

# SCOTIABANK 2021 MODERN SLAVERY STATEMENT<sup>1</sup>

## INTRODUCTION

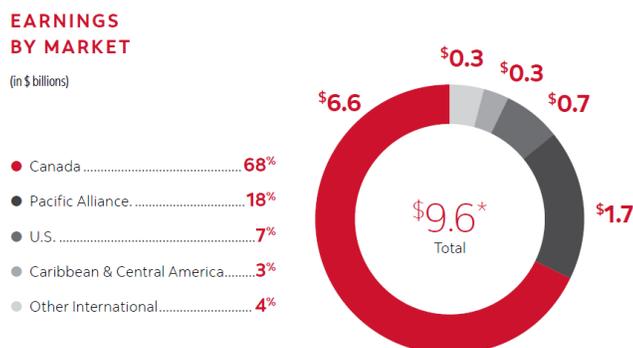
Scotiabank is committed to respecting and promoting human rights. We have adopted policies and procedures to safeguard against modern slavery and human trafficking occurring in our supply chain or in any part of our business. We continue to improve our efforts and recognize that our commitment to human rights is an evolving process. In 2021 we formed a cross-functional working group to develop this enterprise statement.

## OUR STRUCTURE, OPERATIONS AND SUPPLY CHAIN

The Bank of Nova Scotia (“Scotiabank”) is a chartered bank under the *Bank Act* (Canada) and is regulated by the Office of the Superintendent of Financial Institutions, an independent agency of the Government of Canada.

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

With assets of approximately \$1.2 trillion CAD (as of October 31, 2021), Scotiabank trades on the Toronto Stock Exchange (TSX: BNS) and New York Stock Exchange (NYSE: BNS). Scotiabank is headquartered at 44 King Street West Toronto M5H 1H1 Canada and has a global presence as depicted in the graph below:



Scotiabank has four business operating segments: Canadian Banking, International Banking, Global Wealth Management, and Global Banking and Markets.

<sup>1</sup> The Bank of Nova Scotia (“Scotiabank”) maintains a branch in Australia and hence is a reporting entity pursuant to the Australian *Modern Slavery Act 2018* (Cth). The Bank of Nova Scotia also maintains a branch in the United Kingdom and hence that branch and Scotiabank Europe plc (SBE) are reporting entities pursuant to the *Modern Slavery Act 2015, UK*. This Modern Slavery Statement (“Statement”) is made in respect of the financial year ending 31 October 2021. References to “we”, “us” or “our” in this Statement refers to Scotiabank and our owned or controlled entities unless stated otherwise.

### *Canadian Banking*

Canadian Banking provides financial advice and banking solutions to over 10 million Retail, Small Business and Commercial Banking customers. We serve these customers through 954 branches and 3,766 automated banking machines (ABMs), online, mobile and telephone banking, and specialized sales teams. Canadian Banking also provides an alternative self-directed banking solution to over two million Tangerine Bank customers. Canadian Banking is comprised of the following areas:

- Retail banking provides financial advice and solutions along with day-to-day banking products, including debit cards, chequing accounts, credit cards, investments, mortgages, loans and related creditor insurance products to retail customers. Tangerine Bank provides day-to-day banking products, including chequing and saving accounts, credit cards, mortgages, loans and investments to self-directed customers.
- Business banking delivers advice and a full suite of lending, deposit, cash management and trade finance solutions to small, medium and large businesses.

### *International Banking*

International Banking is a strong and diverse franchise with nearly 10 million Retail, Corporate, and Commercial customers. The geographical footprint encompasses the Pacific Alliance countries of Mexico, Colombia, Peru and Chile as well as Central America, the Caribbean, and Uruguay. Scotiabank is well positioned in the Pacific Alliance, providing the connectivity to do business across the Americas through Corporate Banking and Digital leadership.

### *Global Wealth Management*

Global Wealth Management is focused on delivering comprehensive wealth management advice and solutions to clients across Scotiabank's footprint. Global Wealth Management serves over 2 million investment fund and advisory clients across 13 countries – administering over \$500 billion in assets. Global Wealth Management is comprised of the following businesses:

- Wealth Management: Online brokerage (Scotia iTRADE), Mobile investment specialists (Scotia Securities), Full-service brokerage (ScotiaMcLeod and MD Financial Management), Trust, Private Banking, Private Investment Counsel (Scotia Wealth Management, Jarislowsky Fraser and MD Financial Management)
- Asset Management: Retail mutual funds (Scotia & Dynamic Funds), Exchange Traded Funds (Scotia & Dynamic Funds), Liquid Alternatives (Dynamic Funds), Institutional funds (Scotia & Jarislowsky Fraser)

### *Global Banking and Markets*

Global Banking and Markets (GBM) provides corporate clients with lending and transaction services, investment banking advice and access to capital markets. GBM is a full-service wholesale bank in the Americas, with operations in 21 countries, serving clients across Canada, the United States, Latin America, Europe and Asia-Pacific.



