in Canada and make up 16% of SMEs in Canada, yet research cites obtaining access to financing as a major obstacle. We see the opportunity: we want to be the go-to bank for female business leaders and combat the unconscious bias that prevents women from taking their business to the next level. We are committed to equal access to our full suite of financing solutions.

The program, led by our President and CEO of Tangerine, and an Advisory Board comprised of various leaders from different business lines across Scotiabank, will help women grow their business through mentorship sessions to discuss real, topical business challenges and complex business situations. Through UnMentorship Boot Camps™, we will “un-teach” traditionally-held ideas about how to succeed. The Scotiabank Women Initiative will help us better understand and support women business leaders, so we can become a valued partner in their success.

Visit [scotiabankwomeninitiative.com](http://scotiabankwomeninitiative.com) to learn more.

around Small Business Month, kept our Advisors and solutions accessible to more small business customers in Canada.

Last year, Small Business Advisors (SBAs) across Canada facilitated branch-level meetings between business owners and local business experts to leverage expertise on how to overcome pain points and challenges. Scotiabank Social was launched, providing resources for SBAs to share relevant business content online with their connections. As well, the Small Business Advisor Excellence Program was introduced, equipping our advisors to better support our customers.

### Helping Plan For The Future

In January 2017, Colpatria established the Financial Education Committee to help ensure that both customers and employees had the information and tools they needed to make good financial decisions. The committee has shared financial tips on both internal and external social media channels, granted over 10,000 customers and employees access to [Midatacredito](#), (a third-party online financial management tool) and gave away over 2,200 copies of a book titled “*Personal Finance: Your Best Plan of Life*,” that Colpatria co-authored with the Universidad de los Andes.

## Economic Inclusion For Customers

In Canada, the Scotiabank Mapping Tomorrow™ Program is a financial planning tool used by our advisors to create customized plans for customers, based on key life stages, including education and retirement savings. Our online calculators help customers understand the value of creating budgets and saving plans, including our [Scotiabank Retirement Savings Calculator](#) and our [Scotiabank Money Finder Calculator](#).

Our online calculators help customers understand the value of creating budgets and saving plans, including our Scotiabank Retirement Savings Calculator and our Scotiabank Money Finder Calculator.

In 2018, we implemented a new, early engagement program for our day-to-day banking customers in Canada. The program has been designed to strengthen our customer relationships by providing a personalized experience. We provide customers with key information on how to manage and use their accounts, with topics varying from how to use online banking, set-up automatic direct deposits, and using our mobile banking app. Our Credit Card Early Engagement Program helps new credit card customers understand the details of these products. The program allows us to provide customers with timely and relevant information, which leads to better product awareness and improved customer experiences.



“ We have an important role to play in helping customers make informed decisions about their finances. Doing our part to close the financial literacy gap enables customers to meet their financial goals and fosters trusting relationships. Because, without an understanding of financial concepts customers may not be prepared to make the right decisions.

— Sarah Jordan,  
Senior Vice President, Customer  
Experience & Omni Channel Strategy

In Colombia, we developed a “Healthy Finances” campaign to engage employees on improving their financial knowledge. We shared financial tips and addressed topics such as investments, retirement, budgeting and managing expenses. We also offered an intensive training program called “My Finances, My Responsibility” to develop personal financial plans for more than 60 employees.

### Bank At Work

As people become increasingly time pressured, we are working to take financial services out of the Bank and bring them to new and existing customers through our Bank at Work Program. Through commercial banking partnerships, Scotiabank financial advisors visit our customer companies to deliver financial support to their employees. This program allows these employees to develop and implement a personalized financial plan and receive ongoing support from a mobile advisor – without needing to take valuable time out to visit a branch. In the 12 months following its launch in January 2018, advisors completed 500 appointments in Canada, and this is expected to increase with further rollout of the program across the country.

## Economic Inclusion For Customers



In Costa Rica, we gave 42 face-to-face financial education workshops at 33 client company's facilities. The talks are given in Spanish and English and cover topics such as budgeting and tips to get out of debt. Once the training is completed, participants are encouraged to open a savings account and offered advice on how to manage debt.

Since the launch of the Bank from Work Program in 2018, advisors completed 500 appointments in Canada, and this is expected to increase with further rollout of the program across the country.

### Online Education

In 2018, Scotia iTRADE, our Canadian direct investing platform, delivered over 100 educational webinars to more than 2,000 customers. Topics included sustainability, options trading and investing advice, with each module tailored to be helpful to customers

that are both new to investing and those with advanced knowledge. Our Ask the Expert service allowed customers to ask industry experts about specific investment types.

**89% of attendees gave the Scotia iTRADE webinars a favourable rating**

# Economic Inclusion For Employees

## Why it Matters

A diverse, inclusive workforce allows us to better serve the needs of our customers and employees. We respect and appreciate all individuals and strive to create an inclusive culture where our differences and similarities are embraced across our global footprint.

## Our Approach

**Our Diversity and Inclusion strategy seeks to enable every employee to reach their fullest potential. We have a global strategy for Diversity and Inclusion while also supporting local initiatives and activities.**



## Scotiabank Inclusion Council

Chaired by our President and CEO, Brian Porter, the Scotiabank Inclusion Council is comprised of senior leaders across all areas of the organization that can affect change within their respective business lines. A key focus of the Council is to advance inclusion within Scotiabank and to improve the diversity of our talent pipeline of future leaders. In 2018, the Council met six times and set aspirational goals focused on improving the representation of:

- Women at specific middle management levels
- Aboriginal peoples
- Visible minorities
- Persons with declared disabilities

The Council has also set a high standard for transparent and open communication through newsroom-style reporting following each council meeting. All council minutes are made available to all employees through our intranet.

## Scotiabank Named A Top 100 Company For Diversity and Inclusion Globally



Scotiabank was proudly included in the Thomson Reuters Diversity & Inclusion Index of the top 100 most diverse and inclusive workplaces globally out of 7,000 evaluated.

## Economic Inclusion For Employees

### Employee Resource Groups and Diversity and Inclusion Committees

Employee Resource Groups (ERGs) are employee-led initiatives that support underrepresented groups in contributing to our business goals, while promoting greater affinity and understanding. Scotiabank has 13 formal ERGs, with individual chapters of each active across our global footprint. Each ERG actively works to provide meaningful opportunities for advancement for their groups. Our recently revitalized enterprise mentorship program is being leveraged by various ERGs to promote development and increased visibility for ERG members.

Scotiabank has 13 Employee Resource Groups across our operations, with individual chapters of each active across our global footprint.

We have a global focus on Diversity and Inclusion. For example, in Colombia, Colpatria formed a Diversity and Inclusion committee that hosted a series of workshops on “Conscious inclusion, Unconscious bias.” Through these workshops, 44 Colpatria leaders were provided with tools to help them identify their own bias, promote diversity and generate a culture of inclusion. In Canada, 667 employees completed a Conscious Inclusion course. Directed at managers, the 2.5 hour in-class course lets employees examine their own perceptions of others, identify unconscious biases that they might hold and identify the impacts of biases on daily behaviours.

In the United Kingdom, the Diversity and Inclusion committee facilitated 21 events, activities and initiatives ranging from a mentorship program to breakfast clubs with leaders, and fundraising events for local charities.

### Focus on LGBT+ Inclusion

Scotiabank is committed to LGBT+ inclusion in the workplace. Since 2016, we have been members of Pride Connection, a network of companies that seeks to promote inclusive work spaces for sexual and gender diversity and generate ties to attract LGBT+ talent. In 2018, Scotiabank Peru was a founding partner in launching Pride Connection Peru, which seeks to create a more inclusive culture. Through the initiative, we advanced our commitment to promote work environments that respect and support the professional development of members of the LGBT+ community. In Uruguay, leaders from Scotiabank worked with several other companies to form a local chapter of Pride Connection.

## Scotiabank Included in “Best Places to Work for LGBT+ Equality” List

by Human Rights Campaign Foundation  
in 2018

We are proud to have been recognized for our efforts in supporting the LGBT+ community. In Mexico, we were listed on the Human Rights Campaign Foundation’s 2018 “Best Places to Work for LGBT+ Equality” list. Scotiabank Pride Mexico hosted various LGBT+ events in 2018, including the third annual Pride Connection Summit and the Empower LGBT+ Conference. In 2018, we ranked 8th out of more than 30 top Canadian employers in Pride at Work Canada’s Inclusion Index.



## Economic Inclusion For Employees

### A Month-long Celebration of Pride

We celebrate June as the global month for Pride and LGBT+ inclusion – which is a year-round priority area for Scotiabank.

In June 2018, over 1,000 Scotiabankers marched in Pride parades across Canada, Mexico, Costa Rica and other countries.

We celebrate Pride Month around the world in a number of ways. In June 2018, more than 1,000 employees marched in parades across Canada, Mexico, Costa Rica and other countries. We also introduced a Global Pride marketing campaign on social media and digital channels, at branches and on ABM screens featuring LGBT+ Scotiabankers and allies across our global footprint, and raised flags in support of LGBT+ rights at our corporate headquarters in Mexico, Uruguay, Costa Rica, Peru and at locations across Canada.

“I was honoured to be approached by a colleague who was transitioning their gender. I immediately reached out to our LGBT+ Council of Chairs for resources about how I could best support them. The response was phenomenal. Now I feel at ease knowing how to best support them in a process I know will be important and impactful.”

— Scotiabank Employee in Canada

Scotiabank Pride in Canada hosted a Global LGBT+ Forum with trans Olympic athlete Chris Mosier as the keynote speaker. As part of the forum, Scotiabank Pride in Canada promoted the International Day of Pink by hosting young people for a roundtable that explored

LGBT+ inclusive customer service and environments. Scotiabank Pride in Canada also sponsored Start Proud’s Out on Bay Street Conference, to help promote career development in the financial services sector.

### Scotiabank Peru Shows What LGBT+ Support Looks Like



In 2018, Scotiabank Peru demonstrated that we fully support the LGBT+ population. We lit up our building for Pride, which garnered many comments on social media. We were the first bank in Peru to remove gender from all applications. An internal survey conducted after these changes were made showed that 93% of survey respondents thought Scotiabank was a diverse bank and 84% saw that inclusion was a priority.

## Economic Inclusion For Employees

### Women in Leadership

The proportion of women in our organization in senior management positions (vice president level or above) reached a record high of 34% globally in 2018, a 9% increase since 2013. In 2018, we maintained the number of women in senior management positions at 39% in Canada and increased it to 21% outside of Canada.

To continue to strengthen our commitment to women at Scotiabank, we have developed external partnerships with Women of Influence, the Women's Executive Network, The Art of Leadership for Women, Women's Forum for the Economy and Society and Catalyst Canada. Our Chairman and CEO have signed pledges of commitment in Canada for the [Catalyst Accord](#), and the Canadian Chapter of The 30% Club – initiatives that encourage corporate Canada to increase representation of women on boards of directors and in executive positions.

Our Chairman and CEO have signed pledges of commitment in Canada for the Catalyst Accord, and the Canadian Chapter of The 30% Club.

In 2018, we joined Gender Equality Leadership in the Canadian Private Sector, a partnership between 20 companies, the [UN Global Compact Network Canada](#) and Status of Women Canada. Through this three-year project, we are helping define what gender equality looks like in the workplace, and contributing to the development of tools and best practices.

**“ We are working hard to be a destination workplace for women seeking careers in the financial services industry. We continuously solicit feedback from our employees, Inclusion Council and employee resource groups to identify opportunities for the Bank, because we recognize that it is the thoughts and ideas of our employees that can help take us to the next level.”**

— Darryl Wright,  
Senior Vice President, Talent



## Economic Inclusion For Employees

### Promoting Gender Equality in Chile



In February 2018, Scotiabank Chile was invited to share best practices for Gender Equality at the *4th Global Forum of Companies for Gender Equity*, an event organized by the United Nations Development Program, the Government of Chile, UN Women and the International Labour Organization. Scotiabank Chile was the only private bank invited to participate in the meeting.

Further, as part of Gender Equality month in March, Scotiabank Chile hosted a panel titled *Women in Senior Management: Just a Fad?* The panel featured members of the Executive Committee and Board of Directors who spoke about the representation of women in senior management, and how the Bank has integrated diversity within our culture and corporate values.

In April, we took part in a forum to discuss advances of female representation in advertising and mass media. The initiative was inspired by the Unstereotype Alliance, created by UN Women, and seeks to eradicate the stereotyped representation of women in mass media and marketing.



### Scotiabank Chief Human Resources Officer Recognized

In 2018, Barbara Mason, Group Head and Chief Human Resources Officer, received the first [Canadian Employment Equity Champion Award From The Government Of Canada](#). This award recognizes an executive leader for their proven track record of championing employment equity within their organization, as well as their overall contribution to diversity in the workplace. Barbara also moderated an inspiring fireside chat with Malala Yousafzai at the annual 2018 Art of Leadership for Women event in 2018, which was attended by more than 2,500 women and men from high-school age to senior business leaders, and provided the welcoming remarks at the Women's Forum Canada event held in Toronto, Canada in May 2018.