*Our Workforce*

Members of our global workforce perform a diverse range of job functions including: asset management, audit, anti-money laundering, internal controls, corporate security, economics, fraud, global banking & markets, global business payments, operations, public & government affairs, real estate, retail & small business banking, treasury, corporate support functions (legal, finance, information technology, human resources, procurement, communications), commercial banking, compliance, insurance, risk, and wealth management. During 2021, approximately 90,000 employees worked across 2,518 branches and offices around the world. The breakdown of our workforce by employment contract/type, region and gender can be found on page 73 of our 2021 ESG Report.<sup>2</sup>

*Investments in Subsidiaries and Associates*

Scotiabank has a number of investments in domestic and foreign subsidiaries located in markets across the Americas, Europe, and Asia Pacific. A list of our principal subsidiaries and non-controlling interests in subsidiaries can be found on page 230-231 of our 2021 Annual Report.<sup>3</sup> Scotiabank also holds Investments in Associates, the details of which can be found on pages 208-209 of our 2021 Annual Report.

*Australia and the United Kingdom (UK)*

Scotiabank operates in Australia via a branch in Sydney as a foreign registered company (ARBN 133 513 827), an APRA-regulated Authorised Deposit-Taking Institution (Foreign Bank ADI) and holds an Australian Financial Services License (AFSL 483575) (“Sydney Branch”). Scotiabank operates a subsidiary in the UK, Scotiabank Europe plc (“SBE”), which is a wholly owned subsidiary of BNS, together with BNS London Branch. Additional information is available in the Appendix.

*Our Supply Chain*

As an international bank, Scotiabank partners with approximately 16,500 suppliers globally and procured goods and services totalling \$5.5 billion CAD in 2021. The main categories of spend are depicted in the following graph:



<sup>2</sup> [https://www.scotiabank.com/content/dam/scotiabank/corporate/Documents/Scotiabank\\_2021\\_ESG\\_Report\\_Final.pdf](https://www.scotiabank.com/content/dam/scotiabank/corporate/Documents/Scotiabank_2021_ESG_Report_Final.pdf)

<sup>3</sup> <https://www.scotiabank.com/ca/en/about/investors-shareholders/annual-reports.html>

## FRAMEWORKS, POLICIES AND GOVERNANCE DOCUMENTS

Scotiabank has a range of enterprise-wide frameworks, policies and governance documents that guide our actions and serve to mitigate the risk of modern slavery occurring in our business, operations or supply chain. Effective risk management is fundamental to the success and resilience of the Bank and is recognized as key in our overall approach to strategy management. Scotiabank has a strong risk culture where managing risk is a responsibility shared by all Scotiabank employees.

### *Risk Management Framework*

Our Enterprise-Wide Risk Management Framework (“Framework”) outlines Scotiabank’s risk governance, risk management principles, risk appetite, risk culture, and risk management tools. The Framework describes how the Bank identifies, assesses, measures, manages, controls and reports on the risks to which it is exposed. It also serves as an over-arching framework for all elements of our management activities.

Effective risk management begins with effective risk governance. We have a well-established risk governance structure, with an active and engaged Board of Directors supported by an experienced executive management team. Decision-making is highly centralized through a number of executive and senior risk management committees. Supporting effective risk management, the Bank has clearly articulated its risk appetite and how its risk profile will be managed in relation to that appetite, and has established a comprehensive process to identify risks and assess their materiality.

A strong risk culture is a key driver of conduct. It promotes behaviours that align to the Bank’s values and enables employees to identify risk taking activities that are beyond the established risk appetite. The Bank’s risk culture program is based on four indicators: tone from the top, accountability, people management, and risk management practices.

### *Scotiabank Code of Conduct*

Our [Code of Conduct](#) (“Code”) describes the standards of conduct required of Employees, Contingent Workers, Directors and officers of Scotiabank and its direct and indirect subsidiaries. Our Code’s six Guiding Principles are aligned with our values and form the building blocks on which our Code rests. Living up to them is an essential part of meeting our corporate goals, adhering to our values, and safeguarding Scotiabank’s reputation for integrity and ethical business practices. Principle 5 of the Code communicates that Scotiabank is committed to respecting and promoting human rights. All Scotiabankers are required to receive, read and comply with our Code, and any other applicable Scotiabank policies, and affirm their compliance within the required timeline on an annual basis.

### *Human Rights Statement*

Our [Human Rights Statement](#) applies globally and sets out our commitments to respect human rights according to the framework established by the United Nations Guiding Principles on Business and Human Rights (UNGPs). The Statement reinforces our human rights commitments to our workforce, as a financial services provider, as a business partner, and to the

communities in which we operate. In 2021, we enhanced our global Human Rights Statement, improving its alignment with best practices and the UNGPs.

Scotiabank continues to review and improve internal processes impacting human rights as set out in our Human Rights Statement. In 2021 we worked with Business for Social Responsibility (BSR), a global sustainability consultancy, to complete a human rights assessment in our key markets of Canada, Mexico, Peru, Chile, Colombia and the Caribbean. The assessment incorporated dozens of internal interviews and reviewed policies relating to human rights, identifying more than 30 relevant documents. Potential and actual human rights impacts on stakeholders related to the Bank's operations and business relationships were mapped, assessed and prioritized based on criteria in the UNGPs, resulting in a priority list of human rights issues for Scotiabank to monitor and manage.

#### *Anti-Money Laundering (AML) / Anti-Terrorist Financing (ATF)*

Scotiabank has developed clear policies and procedures outlining its enterprise standards regarding the various components of the AML Program. All policies and policy-related documents are published internally and accessible to employees. Policies are subject to periodic review for updates and are approved by senior management. For more information, consult our [AML Program Statement](#).

#### *Third Parties Including Suppliers*

Scotiabank's Global Procurement Services (GPS) team owns the Global Procurement Policy and Procedures, which set out the practices and standards for all employees who are involved in external purchases with a third party. The Procurement Policy, along with the Global Third-Party Risk Management (TPRM) Policy, establishes the principles for acquiring external goods and services that will optimize value and minimize risk, while maintaining high ethical standards in dealing with suppliers.

Scotiabank's TPRM Program is governed by the Global TPRM Policy and Global TPRM Operating Standard, which set out the principles, processes and standards to be applied when Scotiabank enters a third-party arrangement. Both documents state that Scotiabank has no appetite for human rights violations.

Our [Supplier Code of Conduct](#) ("Supplier Code") sets expectations for all current and prospective suppliers related to ethical and responsible business conduct, human rights and environmental stewardship. It aligns with the principles of our Code of Conduct and Human Rights Statement and includes provisions on modern slavery and human trafficking. The Supplier Code was updated and strengthened in 2020 and will be reviewed and updated again in 2022 in line with our regular two-year review cycle.

#### *Responsible Investment Policies*

Global Wealth Management's asset managers and wholly owned subsidiaries of Scotiabank, 1832 Asset Management, Jarislowsky Fraser and MD Financial Management (MD), have each adopted Responsible/Sustainable Investment Policies. Responsible Investing is defined as an approach to investing that incorporates ESG factors into investment decisions.

## IDENTIFYING MODERN SLAVERY RISKS IN OUR OPERATIONS, BUSINESS ACTIVITIES AND SUPPLY CHAINS

### *Operations*

The nature of our business means that our global workforce consists largely of skilled, tertiary qualified and experienced individuals. We recognise that there are modern slavery risks associated with having operations in countries that have been ranked by the Global Slavery Index as having a higher prevalence of modern slavery. However, in consideration of our skilled workforce, together with robust human resources policies and procedures, we consider the overall risk that our operations may cause or contribute to modern slavery with respect to our workforce to be low.

### *Business Activities*

We recognise that our operations may be indirectly linked to risks of modern slavery through our financial products and services. Scotiabank will not knowingly enter into relationships with businesses engaged in illegal activities, or relationships that would expose the Bank to inappropriate legal, regulatory or reputational risk.

Scotiabank identifies and combats financial crime through the application of innovative technology, attention to human rights risks in banking, and collaboration with global and national multi-stakeholder initiatives. We disrupt the exploitation and criminal use of the financial system by identifying patterns of financial activity to interrupt the flow of money to criminals who benefit from human trafficking and online exploitation. Examples of our activities in 2021 include:

- Launching [Project Shadow](#), Canada's fifth public-private partnership co-led with the Canadian Centre for Child Protection, the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) and The Royal Canadian Mounted Police (RCMP) to combat online child sexual exploitation.
- Building advanced human trafficking detection models targeting sex trafficking and online child sexual exploitation.
- Continuing efforts to improve intelligence and reporting of suspicious transactions related to sex trafficking, through our involvement in [Project Protect](#).

Corporate Security engages with and responds to alerts from law enforcement to identify customers potentially involved directly or indirectly in modern slavery. Our Financial Intelligence Unit and Special Investigations Unit also work with law enforcement and create proactive programs to detect and report on suspicious transactions related to human trafficking.