## Economic Inclusion For Employees

### International Women's Day

The advancement of women in the workplace is a year-round priority, but each year, the celebration of International Women's Day on March 8th provides us with an opportunity to remember that gender equity is everyone's responsibility (reaffirming our support of [Sustainable Development Goal 5: Gender Equality](#)).

This year in Canada, Scotiabank joined the UN Global Compact to ring the opening bell of the Toronto Stock Exchange to celebrate women in business on International Women's Day, joining 40 other stock exchanges globally. In Barbados, we presented an event that featured a panel discussion with women business leaders. The discussion focused on pursuing one's passion, overcoming obstacles and succeeding in non-traditional roles.

Also as part of our celebration of International Women's Day 2018, Scotiabank Peru carried out a campaign called The Price of Equality to address the gender wage gap in Peru, known to be the highest in Latin America.

The campaign allowed women to purchase products and services at Scotiabank – affiliated stores at a 29.2% discount – the wage gap between men and women in the country. A widely-watched [Video](#) was created to spread awareness for the campaign, which received awards at the 2018 Cannes Lions International Festival of Creativity, Eye of Latin America (Ojo de Iberoamérica) and Festival of Media LatAM (FOMLA).

Our Price of Equality campaign allowed women to purchase products and services at Scotiabank-affiliated stores at 29.2% discount – the wage gap between men and women in Peru.

The message behind The Price of Equity proved to be timely. On December 28, 2017, the Peruvian congress passed a law stating that women should be making the same amount of money as men.

### Scotiabank participated in #GirlsTakeover Campaign

When the barriers that hold girls back are removed and girls are provided equal opportunities, they can transform their lives and communities. On the UN-Declared International Day of the Girl, we participated in Plan International's #GirlsTakeover campaign. In October, three girls, ages 11 to 16, filled the positions of CEO, President and Director of Human Resources in Peru, Colombia and El Salvador respectively. The young women had the opportunity to meet with female leaders, executives and inclusion committees. They discussed the importance of striving for equal opportunities for girls, as well as the importance of creating equitable workplaces.



### Bond Highlights The Benefits of Investing in Women and Youth

In 2018, Scotiabank served as one of three Joint Lead Managers on a CAD\$1 billion Sustainable Development Bond issued by the World Bank in Canadian currency.

The bond was issued as part of a World Bank Sustainable Development initiative to engage investors on the importance of investing in the health and nutrition of women, children and adolescents, strongly aligning it with our commitment to create a better life for the people we serve around the world.

# Young People

Long-term social and economic prosperity in our communities depends on future generations. When young people in the community succeed, families, businesses and entire societies are positioned to benefit for years to come.

With the right support, children can realize their potential and unlock a future of sustained success that benefits them, their family and their entire community.

That's why Scotiabank invests in a range of programs that build young people's confidence, grow their character and provide them with resources to shape better communities.



## 2018 Highlights

- Contributed CAD\$80 million to the community in donations, sponsorships and other forms of assistance of which 70% was focused on our commitment to supporting young people in the community
- Our Scotiabank Fútbol Club Program reached over 450,000 kids across Latin America and the Caribbean
- Reached one million kids and counting through our commitment to community hockey across Canada

## Looking Forward

- Through our new 20-year partnership with the Maple Leaf Sports and Entertainment (MLSE) Foundation, we will be working to help young people in the Greater Toronto Area by leveraging the power of sport with a focus on community hockey
- Develop 18 other FútbolNet festivals across six countries over three years in partnership with FC Barcelona and the FC Barcelona Foundation

# Young People In The Community

## Why it Matters

More than 1.8 billion young people<sup>19</sup> exist in the world today – more than at any point in history. Our shared future rests in their hands, so it's important that we invest in them now and provide them opportunity to succeed.

## Our Approach

Youth development is complex and multifaceted, with multiple, inter-related factors at play. Scotiabank is committed to helping young people reach their infinite potential by investing in the complete picture of their development.



## Our Strategy: Young People In The Community

In 2018, we took a refined view of our approach to helping young people. The Scotiabank Young People in the Community (YPC) framework is based on six focused disciplines: mind, body, family, community, living space and education. Although the weighted importance of each of these disciplines varies between individuals and situations, positive youth development requires effort in all of these areas. By supporting positive youth development, we hope our young people today develop internal characteristics such as competence, confidence, compassion, character and a sense of caring. All of which help young people grow into healthy adults and make meaningful contributions to their communities.

In 2018, we contributed CAD\$80 million to the community – of which 70% was focused on our commitment to supporting young people.

<sup>19</sup> [worldbank.org/en/news/press-release/2015/10/13/addressing-the-youth-employment-crisis-needs-urgent-global-action](http://worldbank.org/en/news/press-release/2015/10/13/addressing-the-youth-employment-crisis-needs-urgent-global-action)

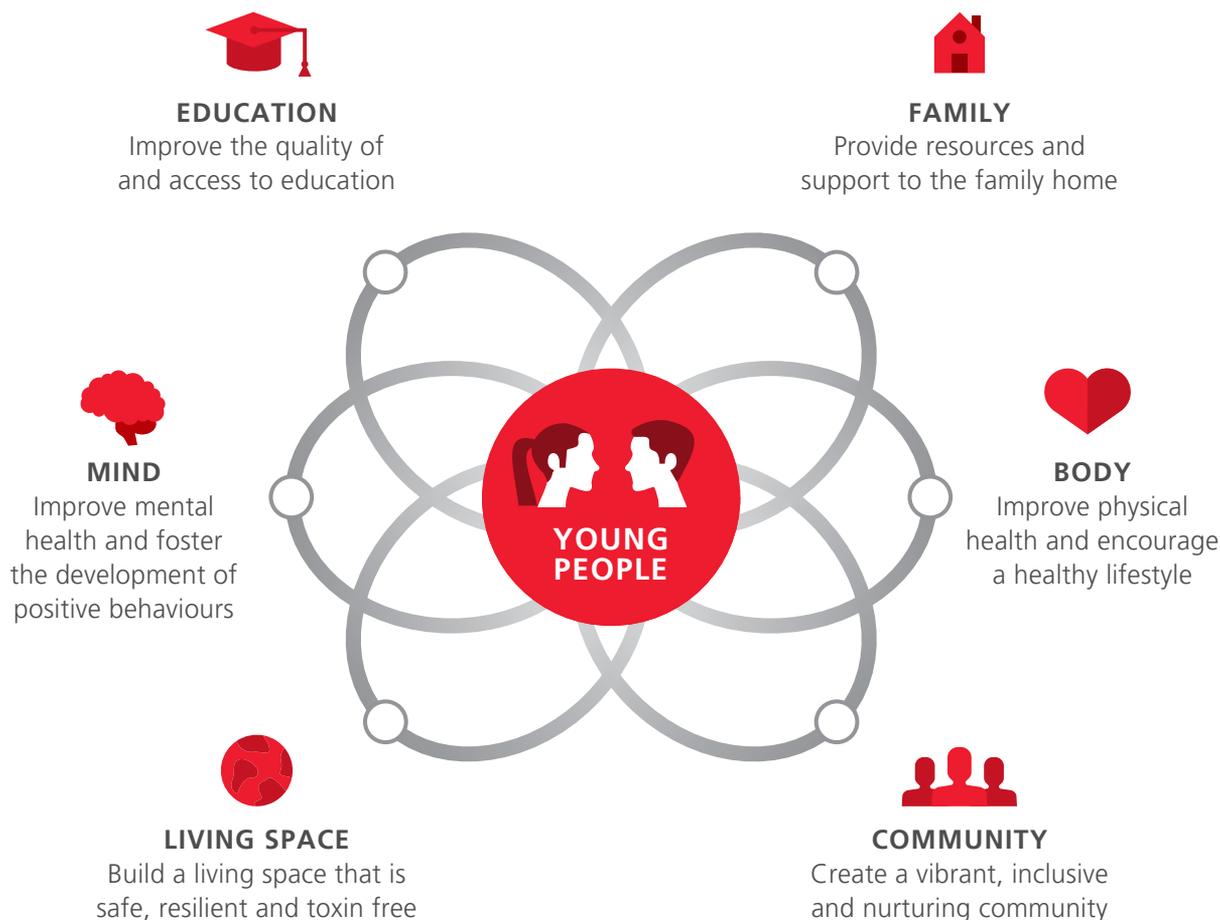
## Young People In The Community

Below, we highlight our 2018 initiatives according to our new strategy focus areas.

### SCOTIABANK YOUNG PEOPLE IN THE COMMUNITY STRATEGY

Scotiabank and its employees are focused on enriching the lives of young people and their communities. We are dedicated to supporting the success of young people for the long term. We recognize what is possible when young people have the guidance, confidence and tools they need to achieve their dreams. Young people are our future leaders and Scotiabank's goal is to help ensure that they have the necessary skills and resources they need to support their success.

We know that how we support young people today can prepare them for tomorrow, and that's why we want to help them thrive. Scotiabank is committed to helping young people reach their infinite potential by investing in the complete picture of their development. We believe this is an investment in the long-term security, stability and growth of our communities.



## Improve Physical Health

**Young people should have the tools and knowledge required to develop and maintain a healthy body. By supporting programs and activities that promote healthy lifestyles, foster positive behaviours and encourage wellness among young people, we are helping build a better, more vibrant future.**



Vanessa Cyr Photographie

### Physical Fitness

For more than 10 years, FitSpirit has inspired teenage girls to rediscover their love of physical activity. The program aims to help girls stay involved with sport – which has been linked with increased confidence and skills and resources that promote girls' future success. To help support the important work of FitSpirit, in 2018, we committed to donating CAD\$1 million to FitSpirit over a five-year period. We will also serve as the

title sponsor of FitSpirit Celebrations. Our support will increase the number and size of Celebration events in Canada, allowing FitSpirit to amplify their message and enable even more young women to participate.

**In 2018, Scotiabank committed to donating CAD\$1 million to FitSpirit over a five-year period to help young women stay active.**

We will also serve as the title sponsor of FitSpirit Celebrations. Our support will increase the number and size of Celebration events in Canada, allowing FitSpirit to amplify their message and enable even more young women to participate.

### Leveraging The Power of Sport

Through our new 20-year partnership with the MLSE Foundation, we will be working to help young people in the Greater Toronto Area by leveraging the power of sport with a focus on community hockey.

MLSE's *Sport For Development* methodology is supported by extensive research that suggests the intentional use of sport and physical activity effectively builds healthy communities and helps young people reach their full potential. MLSE LaunchPad gives youth facing barriers a place to use sports to recognize and reach that potential. The LaunchPad's focus is on achieving sustainable, wide-ranging social outcomes for those youth facing barriers through a Sport for Development approach.

### Hockey

We support hockey at all levels in Canada: from grassroots hockey to the National Hockey League and the Canadian Women's Hockey League.

## Improve Physical Health

Whether at work, at school or on the ice, we believe that being part of a team is a living example of how we're better together – and hockey serves as a compelling example for Canada's youth.

In 2018, we continued to celebrate our milestone of reaching one million kids and counting through our commitment to community hockey across Canada.



### Soccer (Fútbol)

Internationally, we leverage *fútbol* as a means to encourage positive youth development. Through our Scotiabank Fútbol Club programs, we reach over 450,000 kids across Latin American and the Caribbean.

Since 2017, more than 6,300 youth participated in the FútbolNet Festivals. This year, 40% of the participants were girls.

One of these programs is Campeonato Infantil (Youth Championships and Leagues), which runs across Chile, Costa Rica, El Salvador, Mexico, Peru

and Uruguay and reaches over 25,000 children on over 1,800 community teams.

Through another program, FútbolNet, in partnership with FC Barcelona Foundation, we held sports-based festivals in Costa Rica, Mexico, Chile, Peru, El Salvador and Colombia in 2018. These festivals aim to foster the values of humility, effort, ambition, respect and teamwork among youth.

We partnered with local charities, NGOs and soccer federations to ensure each FútbolNet Festival reached populations that would not otherwise have the chance to participate in such an event. Since 2017, more than 6,300 youth participated in the FútbolNet Festivals. This year, 40% of the participants were girls.

Over the next four years, an additional 24 FútbolNet Festivals are being planned across six countries, expected to have a positive impact on more than 24,000 children.



## Improve Physical Health

### Supporting Children in Latin America Through Fútbol



#### SOÑANDO Con El FÚTBOL

In 2018, we worked with FOX Sports Latin America and National Geographic TV (NatGeo) to create *SOÑANDO con el FÚTBOL*, an inspiring reality documentary series that encourages children in Latin America to develop their infinite potential through sport.

*SOÑANDO con el FÚTBOL* tells the story of 12 children from challenging socio-economic circumstances in Latin America and Canada. Three 30-minute episodes tell the children's stories through interviews with them, their family members, teammates, coaches, school teachers and friends.

*SOÑANDO con el FÚTBOL* emphasizes the importance of integrity, determination, respect, passion, inclusion and teamwork and highlights the positive impact that soccer has had on the lives of these children, including academic performance and social skills.

We are also working to provide youth with more access to fútbol facilities and equipment. We have built a total of 11 community soccer fields across five countries: Costa Rica, El Salvador, Mexico, Peru and Uruguay through our Campos de Fútbol program. To date, this program has benefitted more than 42,000 children.

#### Baseball

More than 800 children from 21 communities played in the 2018 Scotiabank Small League Classic baseball tournament in the Dominican Republic.

Since its creation in 2014, more than 3,000 children have benefitted from an event that provides joy and healthy recreation to participants and their families while promoting values such as responsibility, teamwork and respect.

## Improve Mental Health



**Children who develop healthy cognitive and emotional capabilities are more apt to thrive; they are more capable of bettering themselves and more likely to improve their relationships with others. As one of the six focus areas of our YPC strategy, we support activities and initiatives that empower youth, promote mental health and encourage the development of positive behaviours.**

We continue to support the Ontario Shores Centre for Mental Health Services through our three-year CAD\$75,000 commitment. Our support is focused on the foundation's commitment to supporting Adolescent Mental Health Literacy. In 2018, more than 100 parent participants attended a mental health information event to promote, educate and train families around mental health literacy.

We also donated CAD\$30,000 supporting the Skylark Foundation, a leading community health charity helping young people and their families overcome the emotional, social and psychological effects of mental health challenges. Our donation supports counselling and Skylark's YouthCan Initiative, which is designed to provide free, walk-in mental health services for children, youth and their families.

## Improve the Quality of, and Access to Education



**According to the UN<sup>20</sup>, access to quality education is the foundation for sustainable development. Children need access to well-designed and delivered educational programs that present a diverse array of content. By investing in skills programs and upgrading the quality of education, we can help propel young people into the future.**

### Financial Education

We have a long history of partnering with Junior Achievement (JA) and their objective of advancing entrepreneurship, work readiness and financial literacy in youth, through workshops and activities. In 2018, our partnership reached over 12,500 youth – a 6% increase from the previous year – across 14 countries in Latin America and the Caribbean.

JA's "Economics for Success (EFS) 2.0" digital platform enables a larger number of children than ever to access JA programs digitally. The platform is an innovation to the previous paper-based EFS platform and is unique to Scotiabank's partnership with JA. During 2018, our second year using this platform, participation grew to reach over 3,700 youth in 10 countries.

During the second year of the "Economics for Success 2.0" digital platform, we reached over 3,700 young people in 10 countries.

For the second year, Junior Achievement and Scotiabank also organized national and regional Innovation Camp challenges. Youth in 11 countries were asked to dream up creative solutions to financial challenges such as debt, financial planning and the use of digital tools. The winning idea came from a team of girls, whose "Bank Your Selfie" interactive campaign encouraged financial literacy. They were awarded a trip to Scotiabank's offices in Mexico City and to the Junior Achievement Global Youth Forum in Morelos, Mexico.

In addition, our Junior Achievement partnership in Canada organized the "Dollars with Sense" and "More than Money" programs – both fun, interactive programs designed to teach youth key financial skills and develop entrepreneurial spirit. These programs reached over 1,600 students through workshops delivered by Bank volunteers in 2018.

Since 2015, we have supported TakingITGlobal and Cisco with the Connected North Program, providing virtual education to students in remote Indigenous communities across Canada. With a focus on financial literacy, Scotiabank supports the high school curriculum with interactive modules on budgeting and financial planning, suited to the unique realities of the Indigenous communities. The program reaches over 9,500 students in more than 40 schools across five provinces and three territories.

### Young Entrepreneurs

In 2018, we supported two youth challenges with Enactus, an organization that rallies the energy of students to use business as a way to address social issues. *The Scotiabank Youth Empowerment Challenge* and the

<sup>20</sup> [un.org/sustainabledevelopment/education/](https://un.org/sustainabledevelopment/education/)

## Improve the Quality of, and Access to Education

*Scotiabank EcoLiving Green Challenge* are both Canadian competitions that encourage post-secondary students to develop solutions to challenges facing young people and the environment.

In 2018, 1,332 Enactus students logged 95,131 volunteer hours in the Scotiabank EcoLiving Green Challenge, coming up with sustainable solutions to pressing environmental issues. Meanwhile, 1,615 students tallied 109,692 hours in the Youth Empowerment Challenge. A total of 34,091 community participants and youth were directly impacted by these projects.

In Peru, we continued our support of Plan International's *Formando Emprendedores del Mañana* ("Forming the entrepreneurs of tomorrow") Program in 2018. Since its inception, this program has helped more than 120,000 primary and secondary school students across 120 educational institutions and 5,400 teachers build their financial and entrepreneurial skills, improving the social and economic capacities of children and adolescents in the Lima and Piura regions.

The Scotiabank \$20 Challenge was created by the Barbados Entrepreneurial Foundation to engender entrepreneurial skills in youth and encourage them to create actual business plans, sell products and donate a portion of profits to charity.

Scotiabank is proud to partner with CIGan to launch the CIGan/Scotiabank Global Mobility Program, a new pilot project that provides Canadian students with the opportunity to gain valuable international experience and contribute to an increasingly globalized world. In 2018, we sponsored two students from Canadian colleges. They joined teams at our Digital Factory in Mexico to help redesign screens for all Scotiabank ATMs across Mexico, among other projects.

### Academic Partnerships

In 2018, we invested over CAD\$5 million in Canadian academic institutions to support our digital transformation strategy, with a focus on encouraging more digital learning among students. In addition to the established digital-driven partnerships with some of Canada's most reputable universities, including the Smith School of Business, Ivey Business School, Rotman School of Management and UBC Sauder School of Business, 2018 saw two new agreements with the University of Waterloo and the University of Alberta. In January 2018, FactoryU, a new research and experiment centre, was established in Waterloo Ontario, one of Canada's fastest-growing technology hubs. In the latter part of 2018, we worked with the University of Alberta to establish the CAD\$1.25 million Scotiabank Centre for Machine Learning and Artificial Intelligence and amplified our academic partnerships strategy through the creation of *Skills for the Future* programming to support aligned college partners.

Further in 2018, we supported 150 Canadian researchers, professors and students and contributed over CAD\$2.5 million in scholarships to enable young people to pursue post-secondary studies.



## Create a Vibrant, Nurturing and Inclusive Community

**Youth are best positioned for success when they grow up in communities that treat everyone well. We work to advance vibrant and robust communities that are high-functioning, open and inclusive to all.**



### Helping All Youth Be Engaged

In 2018, we supported several organizations dedicated to promoting inclusion among youth.

Through You Can Play's hockey programs, we made a CAD\$20,000 donation to support educational outreach to youth community hockey leagues. The donation will also be used to host workshops designed for coaches to create inclusive team environments, in order to increase LGBT+ inclusion in team sports.

We are proud to be the Co-Presenting Partner of the Rick Hansen Foundation School Program. The program, which had 1,500 new educators register last year, provides educators and students with a comprehensive set of resources to raise awareness and change attitudes about accessibility and inclusion.

Through You Can Play's hockey programs, we made a CAD\$20,000 donation to support educational outreach to youth community hockey leagues.

The Scotiabank Regional Solidarity Funds Program allows Scotiabank branches in Chile to apply for funding to support youth organizations in their local communities. In 2018, Concepción and Chilean branches received the maximum funding amount of CLP\$1,200,000 (CAD\$2,370) to support youth living with disabilities, chronic disease and in vulnerable conditions.



## Building a Living Space That is Safe, Resilient and Toxin-Free

**All youth need clean, safe and high-functioning communities and environments where they can grow into successful, thriving adults. We support programs that promote safe, resilient and toxin-free communities – giving kids the worry-free environment necessary for healthy development.**

We invest in programs for homeless and youth at risk of violence and abuse. In 2018, we continued our 18-year support of the *Corporación María Ayuda*, an organization in Chile that welcomes children and adolescents whose rights are violated through abandonment, violence and abuse. We provide support to the organization through philanthropic donations and employee volunteer efforts.

**In 2018, as the National Youth Program Sponsor, we helped Relay deliver renewable energy workshops to over 12,000 youth across Canada.**

We also support addressing climate change. In 2018, we sponsored students from Mexico City, Yellowknife and Eskasoni, Nova Scotia who participated in the Students on Ice Foundation's Arctic Expedition. Together with 126 Canadian and international students and 95 renowned educators and staff, this educational journey focused on four important overall themes: climate change, sustainable development, truth and reconciliation, and ocean conservation and literacy.

In 2018, we became the National Youth Program Sponsor of Relay Education, a leader in renewable energy education. We support Relay's elementary school workshops, the annual Kids' World of Energy Festival based in Toronto and the Green Collar Careers Program. We also sponsor Relay's elementary school programs for indigenous children and our green career workshops for indigenous youth (ages 15-29). From



January to November 2018, our sponsorship enabled over 12,600 youth in nearly 500 workshops to learn more about renewable energy and the impacts of climate change. This represents a 64% increase in workshops delivered compared to 2017, and 35% increase in youth participants.

## Provide Resources and Support to Families

**A strong family unit can often provide the resources and support to nurture healthy child development. Such families should be strengthened and supported. Our support helps families to achieve long term economic stability, arms parents with knowledge and tools to nurture and develop children and provides secure and stable home environments.**



We believe all youth should be able to confidently discuss money-related topics so they can make more informed financial decisions throughout their lives.

We are the lead sponsors of the Canadian Foundation for Economic Education's (CFEE) Talk with Our Kids About Money Day which helps teachers and parents have important conversations with kids about money. The program offers activities that promote financial knowledge for youth and encourage conversations between parents and children about money. Talk with Our Kids About Money Day is held annually in April. In 2018, approximately 7,700 educators and an estimated 990,000 youth participated in the program across Canada – an increase of 40% over the previous year.

Since 1981, Ronald McDonald House Charities® Toronto has served as a place to call home for families with seriously ill children undergoing treatment. Our support for the Ronald McDonald House Child Life Program in Canada is designed for both patients and their siblings. The program provides a safe environment to ask medical questions and receive answers in age-appropriate language. Our support enables the space to meet increased demand and offer its services 20 hours a week.

We are the lead sponsors of the Canadian Foundation for Economic Education's (CFEE) Talk with Our Kids About Money Day which helps teachers and parents have important conversations with kids about money.

For the 14th consecutive year, Scotiabank El Salvador carried out its annual fundraising campaign for the non-profit *TECHO*, which raised CAD\$24,000. We also made a corporate donation of close to CAD\$40,000. Funds were raised thanks to the support of 1,500 of our employees and customers. Scotiabank El Salvador has helped *TECHO* in fundraising campaigns since 2004 with a focus on supporting low-income families, donating over CAD\$2 million since.

# Appendix

This Appendix contains disclosures for the following:



[Pages 75-77](#)



Communication  
on Progress

[Pages 78-111](#)

Global Reporting  
Index

[Pages 79-111](#)

## Appendix: Task Force on Climate-related Financial Disclosures (TCFD)

### Task Force on Climate-related Financial Disclosures

Scotiabank recognizes that climate change is one of the biggest challenges of our time. As part of this we are proud to join a global movement of like-minded businesses toward a low-carbon future.

The table below is an Index using the TCFD, and is complementary to the language found on pages 39 and 40 of this report.

Theme and Area	Disclosure/Further Information for Reference
<b>GOVERNANCE:</b> Disclose the organization's governance around climate-related risks and opportunities.	
<b>a) Board oversight</b>	<ul style="list-style-type: none"> <li>• <a href="#">2018 Annual Report</a>: Climate Change (TCFD) and Governance of Climate Change risk (p. 87-88), Environmental Risk (p. 108)</li> <li>• <a href="#">2018 Management Proxy Circular</a>: Shareholder proposal – Commitment to Decarbonization (p. 24)</li> <li>• <a href="#">2018 CDP Response</a>: Governance C1.1a, C1.1b (p. 3-4)</li> </ul>
<b>b) Management role</b>	<ul style="list-style-type: none"> <li>• <a href="#">2018 Annual Report</a>: Climate Change (TCFD) and Governance of Climate Change risk (p. 87-88), Environmental Risk (p. 108)</li> <li>• <a href="#">2018 Management Proxy Circular</a>: Shareholder proposal – Commitment to Decarbonization (p. 24)</li> <li>• <a href="#">2018 CDP Response</a>: Governance C1.2, C1.3 (p. 4-6)</li> </ul>

## Appendix: Task Force on Climate-related Financial Disclosures

Theme and Area	Disclosure/Further Information for Reference
<p><b>STRATEGY:</b> Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.</p>	
<p><b>a) Risks and opportunities</b></p>	<ul style="list-style-type: none"> <li>• <a href="#">2018 Annual Report</a>: Provision for Credit Losses (p. 29), Risk Identification and Assessment (p. 76), Climate Change Risks (TCFD) and Governance of Climate Change risk (p. 87-88), Environmental Risk (p. 108)</li> <li>• <a href="#">2018 CDP Response</a>: Risks and Opportunities C2 (p. 7-16), Business Strategy C3.1g (p. 19)</li> </ul>
<p><b>b) Impact of climate risk and opportunities on business</b></p>	<ul style="list-style-type: none"> <li>• <a href="#">2018 Annual Report</a>: Climate Change (TCFD) and Governance of Climate Change risk (p. 87-88), Environmental Risk (p. 108)</li> <li>• <a href="#">2018 Management Proxy Circular</a>: Shareholder proposal – Commitment to Decarbonization (p. 24)</li> <li>• 2018 Sustainable Business Report: <a href="#">Focus on the Environment</a> (p. 38-40), <a href="#">Sustainable Finance</a> (p. 41)</li> <li>• <a href="#">2018 CDP Response</a>: Risks and Opportunities C2.3, C2.4, C2.5 (p. 11-17)</li> </ul>
<p><b>c) Resilience of corporate strategy, considering climate scenarios</b></p>	<ul style="list-style-type: none"> <li>• To be completed in FY2019 and FY2020</li> </ul>
<p><b>RISK MANAGEMENT:</b> Disclose how the organization identifies, assesses and manages climate-related risks.</p>	
<p><b>a) Process to identify and assess climate risks</b></p>	<ul style="list-style-type: none"> <li>• <a href="#">2018 Annual Report</a>: Risk Identification and Assessment (p. 76), Environmental Risk (pg. 108)</li> <li>• 2018 Sustainable Business Report: <a href="#">Focus on the Environment</a> (p. 38-40), <a href="#">Sustainable Finance</a> (p. 41)</li> <li>• <a href="#">2018 CDP Response</a>: Governance C1 (p. 3-6), Strategy C2.1-C2.2c (p. 7-10), 2.3 (p. 11-13)</li> </ul>

## Appendix: Task Force on Climate-related Financial Disclosures

Theme and Area	Disclosure/Further Information for Reference
<b>b) Managing climate risk</b>	<ul style="list-style-type: none"> <li>• <a href="#">2018 Annual Report</a>: Risk Identification and Assessment (p. 76), Environmental Risk (p. 108)</li> <li>• 2018 Sustainable Business Report: <a href="#">Material ESG Topics and Stakeholder Engagement</a> (p. 11-14)</li> <li>• <a href="#">2018 CDP Response</a>: Strategy C2.2d (p. 10-11), 2.3 (p. 11-13)</li> </ul>
<b>c) Integrating climate risk into overall risk management</b>	<ul style="list-style-type: none"> <li>• 2018 Sustainable Business Report: <a href="#">Focus on the Environment</a> (p. 38-40)</li> <li>• <a href="#">2018 CDP Response</a>: Governance C1 (p. 3-5), Strategy 2.2 (p. 8-11)</li> </ul>
<p><b>METRICS AND TARGETS:</b> Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.</p>	
<b>a) Metrics used to assess climate-related risk and opportunities</b>	<ul style="list-style-type: none"> <li>• <a href="#">2018 Annual Report</a>: Credit Risk – Loans and Acceptances by type of borrower (p. 122)</li> <li>• <a href="#">2018 Management Proxy Circular</a>: Shareholder proposal – Commitment to Decarbonization (p. 24)</li> <li>• 2018 Sustainable Business Report: <a href="#">Our Progress</a> (p. 15, 17), <a href="#">Climate Change</a> (p. 37), <a href="#">Climate Change – Sustainable Finance</a> (p. 42-43); <a href="#">Climate Change – Operational Footprint</a> (p. 45)</li> <li>• <a href="#">2018 CDP Response</a>: Governance 1.3 (p. 6-7), Targets and Performance, C4 (p. 19-23)</li> </ul>
<b>b) GHG disclosure for Scope 1, 2 and 3</b>	<ul style="list-style-type: none"> <li>• 2018 Sustainable Business Report: <a href="#">Our Progress</a> (p. 15, 17), <a href="#">Climate Change – Operational Footprint</a> (p. 45), Appendix (p. 91)</li> <li>• <a href="#">2018 CDP Response</a>: CC5 Emissions Methodology, CC6 Emissions Data and CC7 Emissions Breakdowns (p. 25-37)</li> </ul>
<b>c) Targets used to manage climate-related risks and opportunities and performance</b>	<ul style="list-style-type: none"> <li>• <a href="#">2018 Management Proxy Circular</a>: Shareholder proposal – Commitment to Decarbonization (p. 24)</li> <li>• 2018 Sustainable Business Report: <a href="#">Our Progress</a> (p. 15, 17), <a href="#">Climate Change</a> (p. 37), <a href="#">Climate Change – Sustainable Finance</a> (p. 42-43); <a href="#">Climate Change – Operational Footprint</a> (p. 45)</li> </ul>

# Appendix: GRI Standards, CoP and SDG Index

## UN Global Compact Communication on Progress (CoP)

Scotiabank reaffirms its support of the UNGC Global Compact and the 10 Principles. The Index below serves as our Communication on Progress, where descriptions of our practical actions against UNGC principles can be found, as described below.

### Human Rights

**Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights.

**Principle 2:** Businesses should make sure they are not complicit in human rights abuses.

### Labor

**Principle 3:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

**Principle 4:** Businesses should uphold the elimination of all forms of forced and compulsory labor.

**Principle 5:** Businesses should uphold the effective abolition of child labor.

**Principle 6:** Businesses should uphold the elimination of discrimination in respect to employment and occupation.

### Environment

**Principle 7:** Businesses should support a precautionary approach to environmental challenges.

**Principle 8:** Businesses should undertake initiatives to promote greater environmental responsibility.

**Principle 9:** Businesses should encourage the development and diffusion of environmentally friendly technologies.

### Anti-corruption

**Principle 10:** Businesses should work against corruption in all its forms, including extortion and bribery.

## Sustainable Development Goals (SDGs)

Out of the 17 SDGs, we have the greatest positive impact on [six of the Goals](#) and the associated targets through our Sustainable Business priorities.

### SDG 1: NO POVERTY

- 1.2 Reduce at least by half all people living in poverty
- 1.3 Social protection systems for the poor and vulnerable
- 1.4 Equal rights to economic resources

### SDG 3: GOOD HEALTH AND WELL-BEING

- 3.2 End preventable child mortality by supporting primary healthcare
- 3.4 Promote mental health and well-being
- 3.8 Achieve universal health coverage

### SDG 4: QUALITY EDUCATION

- 4.1 Free primary and secondary education for all girls and boys
- 4.3 Ensure equal access for all to technical and tertiary education
- 4.4 Increase youth and adult vocational skills for employment
- 4.5 Eliminate gender disparities in education

### SDG 5: GENDER EQUALITY

- 5.1 End all forms of female discrimination
- 5.5 Ensure equal opportunities for leadership at all levels

### SDG 8: DECENT WORK AND ECONOMIC GROWTH

- 8.2 Increase economic productivity through diversification and innovation
- 8.3 Promote job creation and entrepreneurship
- 8.5 Full and productive employment for all people with equal pay
- 8.6 Reduce youth unemployment through education or training
- 8.8 Protect labor rights and safe working environments
- 8.10 Expand access to banking for all

### SDG 13: CLIMATE ACTION

- 13.1 Strengthen resilience and adaptive capacity
- 13.2 Integrate climate change measures
- 13.3 Improve climate change education

## Appendix: GRI Standards, CoP and SDG Index

### GRI Index

This is Scotiabank's second year reporting against the GRI Standards. The GRI Standards are an internationally recognized framework for disclosing economic, environmental and social performance. This 2018 report has been prepared in accordance with the GRI Standards: Core option. Page numbers referencing where content can be located refer to the 2018 Sustainable Business Report, unless otherwise stated.

GRI Indicator		SDG Link	UNGC Principles
<b>GENERAL DISCLOSURES</b>			
102-1	<b>Name of the organization</b> The Bank of Nova Scotia (Scotiabank)		
102-2	<b>Activities, brands, products and services</b> See page 1		
102-3	<b>Location of Headquarters</b> The head office of the Bank is located at 1709 Hollis Street, Halifax, Nova Scotia, Canada and its executive offices are at Scotia Plaza, 44 King Street West, Toronto, Canada.		
102-4	<b>Location of Operations</b> In Fiscal Year 2018, we operated in: <b>North America:</b> Canada, Mexico, United States; <b>Central and South America:</b> Belize, Brazil, Chile, Colombia, Costa Rica, El Salvador, Guatemala, Guyana, Panama, Peru, Uruguay, Venezuela; <b>Caribbean:</b> Anguilla, Antigua and Barbuda, Aruba, Bahamas, Barbados, Bonaire, British Virgin Islands, Cayman Islands, Curacao, Dominica, Dominican Republic, Grenada, Jamaica, Puerto Rico, St Kitts and Nevis, St Lucia, St Maarten, St Vincent and the Grenadines, Trinidad and Tobago, Turks and Caicos Islands, U.S. Virgin Islands; <b>Asia Pacific:</b> Australia, China, Hong Kong SAR, India, Japan, Malaysia, Singapore, South Korea, Thailand; <b>Europe:</b> Ireland, United Kingdom	8.10	
102-5	<b>Ownership and legal form</b> The Bank is a Schedule 1 bank under the Bank Act (Canada) and is publicly traded on the Toronto Stock Exchange and New York Stock Exchange. The Bank is widely-held with no person or group being permitted to hold more than 10% of any class of shares of the Bank.		

## Appendix: GRI Standards, CoP and SDG Index

GRI Indicator		SDG Link	UNGC Principles
102-6	<b>Markets served</b> See page 1		
102-7	<b>Scale of the organization</b> See page 1		
102-8	<b>Information on employees and other workers</b>	8.5	3

### A. Total Workforce by Employment Contract and Gender\*†

	Permanent	Contract	Total
Female	42,686	5,156	47,842
Male	32,808	3,731	36,539
<b>Total</b>	<b>75,494</b>	<b>8,887</b>	<b>84,381</b>

### B. Total Workforce by Employment Contract and Region\*

	Permanent	Contract	Total
Americas	74,484	8,840	83,324
Asia	634	21	655
Europe	364	26	390
Oceania	12	0	12
<b>Total</b>	<b>75,494</b>	<b>8,887</b>	<b>84,381</b>

### C. Total Workforce by Employment Type and Gender\*†

	Full-time	Part-time	Total
Female	39,896	6,407	46,303
Male	34,301	2,000	36,301
<b>Total</b>	<b>74,197</b>	<b>8,407</b>	<b>82,604</b>

\*Headcount as of October 31, 2018. Excludes casual staff, and affiliates and subsidiaries where breakdowns are not available due to different reporting systems.

†Note while we have breakdowns by gender, this may not reflect actual gender identities of employees.

## Appendix: GRI Standards, CoP and SDG Index

GRI Indicator		SDG Link	UNGC Principles
<b>102-9</b>	<b>Supply chain</b> We have an indirect supply chain. See page 32	12.7	1, 2
<b>102-10</b>	<b>Significant changes to the organization and its supply chain</b> There were no significant changes to the organizational structure, size or ownership of Scotiabank or its supply chain during the 2018 fiscal year.		
<b>102-11</b>	<b>Precautionary Principle or approach</b> Our Environmental Policy explains our precautionary principle approach. See page 38 for a summary of our Policy.	13.3	7
<b>102-12</b>	<b>External initiatives</b> Equator Principles, United Nations Global Compact (UNGC), United Nations Environmental Programme Finance Initiative (UNEP FI), United Nations Guiding Principles on Business Conduct and Human Rights, Carbon Disclosure Project (CDP), Carbon Pricing Leadership Coalition, Global Reporting Initiative, Principles for Responsible Investment (PRI), Dow Jones Sustainability Index, Financial Stability Board's Task Force on Climate-related Financial Disclosures	17	1, 10

## Appendix: GRI Standards, CoP and SDG Index

GRI Indicator		SDG Link	UNGC Principles
<b>102-13</b>	<b>Membership of associations</b>	17.7	
Affiliations and memberships of members of the Board are listed below.			
<b>Board Member</b>	<b>Affiliation</b>		
Nora A. Aufreiter	Ivey School of Business, Member of the Advisory Board		
Scott B. Bonham	C100 Association, Director Denmark Bridge, Director Vector Institute, Director Integrate AI, Advisory Board Canadian Institute for Advanced Research, CIFAR, Director		
Charles H. Dallara	Tufts University, The Fletcher School, Vice-Chair of Board of Advisors National Bureau of Economic Research (NBER) Inc. – Director at Large		
R. Tiff Macklem	Global Risk Institute in Financial Services, Director and Chair Ontario's Panel for Economic Growth and Prosperity, Rotman School of Management, University of Toronto, Chair of the Panel Asian Business Leaders Advisory Council, Asian Pacific Foundation, Member International Centre for Pension Management, Director Expert Panel on Sustainable Finance, Government of Canada		
Thomas C. O'Neill	The Stephen J.R. Smith School of Business at Canada's Queen's University, Member of the Advisory Board Queen's University, Smith School of Business, Advisory Board		
Eduardo Pacheco	Universidad de los Andes, Member – Superior Council Colfuturo – Fundacion para el future de Colombia, Director Endeavor Colombia, Director ProBogota, Director		
Brian J. Porter	Institute of International Finance (IIF), Vice-Chairman and Treasurer Council of the Americas, Director Business Council of Canada, Director		

## Appendix: GRI Standards, CoP and SDG Index

GRI Indicator	SDG Link	UNGC Principles
<b>Board Member</b>	<b>Affiliation</b>	
Aaron R. Regent	C.D. Howe Institute, Director Plan International Canada, Director Mining4Life, Co-Founder Trails Youth Initiatives, Member of the Board of Governors	
Indira V. Samarasekera	Asia Pacific Foundation of Canada, Director The Trilateral Commission, Member Knightsbridge Robertson Surette, Academic Advisory Council Canada's Outstanding CEO of the Year, Advisory Board	
Susan L. Segal	Americas Society, Director, Officer and President and CEO Council of the Americas, Director Officer and President and CEO Council on Foreign Relations, Member Tinker Foundation	
Benita M. Warmbold	Queen's University, Smith School of Business, Advisory Board Queen's University, Board of Trustees, Vice-Chair Canadian Public Accountability Board, CPAB, Director	
<b>In Canada, Scotiabank is also a member of this following:</b>		
<ul style="list-style-type: none"> <li>• Business Council of Canada</li> <li>• Canadian Chamber of Commerce</li> <li>• Toronto Finance International</li> <li>• Canadian Bankers Association</li> </ul>		

## Appendix: GRI Standards, CoP and SDG Index

GRI Indicator		SDG Link	UNGC Principles
<b>102-14</b>	<b>Statement from the senior decision-maker</b> See pages 3-4		
<b>102-16</b>	<b>Values, principles, standards and norms of behavior</b> Scotiabank's Values are: Respect, Integrity, Passion and Accountability. See page 20	16.7	1, 10
<b>102-18</b>	<b>Governance structure</b> See page 21 and 2018 Management Proxy page 28	5.5	
<b>102-40</b>	<b>List of stakeholder groups</b> See pages 11-14	17.6	
<b>102-41</b>	<b>Collective bargaining agreements</b> As of October 31, 2018, 14% of the total population at Scotiabank was covered by a collective bargaining agreement (CBA). Detailed numbers by country are in the following chart:	8.8	1, 3

Country	Approx. # employees covered by CBA	Total Population (Union & Non-union)	%
Brazil	69	69	100%
Uruguay	1,444	1,395	97%
Antigua & Barbuda	65	70	93%
Saint Vincent	33	29	88%
Saint Lucia	95	79	83%
Grenada	51	41	80%
Jamaica	1,973	1,469	74%
Chile	7,580	5,161	68%

## Appendix: GRI Standards, CoP and SDG Index

GRI Indicator		SDG Link	UNGC Principles
<b>Country</b>	<b>Approx. # employees covered by CBA</b>	<b>Total Population (Union &amp; Non-union)</b>	<b>%</b>
Barbados	268	140	52%
Mexico	12,989	3,386	26%
Singapore	215	38	18%
Peru	11,224	652	6%
Colombia	7,360	154	2%
Trinidad & Tobago	1,629	4	0%
<b>102-42</b>	<b>Identifying and selecting stakeholders</b> See pages 11-14	<b>17.6</b>	
<b>102-43</b>	<b>Approach to stakeholder engagement</b> See pages 11-14	<b>17.6</b>	
<b>102-44</b>	<b>Key topics and concerns raised</b> See pages 11-14	<b>17.6</b>	
<b>102-45</b>	<b>Entities included in the consolidated financial statements</b> Please see list of principal subsidiaries in annual report, page 223 as of November 27, 2018. For more information about this report, see page 1.		

## Appendix: GRI Standards, CoP and SDG Index

GRI Indicator		SDG Link	UNGC Principles
<b>102-46</b>	<b>Defining report content and topic Boundaries</b>		
<p><b>Material Topics</b></p> <p><b>Trust</b></p> <ul style="list-style-type: none"> <li>- Governance of operations</li> <li>- Corporate structure</li> <li>- Transparency of operations and services</li> <li>- Human rights</li> <li>- Fair labor practices</li> <li>- Customer service</li> <li>- Data privacy and security</li> <li>- Fair design and sale of responsible products and services</li> <li>- Talent attraction, engagement and development</li> <li>- Sustainable/responsible procurement supply chain</li> <li>- Commitment to external sustainability/CSR initiatives</li> </ul>	<p><b>Boundary 103-1</b></p> <p>Material inside and outside Scotiabank, for employees, customers, investors and wider stakeholders.</p>	<p><b>Management 103-2</b></p> <p>Our management of these material topics can be seen described throughout the Trust section, on pages 19-36.</p>	<p><b>Evaluation 103-3</b></p> <p>Benchmarking, ESG rankings, customer and employee feedback.</p>

## Appendix: GRI Standards, CoP and SDG Index

GRI Indicator			SDG Link	UNGC Principles
<b>Material Topics</b>	<b>Boundary 103-1</b>	<b>Management 103-2</b>	<b>Evaluation 103-3</b>	
<b>Climate Change</b> <ul style="list-style-type: none"> <li>- Environmental footprint</li> <li>- Environmental/social risk management in lending</li> <li>- Creation of products with environmental benefits</li> </ul>	Material inside and outside Scotiabank, for employees, future employees, customers, investors and wider stakeholders.	Our management of these material topics can be seen described throughout the Climate Change section, on pages 37-48.	Benchmarking, sales results, transactions reviewed for social/environmental risk, total financed in renewable energy, GHG reduction target.	
<b>Economic Inclusion</b> <ul style="list-style-type: none"> <li>- Financial education/literacy</li> <li>- Innovation/digitization</li> <li>- Financial inclusion/access</li> <li>- Creation of products with social benefits</li> <li>- Diversity and equal opportunity</li> <li>- Employee health and well-being</li> </ul>	Material inside and outside Scotiabank, for employees, customers, investors, future employees and the wider community.	Our management of these material topics can be seen described throughout the Economic Inclusion section, on pages 49-62.	Benchmarking, customer services feedback, employee engagement survey, as well as our own KPIs including: <ul style="list-style-type: none"> <li>- Increase in Aboriginal customer base</li> <li>- Increase in small business banking loans</li> <li>- Number of women in senior management positions</li> <li>- Employee engagement score</li> </ul>	
<b>Young People</b> <ul style="list-style-type: none"> <li>- Community investment and philanthropy</li> <li>- Health and well-being and education of youth</li> </ul>	Material inside and outside Scotiabank, for employees, customers, investors and the wider community.	Our management of these material topics can be seen described throughout the Youth section, on pages 63-74.	Amount of funding to community organizations globally, number of employee volunteer hours and total spent on donations, sponsorships and other forms of assistance towards young people.	

## Appendix: GRI Standards, CoP and SDG Index

GRI Indicator		SDG Link	UNGC Principles
102-47	<b>List of material topics</b> See pages 11-14 and GRI 102-46		
102-48	<b>Restatements of information</b> There are no material effects from restatements referenced in this report.		
102-49	<b>Changes in reporting</b> We have evolved our CSR strategy to Sustainable Business, as described on page 9. Notwithstanding this, there have been no changes to Scope and Aspect Boundaries.		
102-50	<b>Reporting period</b> The 2018 Fiscal year. This runs November 1, 2017 to October 31, 2018.		
102-51	<b>Date of most recent report</b> The 2017 CSR Report was published on March 14, 2018.		
102-52	<b>Reporting cycle:</b> Annual, on fiscal year		
102-53	<b>Contact point for questions regarding the report:</b> csr@scotiabank.com		
102-54	<b>Claims of reporting in accordance with the GRI Standards</b> The 2018 Sustainable Business Report was prepared in accordance with GRI Standards Core guidelines.		
102-55	<b>GRI content index</b> See pages 79-111		
102-56	<b>External assurance</b> This report was not externally assured. An independent service provider assured our greenhouse gas emissions data. The report content is approved by Senior Vice Presidents, and reviewed by senior bank executives and by the Corporate Governance Committee of the Board.		

## Appendix: GRI Standards, CoP and SDG Index

GRI Indicator		SDG Link	UNGC Principles
<b>ECONOMIC</b>			
<b>Economic Performance</b>			
<b>201-1</b>	<b>Direct economic value generated and distributed</b> See pages 9, 27-28, 51-56, 64-74, 42-43, the Annual Report, and Public Accountability Statement.	5.1, 8.1, 8.2	
<b>201-2</b>	<b>Financial implications and other risks and opportunities due to climate change</b> pages 39-40, 42-43, Appendix pages 75-77, the Annual Report pages 87-88.	13	
<b>201-3</b>	<b>Defined benefit plan obligations and other retirement plans</b>	8.5	1
<b>Coverage of the organization's defined benefit plan obligations</b>			
A. Estimated Value of Liabilities	\$4,883,047 as of November 1, 2017		
B. Extent to which the scheme's liabilities are estimated to be covered	121% funded on a Going Concern Basis at November 1, 2017		
C. Funding strategy	Follows Canadian legislative requirements for funding pension plans.		
D. Employee Contributions	4% of salary if employee participates in the Contributory portion of the plan or 0% to 4% if the employee participates in the Defined Contribution portion of the plan. The employer contributes the remaining amount needed to pay the pension benefit and matches the employee contributions into the Defined Contribution portion of the plan.		
E. Plan participation	35,009 as of November 1, 2017		
<b>Indirect Economic Impacts</b>			
<b>203-1</b>	<b>Infrastructure investments and services supported</b> See pages 42-43	9.1, 13.1	

## Appendix: GRI Standards, CoP and SDG Index

GRI Indicator		SDG Link	UNGC Principles																																							
<b>Anti-Corruption</b>																																										
<b>205-1</b>	<b>Operations assessed for risks related to corruption</b> From a total of 274 business units, 129 were assessed for risks related to corruption. This represents 47% of business units. No significant risks related to corruption were identified through the risk assessments.		10																																							
<b>205-2</b>	<b>Communication and training about anti-corruption policies and procedures</b>	16.7	1, 10																																							
<p>Adherence to the Code is a condition of employment at Scotiabank, all employees, directors and officers are required to receive, read and comply with the Code, and any other applicable Scotiabank policies and affirm their compliance on an annual basis. Scotiabank Code of Conduct training is provided to all new hires and annually to existing employees. This course covers the six Principles as set out in the Code along with content relating to other key employee conduct policies. The course was rolled out to all employees globally during the 2018 Mandatory Learning. In addition to the Code training, a separate Anti-Bribery and Anti-Corruption ('ABAC') course, a learning tool designed to provide training and guidance to employees on Anti-Bribery and Anti-Corruption, was rolled out to all employees. This course is assigned to employees through the me@scotiabank learning platform, the International Learning Centre or local learning platforms. It includes detailed guidance, scenarios and a test. The Board of Directors reviews and approves the Scotiabank Anti-Bribery and Anti-Corruption Policy.</p> <p>A total of 93,232 employees completed the ABAC course in 2018, out of a total of 94,993 employees assigned the training, 98.1% participation rate.</p> <div style="display: flex; justify-content: space-between;"> <div style="width: 48%;"> <p><b>By Region:</b></p> <table border="1"> <thead> <tr> <th>Region</th> <th>Completed</th> <th>Percentage Complete</th> </tr> </thead> <tbody> <tr> <td>Asia</td> <td>668</td> <td>100%</td> </tr> <tr> <td>Caribbean and Central America</td> <td>11,726</td> <td>100%</td> </tr> <tr> <td>Europe</td> <td>371</td> <td>99.2%</td> </tr> <tr> <td>Latin America</td> <td>42,903</td> <td>96.8%</td> </tr> <tr> <td>North America</td> <td>37,564</td> <td>99.2%</td> </tr> <tr> <td><b>Total</b></td> <td><b>93,232</b></td> <td><b>98.1%</b></td> </tr> </tbody> </table> </div> <div style="width: 48%;"> <p><b>By Employee Category:</b></p> <table border="1"> <thead> <tr> <th>Employee Category</th> <th>Completed</th> <th>Percentage Complete</th> </tr> </thead> <tbody> <tr> <td>Casual</td> <td>1,048</td> <td>79.5%</td> </tr> <tr> <td>Contract</td> <td>7,956</td> <td>96.4%</td> </tr> <tr> <td>Regular</td> <td>68,374</td> <td>99.1%</td> </tr> <tr> <td>Not Specified<sup>21</sup></td> <td>15,854</td> <td>96.3%</td> </tr> <tr> <td><b>Total</b></td> <td><b>93,232</b></td> <td><b>98.1%</b></td> </tr> </tbody> </table> <p><small><sup>21</sup> Employees who do not have access to Scotiabank's centralized Learning Management System (LMS). Training completion records are tracked outside the LMS, but without the Employee Category attribute.</small></p> </div> </div>				Region	Completed	Percentage Complete	Asia	668	100%	Caribbean and Central America	11,726	100%	Europe	371	99.2%	Latin America	42,903	96.8%	North America	37,564	99.2%	<b>Total</b>	<b>93,232</b>	<b>98.1%</b>	Employee Category	Completed	Percentage Complete	Casual	1,048	79.5%	Contract	7,956	96.4%	Regular	68,374	99.1%	Not Specified <sup>21</sup>	15,854	96.3%	<b>Total</b>	<b>93,232</b>	<b>98.1%</b>
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<b>205-3</b>	<b>Confirmed incidents of corruption and actions taken</b> Zero incidents		10																																							

## Appendix: GRI Standards, CoP and SDG Index

GRI Indicator		SDG Link	UNGC Principles	
<b>ENVIRONMENT</b>				
<b>Energy</b>				
<b>302-1</b>	<b>Energy consumption within the organization</b>	7.2, 8.4, 13.1	8	
<b>2018 Energy Consumption (Canada)</b>				
Type of Energy	Total Energy Use	Total GHG Emissions*	GHG Intensity (per employee)	GHG Intensity (per square metre)
Electricity (MWhs) – Scope 2	235,555	31,361	1.41	0.0486
Heat (GJs) – Scope 2	147,330	7,519		
Fuel Purchases (GJs) – Scope 1	257,023	12,931		
<b>Total Electricity and Fuel</b>	<b>1,252,349 GJs</b>	<b>51,811 metric tonnes</b>	<b>1.41</b>	<b>0.0486</b>
<b>2018 Energy Consumption (International)</b>				
Type of Energy	Total Energy Use	Total GHG Emissions*	GHG Intensity (per employee)	GHG Intensity (per square metre)
Electricity (MWhs) – Scope 2	192,635	73,111	1.55	0.0626
Fuel Purchases (GJs) – Scope 1	8,024	545		
<b>Total Electricity and Fuel</b>	<b>701,510 GJs</b>	<b>73,656 metric tonnes</b>	<b>1.55</b>	<b>0.0626</b>
<p>The above information was collected from the best available data and methodologies, which includes information directly captured from invoices processed for payment from various utility vendors. When necessary, some buildings were estimated using consumption data found in similar regions and building types.</p> <p>In 2018, our Canadian figures are based on owned and leased retail locations and the space occupied by the Bank in office buildings across Canada, representing approximately 1,065,504 square meters. Our International report is based on owned and leased retail locations and the space occupied by the Bank in office buildings Internationally, representing approximately 1,176,095 square meters.</p> <p>*Calculated in accordance with the Greenhouse Gas Protocol of the World Resources Institute and the World Business Council for Sustainable Development (<a href="http://www.ghgprotocol.org">www.ghgprotocol.org</a>), including emission factors for electricity purchases, natural gas and fuel.</p>				

## Appendix: GRI Standards, CoP and SDG Index

GRI Indicator		SDG Link	UNGC Principles
<b>302-3</b>	<b>Energy intensity</b> The Bank uses FTE and square metres of real estate occupied as its denominators, types of energy included in the intensity ratio are fuel, electricity, heating, steam. The ratio uses energy consumption within the organization.	7.2, 8.4, 13.1	8
<b>302-4</b>	<b>Reduction of energy consumption</b> See pages 45-47	8.4, 13.1	8, 9
<b>Water</b>			
<b>303-5</b>	<b>Water consumption</b> See page 48	13.1	8
<b>GHG Emissions</b>			
<b>305-1</b>	<b>Direct (Scope 1) GHG emissions</b> See page 45	13.1	8
<b>305-2</b>	<b>Energy indirect (Scope 2) GHG emissions</b> See page 45	13.1	8
<b>305-3</b>	<b>Other indirect (Scope 3) GHG emissions</b> See page 45	13.1	8

## Appendix: GRI Standards, CoP and SDG Index

GRI Indicator		SDG Link	UNGC Principles
<b>Emissions Factors</b>			
<b>Canadian Provincial Hydro Factors</b>			
<b>Province</b>	<b>Hydro Factor</b>		
Newfoundland	0.0000370		
Prince Edward Island	0.0000250		
Nova Scotia	0.0006800		
New Brunswick	0.0003400		
Quebec	0.0000013		
Ontario	0.0000360		
Manitoba	0.0000019		
Saskatchewan	0.0006600		
Alberta	0.0007600		
British Columbia	0.0000111		
Reference: Canada's 2018 UNFCCC Submission – Annex 13 Unit: Metric Tonnes CO <sub>2</sub> e per MWH			
<b>Other fuel factors</b>			
	<b>Factor</b>	<b>Units</b>	
<b>Gas</b>	0.00188496	Metric Tonnes CO <sub>2</sub> e per Cubic Meter	
<b>Oil</b>	0.0029393	Metric Tonnes CO <sub>2</sub> e per Litre	
<b>Propane</b>	0.0016117	Metric Tonnes CO <sub>2</sub> e per Litre	
Reference: GHG Protocol V4.0 2010 Release			
<b>305-4</b>	<b>GHG emissions intensity</b> The Bank uses full-time employees and square metres of real estate occupied as its denominators. Direct (Scope 1), Energy Indirect (Scope 2) are included in the intensity ratio. CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O are gases included in the calculation.	<b>13.1</b>	<b>8</b>
<b>305-5</b>	<b>Reduction of GHG emissions</b> See pages 45-47	<b>13.1</b>	<b>8, 9</b>

## Appendix: GRI Standards, CoP and SDG Index

GRI Indicator		SDG Link	UNGC Principles																		
<b>Waste</b>																					
306-2	<b>Waste by type and disposal method</b> This information is not currently available. For paper reduction initiatives, see page 47.																				
<b>Supplier Environmental Assessment</b>																					
308-1	<b>New suppliers that were screened using environmental criteria</b> All new and existing suppliers invited by Global Procurement Services to participate in formal Request for Proposals were assessed and evaluated based on a set of quantitative and qualitative criteria, which includes ESG factors.	12	7																		
<b>SOCIAL</b>																					
401-1	<b>New employee hires and employee turnover</b>	5.1, 8.5, 8.6	3, 6																		
A. Total number and percentage of new employee hires during the reporting period (by age group, gender and region).																					
<table border="1"> <thead> <tr> <th>Region</th> <th>Number of Employees</th> <th>Percent</th> </tr> </thead> <tbody> <tr> <td>Americas</td> <td>25,064</td> <td>99%</td> </tr> <tr> <td>Asia</td> <td>145</td> <td>1%</td> </tr> <tr> <td>Europe</td> <td>75</td> <td>0%</td> </tr> <tr> <td>Oceania</td> <td>9</td> <td>0%</td> </tr> <tr> <td><b>Total</b></td> <td><b>25,293</b></td> <td></td> </tr> </tbody> </table>				Region	Number of Employees	Percent	Americas	25,064	99%	Asia	145	1%	Europe	75	0%	Oceania	9	0%	<b>Total</b>	<b>25,293</b>	
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<table border="1"> <thead> <tr> <th>Age Group</th> <th>Number of Employees</th> <th>Percent</th> </tr> </thead> <tbody> <tr> <td>Under 30 years</td> <td>14,167</td> <td>56%</td> </tr> <tr> <td>30 to 50 years</td> <td>9,941</td> <td>39%</td> </tr> <tr> <td>Over 50 years</td> <td>1,185</td> <td>5%</td> </tr> </tbody> </table>				Age Group	Number of Employees	Percent	Under 30 years	14,167	56%	30 to 50 years	9,941	39%	Over 50 years	1,185	5%						
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## Appendix: GRI Standards, CoP and SDG Index

GRI Indicator	SDG Link	UNGC Principles	
B. Total number and percentage of employee turnover during the reporting period, by age group, gender and region.			
<b>Region</b>	<b>Number of Employees</b>	<b>Percent</b>	
Americas	20,151	99%	
Asia	136	1%	
Europe	78	0%	
Oceania	4	0%	
<b>Total</b>	<b>20,369</b>		
<b>Age Group</b>	<b>Number of Employees</b>	<b>Percent</b>	
Under 30 years	8,039	39%	
30 to 50 years	7,965	39%	
Over 50 years	4,365	21%	
<b>Gender</b>	<b>Number of Employees</b>	<b>Percent</b>	
Female	11,892	58%	
Male	8,481	42%	
	<b>2018</b>	<b>2017</b>	<b>2016</b>
Voluntary employee turnover (global)	16%	13%	13%
Notes: Excludes casual staff, and affiliates and subsidiaries where breakdowns are not available due to different reporting systems. The increase in voluntary employee turnover in 2018 is due to pension plan changes in Canada.			

## Appendix: GRI Standards, CoP and SDG Index

GRI Indicator		SDG Link	UNGC Principles																																								
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	3.2, 5.3, 8.5	1, 3, 6																																								
<table border="1"> <thead> <tr> <th colspan="4">Benefits that are provided to full-time, part-time, and temporary employees</th> </tr> <tr> <th>Benefit</th> <th>Full Time</th> <th>Part Time</th> <th>Temporary (Contract)</th> </tr> </thead> <tbody> <tr> <td>Life Insurance</td> <td>✓</td> <td>✓</td> <td>✓ (1 year)</td> </tr> <tr> <td>Health Care</td> <td>✓</td> <td>✓</td> <td>✓ (1 year)</td> </tr> <tr> <td>Disability and invalidity coverage</td> <td>✓</td> <td>✓</td> <td>✓ N/A for long-term disability (1 year) for short-term disability</td> </tr> <tr> <td>Parental leave</td> <td>✓</td> <td>✓</td> <td>✓</td> </tr> <tr> <td>Retirement provision</td> <td>✓</td> <td>✓</td> <td>N/A</td> </tr> <tr> <td>Stock ownership</td> <td>✓</td> <td>✓</td> <td>N/A</td> </tr> <tr> <td><b>Other: Optional Benefits</b></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Optional Life, AD&amp;D, Out of Province/Country Health Insurance, Critical Illness</td> <td>✓</td> <td>✓</td> <td>✓ (1 year)</td> </tr> </tbody> </table>				Benefits that are provided to full-time, part-time, and temporary employees				Benefit	Full Time	Part Time	Temporary (Contract)	Life Insurance	✓	✓	✓ (1 year)	Health Care	✓	✓	✓ (1 year)	Disability and invalidity coverage	✓	✓	✓ N/A for long-term disability (1 year) for short-term disability	Parental leave	✓	✓	✓	Retirement provision	✓	✓	N/A	Stock ownership	✓	✓	N/A	<b>Other: Optional Benefits</b>				Optional Life, AD&D, Out of Province/Country Health Insurance, Critical Illness	✓	✓	✓ (1 year)
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## Appendix: GRI Standards, CoP and SDG Index

GRI Indicator		SDG Link	UNGC Principles
<b>Labour/Management Relations</b>			
<b>402-1</b>	<b>Minimum notice periods regarding operational changes</b>	<b>8.6</b>	<b>1, 3, 6</b>
<p>A. Minimum number of weeks' notice typically provided to employees and their representatives prior to the implementation of significant operational changes that could substantially affect them:</p> <p><b>In unionized locations in the English Caribbean, the following notice periods apply:</b></p> <p><b>Antigua and Barbuda:</b> Scotiabank consults with the union three months in advance of lay off due to lack of work.</p> <p><b>Barbados:</b> The Bank shall consult with Union three months in advance of lay off due to lack of work. Additionally, consultation with employees or the Union is required at least six weeks before any dismissals which will result in a reduction of 10% or another significant number.</p> <p><b>Grenada:</b> The Bank shall notify the Union 90 calendar days in advance of lay off due to lack of work. Meetings are to be convened within 30 days of the Union receiving notice of position redundancies.</p> <p><b>St. Lucia:</b> One week of notice is required if the period of employment is more than 12 weeks but less than two years; two weeks of notice is required if the period of employment is two years or more but less than five years; four weeks of notice is required if the period of employment is five years or more but less than 10 years.</p> <p><b>St Vincent:</b> Scotiabank shall consult with the Union three months in advance of lay off due to lack of work.</p> <p><b>Jamaica:</b> Reasonable notice is required based on the circumstances of each case of an employment lay off.</p> <p><b>In the unionized locations of Latin-America, the following notice periods apply:</b></p> <p><b>Mexico:</b> Scotiabank's general practice to maintain positive labour relations is to socialize the operational change in advance with the union.</p> <p><b>Peru:</b> At least eight days of notice is required when there are changes related to work schedules. At Crediscotia, eight weeks of notice is required for changes in work schedules.</p> <p><b>Uruguay:</b> Scotiabank's general practice to maintain positive labour relations is to socialize the operational change in advance with the union.</p> <p><b>Brazil:</b> Four weeks of notice is required.</p> <p><b>In the unionized locations in Asia Pacific, notice periods apply in the following jurisdictions:</b></p> <p><b>Singapore:</b> Scotiabank's general practice is to communicate with employees and their representatives (union) prior to the implementation of significant operational changes that could substantially affect their employment terms and conditions.</p> <p><b>Malaysia:</b> A minimum of three months is required.</p>			

## Appendix: GRI Standards, CoP and SDG Index

GRI Indicator	SDG Link	UNGC Principles
<p><b>In non-unionized locations, notice periods apply in the following jurisdictions:</b></p> <p><b>Ireland:</b> Minimum notice legislation and is based on length of service. While the notice entitlements under a contract of employment can exceed the minimum periods below, any provision for notice in a contract for less than the above is invalid. There is also legislation on ‘consultation periods’ with minimum consultation being 30 days, i.e. Four to five weeks.</p> <p><b>Japan:</b> Four weeks is required (30 calendar days).</p> <p><b>Guyana:</b> 30 days of notice is required.</p> <p><b>India:</b> Three weeks of notice is required.</p> <p>B. Notice period and provisions for consultation and negotiations where Collective Bargaining Agreements exist.</p> <p><b>In the Caribbean the following notice periods apply:</b></p> <p><b>Antigua and Barbuda:</b> Scotiabank will call a meeting with the Union if the Union Officials request within 14 days of getting notice of lay-offs.</p> <p><b>Barbados:</b> The Bank shall consult with the Union three months in advance of lay-off due to lack of work.</p> <p><b>Grenada:</b> The Bank shall notify the Union 90 calendar days in advance of lay-off due to lack of work.</p> <p><b>St. Vincent:</b> Notice is to be given within a reasonable timeframe. Scotiabank will call a meeting with the Union, if the Union Officials request within 14 days of getting notice of lay-offs.</p> <p><b>Jamaica:</b> Local legislation provides for periods of notice based on years of service.</p> <p><b>Trinidad and Tobago:</b> Not less than 60 days’ notice is required.</p> <p>Scotiabank ensures compliance with local legal provisions.</p>		

## Appendix: GRI Standards, CoP and SDG Index

GRI Indicator		SDG Link	UNGC Principles		
<b>Occupational Health And Safety</b>					
<b>403-2</b>	<b>Types of injury and rates of injury, occupational diseases, lost days, absenteeism and number of work-related fatalities</b>	<b>3.3, 8.8</b>	<b>1, 6</b>		
<b>Injury by Case – Provincial Breakdown</b>					
<b>Province</b>	<b>Major Reportable</b>	<b>Minor Reportable</b>	<b>Other Reportable</b>	<b>Under Investigation</b>	<b>Total</b>
Alberta	6	1	1	15	<b>23</b>
British Columbia	8	1	8	11	<b>28</b>
Manitoba	2	1	2	4	<b>9</b>
New Brunswick	1	0	0	2	<b>3</b>
Newfoundland & Labrador	2	0	0	3	<b>5</b>
Nova Scotia	3	1	0	4	<b>8</b>
Ontario	85	11	17	47	<b>160</b>
Prince Edward Island	1	1	0	0	<b>2</b>
Quebec	3	0	1	4	<b>8</b>
Saskatchewan	4	0	0	3	<b>7</b>
<b>Total</b>	<b>115</b>	<b>16</b>	<b>29</b>	<b>93</b>	<b>253</b>

## Appendix: GRI Standards, CoP and SDG Index

GRI Indicator	SDG Link	UNGC Principles		
<b>Injury by Gender - Provincial Breakdown</b>				
Province	Male	Female	Location*	Total
Alberta	3	13	0	<b>16</b>
British Columbia	3	10	7	<b>20</b>
Manitoba	2	2	0	<b>4</b>
New Brunswick	1	3	0	<b>4</b>
Newfoundland	1	6	0	<b>7</b>
Northwest Territories	0	0	0	<b>0</b>
Nova Scotia	3	9	0	<b>12</b>
Ontario	23	152	0	<b>175</b>
Prince Edward Island	1	2	0	<b>3</b>
Quebec	1	7	0	<b>8</b>
Saskatchewan	3	1	0	<b>4</b>
<b>Total</b>	<b>41</b>	<b>205</b>	<b>7</b>	<b>253</b>

\* Robberies are often reported by location, by transit (branch/department) – as no individual is identified.

## Appendix: GRI Standards, CoP and SDG Index

GRI Indicator					SDG Link	UNGC Principles
<b>Injury by Case Type</b>						
Sub-Category	Major	Minor Reportable	Other Reportable	Under Investigation	Total	
Robbery	23	1	0	15	<b>39</b>	
Attempted Robbery	10	0	0	6	<b>16</b>	
Bruises/Contusion	0	2	0	0	<b>2</b>	
Burns	0	0	0	0	<b>0</b>	
Cuts/Lacerations	0	0	4	3	<b>7</b>	
Employee	20	4	17	2	<b>43</b>	
Fracture	0	0	0	0	<b>0</b>	
Fumes/Odours	0	0	0	0	<b>0</b>	
Loss of Consciousness	0	0	0	0	<b>0</b>	
MVA	5	0	0	0	<b>5</b>	
Other	7	5	8	40	<b>60</b>	
Overexertion	0	0	0	0	<b>0</b>	
Psychological Distress	1	0	0	0	<b>1</b>	
Repetitive Motion	1	0	0	3	<b>4</b>	
Slip/Fall from a Height	7	0	0	3	<b>10</b>	
Slip/Fall on a Flat Surface	12	1	0	5	<b>18</b>	
Sprain/Strain	10	2	0	5	<b>17</b>	
Struck Against Object	5	0	0	3	<b>8</b>	
Struck By Object	5	0	0	6	<b>11</b>	
Trip Hazard	9	1	0	2	<b>12</b>	
<b>Total</b>	<b>115</b>	<b>16</b>	<b>29</b>	<b>93</b>	<b>253</b>	

## Appendix: GRI Standards, CoP and SDG Index

GRI Indicator	SDG Link	UNGC Principles			
<b>Injury by Case Type – Sum of Lost Time (Days), Provincial Breakdown</b>					
Province	Major	Minor Reportable	Other Reportable	Under Investigation	Total
Alberta	148	0	0	0	<b>148</b>
British Columbia	125	0	0	0	<b>125</b>
Manitoba	0	0	0	0	<b>0</b>
New Brunswick	258	0	0	0	<b>258</b>
Newfoundland	56	0	0	0	<b>56</b>
Northwest Territories	0	0	0	0	<b>0</b>
Nova Scotia	15	0	0	0	<b>15</b>
Ontario	2,548	0	0	0	<b>2,548</b>
Prince Edward Island	0	0	0	0	<b>0</b>
Quebec	8	0	0	0	<b>8</b>
Saskatchewan	0	0	0	0	<b>0</b>
<b>Total</b>	<b>3,158</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,158</b>

Workplace Accommodation and Health and Safety (WAHS) has the primary responsibility for Hazardous Occurrence and Incident Reporting (HOIR). This includes preparing and submitting the annual report to Employment and Social Development Canada (ESDC) of all reportable Hazardous Occurrences Bank-wide. ESDC's Hazardous Occurrence Report is completed by the individual unit manager/delegate and/or Health and Safety representative and then sent to WAHS. The HOIR is reviewed, investigated and reported as per policy and federal requirements. WAHS also reviews any expenses for eligibility for reimbursement by Manulife in the provinces not covered by Workers' Compensation Boards; namely, Ontario, Manitoba, Alberta and Nova Scotia.

WAHS reviews the report for completeness, ensuring that all relevant fields are complete and signatures are included. WAHS then makes a call to the injured/affected employee and to the department, as appropriate. At this time, WAHS is mandated to determine whether the Hazardous Occurrence constitutes a workplace injury. It must be established that the occurrence and resulting injury occurred due to and in the course of the employment relationship (see below for further definitions). It may be necessary to add detail to the report, based on the information obtained in the telephone interviews. If this is the case, a copy of the revised report is forwarded back to the department by WAHS.

## Appendix: GRI Standards, CoP and SDG Index

GRI Indicator	SDG Link	UNGC Principles
<b>Among the resources we offer are:</b>		
Topic	Scotiabank's Offering	
Human Resource policies and procedures	Our new AskHR online repository makes it easier to find policies on wellness, benefits, occupational health and safety, flexible work arrangements and other workplace accommodations.	
Traumatic mental stress	We provide resources and support to any employee in Canada who witnesses a traumatic mental stress event in the workplace and screen for indicators of mental stress.	
Work injuries	We partnered with an impartial work injury service provider in Canada to ensure employees impacted by a work injury are given support for a safe return to the workplace.	
Ergonomics and workplace	Our Ergonomic Policy outlines Scotiabank's commitment to providing optimal working conditions. We adhere to recognized standards <sup>22</sup> for office illumination, noise levels, air quality, humidity and temperature.	
Stress management training	The Employee and Family Assistance Program in Canada supports employees and their families through times of personal challenges through short-term counselling services.	
Employee health and well-being	Core benefits coverage is provided to all regular-status employees and contract employees after one year of continuous service in Canada. We also give these employees the option to allocate benefit credits to healthcare and well-being spending accounts.	
Flexible working hours	Our Flexible Work Options Policy gives employees a variety of work arrangements, including flextime, compressed work week, job sharing, working from alternate locations, phased retirement and part-time arrangements.	
Childcare facilities or contributions	Employees are provided with a paid membership to a Canada-wide provider of daycare and back-up childcare for children up to age 12.	
Parental leave	Employees on maternity leave in Canada are eligible to receive a supplementary top-up to their employment insurance benefits for a six-week period.	

<sup>22</sup> The standards we adhere to in Canada are IESNA for lighting and ASHRAE for temperature control, as well as all relevant government standards and regulations.

## Appendix: GRI Standards, CoP and SDG Index

GRI Indicator	SDG Link	UNGC Principles
<h3>Workplace Accidents</h3>		
<p><b>Law: Accident includes</b></p>		
<ul style="list-style-type: none"> <li>• A willful and intentional act, not being the act of the worker</li> <li>• A chance event occasioned by a physical or natural cause</li> <li>• A disablement arising out of and in the course of employment</li> </ul>		
<p><b>Chance event:</b></p>		
<ul style="list-style-type: none"> <li>• A chance event is defined as an identifiable unintended event which causes an injury. An injury itself is not a chance event.</li> </ul>		
<p><b>Disablement:</b></p>		
<p>The definition of disablement includes:</p>		
<ul style="list-style-type: none"> <li>• A condition that emerges gradually over time</li> <li>• An unexpected result of working duties</li> </ul>		
<p>The following table represents coding information related to the HOIR.</p>		
<p><b>Type</b></p>	<p><b>Name</b></p>	<p><b>Definition</b></p>
<p>Person</p>	<p>Major</p>	<ul style="list-style-type: none"> <li>• <b>Disabling injury:</b> one that “prevents an employee from reporting for work or from effectively performing all the duties connected with the employee’s regular work on any day subsequent to the day on which the injury or disease occurred, whether or not that subsequent day is a working day for that employee, or results in either the temporary or permanent loss of body member or function.”</li> <li>• <b>All lost time</b> (absence on the next scheduled working day or subsequent to the day on which the injury or disease occurred) occurrences except for illnesses.</li> <li>• <b>Major incidents must be faxed within 14 days to ESDC</b> (except in some cases thus 24 hours e.g., a fatality; a disabling injury to two or more employees; the loss by an employee of a body member or part thereof or in the complete loss of usefulness of a body member; the permanent impairment of a body function of an employee; an explosion; damage to a boiler or pressure vessel that results in fire or the rupture of the boiler or pressure vessel; any damage to an elevating device that renders it unserviceable or a free fall of an elevating device.</li> </ul>

## Appendix: GRI Standards, CoP and SDG Index

GRI Indicator			SDG Link	UNGC Principles
Type	Name	Definition		
Person	Major	<ul style="list-style-type: none"> <li>• Robbery related incidents are considered major with above noted definitions applicable. Noted difference is these incidents have robbery related time missed.</li> <li>• All robberies must be faxed regardless of absence only in the province of British Columbia</li> <li>• "Intermittent Day" email should be sent to supervisor for absences (first day of absence is the day following the accident). The first three days should be coded as "special leave with pay."</li> </ul>		
Person	Minor Reportable	<ul style="list-style-type: none"> <li>• No lost time</li> <li>• Medical attention received e.g., employees involved in robbery that sought medical; asthma attack related to IAQ issue and received medical attention; or cut finger with medical attention</li> </ul> <p><b>"Minor injury"</b> means an employment injury or an occupational disease for which medical treatment is provided and <u>excludes</u> a disabling injury. [Note: Medical treatment is that which is provided at a medical treatment facility, which means at a hospital, medical clinic, or physician's office at which emergency medical treatment can be dispensed and is not to be confused with first aid.]</p>		
Event	Other Reportable	<p><b>"Other hazardous occurrences"</b></p> <p>Any other situations where events have occurred that resulted in:</p> <ul style="list-style-type: none"> <li>• An explosion</li> <li>• Damage to a boiler or pressure vessel that results in fire or the rupture of the boiler or pressure vessel</li> <li>• Damage to an elevating device that renders it unusable, or a free fall of an elevating device</li> <li>• An electric shock, toxic atmosphere or oxygen deficient atmosphere that caused an employee to lose consciousness</li> <li>• The implementation of rescue, revival or other similar emergency procedures</li> <li>• A fire</li> <li>• Attempted robbery (e.g., ATM)</li> <li>• Bomb or phone threat</li> </ul>		

## Appendix: GRI Standards, CoP and SDG Index

GRI Indicator		SDG Link	UNGC Principles																																	
<b>Training and Education</b>																																				
<b>404-1</b>	<b>Average hours of training per year per employee</b>	4.3, 4.4, 4.5, 8.2, 8.5	6, 10																																	
<table border="1"> <thead> <tr> <th colspan="3">Average training hours per employee</th> </tr> <tr> <th>Gender</th> <th>Including compliance training</th> <th>Excluding Compliance Training</th> </tr> </thead> <tbody> <tr> <td>Female</td> <td>40.5</td> <td>30.9</td> </tr> <tr> <td>Male</td> <td>44.0</td> <td>35.0</td> </tr> <tr> <td>Average</td> <td>42.0</td> <td>32.7</td> </tr> </tbody> </table>		Average training hours per employee			Gender	Including compliance training	Excluding Compliance Training	Female	40.5	30.9	Male	44.0	35.0	Average	42.0	32.7	<table border="1"> <thead> <tr> <th colspan="3">Average training hours per employee</th> </tr> <tr> <th>Employee Category</th> <th>Including compliance training</th> <th>Average Training Hours</th> </tr> </thead> <tbody> <tr> <td>Casual</td> <td>29.8</td> <td>15.5</td> </tr> <tr> <td>Contract</td> <td>21.3</td> <td>11.5</td> </tr> <tr> <td>Regular</td> <td>44.7</td> <td>35.6</td> </tr> <tr> <td>Average</td> <td>42.0</td> <td>32.7</td> </tr> </tbody> </table>		Average training hours per employee			Employee Category	Including compliance training	Average Training Hours	Casual	29.8	15.5	Contract	21.3	11.5	Regular	44.7	35.6	Average	42.0	32.7
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For more information on employee training and investment, see pages 27-28.																																				
<b>404-2</b>	<b>Programs for upgrading employee skills and transition assistance programs</b> See page 28	8.2, 8.5	6																																	
<b>404-3</b>	<b>Percentage of employees receiving regular performance and career development reviews</b> 96% of employees who were eligible to participate received a performance and career development review in 2018. See page 28	8.5	6																																	

## Appendix: GRI Standards, CoP and SDG Index

GRI Indicator		SDG Link	UNGC Principles																																				
<b>405-1</b>	<b>Diversity of governance bodies and employees</b>	5.1, 5.5, 8.5	3, 6																																				
<p>A. As of October 31, 2018, for the Board of Directors:</p> <table border="1"> <thead> <tr> <th>Age Group</th> <th>Percent</th> </tr> </thead> <tbody> <tr> <td>Under 30 years</td> <td>0%</td> </tr> <tr> <td>30 to 50 years</td> <td>18.75%</td> </tr> <tr> <td>Over 50 years</td> <td>81.25%</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th>Gender</th> <th>Percent</th> </tr> </thead> <tbody> <tr> <td>Female</td> <td>38%</td> </tr> <tr> <td>Male</td> <td>62%</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th>Geography (residence)</th> <th>Percent</th> </tr> </thead> <tbody> <tr> <td>Canada</td> <td>62.5%</td> </tr> <tr> <td>U.S.</td> <td>25%</td> </tr> <tr> <td>Other/International</td> <td>12.5%</td> </tr> </tbody> </table> <p>The Board is diverse in experience, expertise, geographic background, and personal characteristics as noted in our written board diversity policy which forms part of the Board's corporate governance policies.</p>		Age Group	Percent	Under 30 years	0%	30 to 50 years	18.75%	Over 50 years	81.25%	Gender	Percent	Female	38%	Male	62%	Geography (residence)	Percent	Canada	62.5%	U.S.	25%	Other/International	12.5%	<p>B. All employees</p> <table border="1"> <thead> <tr> <th>Age Group</th> <th>Percent</th> </tr> </thead> <tbody> <tr> <td>Under 30 years</td> <td>28.3%</td> </tr> <tr> <td>30 to 50 years</td> <td>57.3%</td> </tr> <tr> <td>Over 50 years</td> <td>14.4%</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th>Gender</th> <th>Percent</th> </tr> </thead> <tbody> <tr> <td>Female</td> <td>56%</td> </tr> <tr> <td>Male</td> <td>44%</td> </tr> </tbody> </table> <p>Note: Headcount as of October 31, 2018. Excludes casual staff, and affiliates and subsidiaries where breakdowns are not available due to different reporting systems.</p> <p>We do not have other global diversity data at this time.</p> <p>See p. 20 for more information on Board Diversity.</p>		Age Group	Percent	Under 30 years	28.3%	30 to 50 years	57.3%	Over 50 years	14.4%	Gender	Percent	Female	56%	Male	44%
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<b>406-1</b>	<p><b>Incidents of discrimination and corrective actions taken</b></p> <p>In the context of disclosure, an "incident" of discrimination refers to an official legal action filed with the governing authority of the jurisdiction or a complaint filed through Scotiabank's internal complaints procedures where the claim of discrimination is found, either through judicial proceedings or internal formal investigation and fact-finding procedures and processes, that there is a breach or non-compliance with established corporate policies, governing statutes or regulatory regimes. Substantiated cases of sexual harassment were included within the reporting data of an "incident" of discrimination.</p> <p>There have been 19 incidents* across all Bank jurisdictions.</p> <p>*The Bank has reported an increase in the total number of incidents of discrimination in FY2018 compared to FY2017. The reported incidents of discrimination in FY2018 demonstrates the Bank's improvements in fostering a culture of encouraging our employees, partners and customers to come forward with concerns in accordance with the Bank's Global Harassment Policy and Global Principles of Non-Discrimination in the Workplace.</p>	5.1, 8.6	1, 2, 6, 10																																				

## Appendix: GRI Standards, CoP and SDG Index

GRI Indicator		SDG Link	UNGC Principles
412-1	<p><b>Operations that have been subject to human rights reviews or impact assessments</b></p> <p>In 2015-6 Scotiabank commissioned a human rights assessment to understand how the Bank impacts the human rights of its employees, customers, contractors, business partners and community members in both positive and negative ways. Scotiabank engaged two external human rights experts to conduct the assessment and develop recommendations for the Bank: The Danish Institute for Human Rights and Business for Social Responsibility (BSR). The assessment was conducted in our key markets: Canada, Mexico, Peru, Chile, Colombia and Caribbean. In 2016, we put into writing this work, and formalized our respect for human rights as a fundamental way to do business, with a Human Rights Statement, signed by our President and CEO, Brian Porter. We also created a three-year human rights strategy as a result of this impact assessment, which was put in place in FY2017. In 2018, we made progress on identified priority areas including Equal Pay, Accommodation, Harassment and Supply Chain and Due Diligence. For more information see pages 22-24.</p>	8	1, 2, 6
413-1	<p><b>Operations with local community engagement, impact assessments and development programs</b></p> <p>100% of the markets where we do business are actively engaged in local community development programs. Year-end reports from our corporate development partner organization are provided annually, and we are increasing our focus on evaluating and comparing metrics to measure and further drive more meaningful impact through our community investment initiatives.</p>	4.4	3
414-1	<p><b>New suppliers that were screened using social criteria</b></p> <p>All new and existing suppliers invited by Global Procurement Services to participate in formal Request for Proposals were assessed and evaluated based on a set of quantitative and qualitative criteria, which includes ESG factors.</p>	5.2, 8.6	1, 2, 3
415-1	<p><b>Political contributions</b></p> <p>In Canada political contributions are not permitted federally, municipally and in many provinces. In an effort to be consistent across all our operations, Scotiabank made the decision in 2016 to end political contributions, effective 2017.</p>		
418-1	<p><b>Substantiated complaints concerning breaches of customer privacy and losses of customer data</b></p> <p>There were no Privacy Breaches with a Real Risk of Significant Harm.</p>		
419-1	<p><b>Non-compliance with laws and regulations in the social and economic area</b></p> <p>There have been no significant fines identified for non-compliance with laws and regulations in the social and economic area.</p>		10

## Appendix: GRI Standards, CoP and SDG Index

GRI Indicator		SDG Link	UNGC Principles
FS8	<b>Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose</b> See page 44		10
FS11	<b>Percentage of assets subject to positive and negative environmental or social screening</b>		

### Equator Principles Transaction Reporting Project Finance and Project-Related Corporate Loans

The total number of project finance loans and project-related corporate loans that reached financial close during the Bank's fiscal year ending October 31, 2018 was 10. The breakdown is as follows:

Project Finance				Project-Related Corporate Loans		
Sector	Category A	Category B	Category C	Category A	Category B	Category C
Mining	1	0	0	0	0	0
Infrastructure	0	1	5	0	1	0
Oil & Gas	0	1	0	0	0	0
Power	0	0	0	0	0	0
Others	0	0	1	0	0	0
<b>Sub-total</b>	<b>1</b>	<b>2</b>	<b>6</b>	<b>0</b>	<b>1</b>	<b>0</b>

Region	Category A	Category B	Category C	Category A	Category B	Category C
Americas	1	1	6	0	0	0
Europe, Middle East and Africa	0	0	0	0	0	0
Asia Pacific	0	1	0	0	1	0
<b>Sub-total</b>	<b>1</b>	<b>2</b>	<b>6</b>	<b>0</b>	<b>1</b>	<b>0</b>

## Appendix: GRI Standards, CoP and SDG Index

GRI Indicator				SDG Link	UNGC Principles	
<b>Country Designation</b>	<b>Category A</b>	<b>Category B</b>	<b>Category C</b>	<b>Category A</b>	<b>Category B</b>	<b>Category C</b>
Designated Country <sup>23</sup>	0	2	6	0	1	0
Non-Designated Country (automatically generated)	1	0	0	0	0	0
<b>Sub-total</b>	<b>1</b>	<b>2</b>	<b>6</b>	<b>0</b>	<b>1</b>	<b>0</b>
<b>Independent Review</b>	<b>Category A</b>	<b>Category B</b>	<b>Category C</b>	<b>Category A</b>	<b>Category B</b>	<b>Category C</b>
Yes	0	2	6	0	0	0
No (automatically generated)	1	0	0	0	1	0
<b>Sub-total</b>	<b>1</b>	<b>2</b>	<b>6</b>	<b>0</b>	<b>1</b>	<b>0</b>
<p>Category A – Projects with potential significant adverse environmental and social risks and/or impacts that are diverse, irreversible or unprecedented.</p> <p>Category B – Projects with potential limited adverse environmental and social risks and/or impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures.</p> <p>Category C – Projects with minimal or no adverse environmental and social risks and/or impacts.</p> <p><sup>23</sup> Designated Countries (previously named High-Income OECD Countries) are those countries deemed to have robust environmental and social governance, legislation systems and institutional capacity to protect their people and the natural environment. For the list of Designated Countries, go to: <a href="http://www.equator-principles.com/index.php/ep3/designated-countries">http://www.equator-principles.com/index.php/ep3/designated-countries</a></p>						

## Appendix: GRI Standards, CoP and SDG Index

GRI Indicator		SDG Link	UNGC Principles
<b>FS13</b>	<b>Access points in low-populated or economically disadvantaged areas by type</b> See page 52	1.3, 1.4, 8.10	2
<b>FS14</b>	<b>Initiatives to improve access to financial services for disadvantaged people</b> See pages 51-52	1.3, 1.4, 8.10	2



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