### *Supply Chain*

Our most salient risks of modern slavery may exist in the later tiers of the supply chain supporting the provision of certain product categories, such as technology hardware and other office equipment, furniture, utilities, uniforms, merchandise, and consumables. In addition, there may be potential risks of modern slavery in procurement of services from third-party vendor industries such as cleaning, property maintenance, security, food services, transportation services, courier services and accommodation. The risk of modern slavery in these industries may be intensified in countries with a higher prevalence of

modern slavery according to the Global Slavery Prevalence (2018 Global Slavery Index).

## MEASURES TO ASSESS AND ADDRESS MODERN SLAVERY RISKS

### *Employee Recruitment, Compensation and Training*

We comply with the laws in all jurisdictions where we operate. All new employees undergo checks to verify rights to work in the applicable jurisdiction and our human resources professionals ensure that remuneration and benefits frameworks are compliant with legal obligations in the countries in which we operate.

Human rights are integrated into our annual Global Mandatory Learning program for all employees. In 2021, over 196,600 hours of training related to human rights topics, including but not limited to accessibility, safety, diversity and inclusion, and the Code of Conduct were completed. In addition, all employees are required to complete annual courses on Anti-Money Laundering.

### *Customers*

Scotiabank has no appetite to allow its products or services to be used to facilitate money laundering, terrorist financing, human trafficking, or any activity that is prohibited by laws and regulations including sanctions.

Financial Crimes Risk Management (“FCRM”) has the mandate and primary responsibility for the design and operation of the global [Anti Money Laundering \(“AML”\) program](#) and its key functions which include economic sanctions, policy and standards, customer onboarding, AML partnerships and overseeing AML change/project management. The AML program, managed under Scotiabank’s Three Lines of Defence risk governance framework, is reasonably designed to achieve compliance with both our legal and ethical obligations to deter and detect financial crimes.

For new customers, sanctions screening tools are used as part of the customer due diligence process. This includes screening against human rights violation related sanctions lists. Global Banking and Markets (GBM) also conducts negative news searches on all clients. The sanctions and negative searches are completed on the new and existing active clients and on their associated parties. Existing customers are similarly screened periodically as well. The GBM customer on-boarding teams and management committees are involved in this process.

Scotiabank uses the Equator Principles risk management framework, in partnership with our customers, to identify, assess and manage environmental and social risks and impacts when financing in scope development projects. These projects tend

## 2021 Highlights

**GOVERNANCE:** Established Corporate Environment, Social, and Governance (ESG) Committee.

**DISCLOSURE:** Established cross-functional modern slavery statement working group.

**COMMITMENT:** Enhanced global Human Rights Statement, improving its alignment with best practices and the UNGPs.

**IDENTIFICATION:** Launched Project Shadow.

**ASSESSMENT:** Completed human rights assessment with Business for Social Responsibility (BSR), a global sustainability consultancy.

**TRAINING:** Staff completed over 196,600 hours of training related to human rights topics.

**SUPPLIER DUE DILIGENCE:** Implemented *Know Your Supplier* assessment questionnaires to identify supplier employment practices in the area of human rights.

to be large-scale infrastructure and industrial developments which have the potential to significantly impact people and the environment. The framework serves as a minimum standard for project due diligence and monitoring and is designed to support environmentally and socially responsible risk decision making.

### *Suppliers*

Third party arrangements, including those related to outsourcing, should be consistent with the individual risk profile and the nature and business model of the Bank, so that the objectives of the Global TPRM Policy are effectively achieved. The rigour and frequency of initial and ongoing third-party risk assessment, as well as controls, oversight activities and governance, are commensurate with the level of risk related to each specific supplier and arrangement.

In 2021, a new Know Your Supplier assessment questionnaire was implemented to identify supplier employment practices in human rights. The questionnaire seeks information on the countries of operation of any subcontractors, suppliers' employee turnover rate, and if there have been any significant investigations, fines or penalties related to child labour/human trafficking, labour standards and health and safety.

Supplier due diligence requirements exist at the outset and during the life of a contract. These requirements consider the reputational risk of the activities being outsourced, or products and services being purchased, and include compliance by the supplier with applicable laws and regulations. In the Bank's formal Request for Proposal process administered through Global Procurement Services (GPS), suppliers are required to review and acknowledge the Supplier Code prior to participation. Supplier contracts require compliance with all applicable Scotiabank policies and contain terms that cover anti-slavery, either via the Supplier Code or other similar language.

### *Wealth and Asset Management*

Scotiabank's wealth and asset management businesses are committed to responsible investing and incorporating ESG factors including modern slavery into investment decisions. Building ESG into investment analysis, research and decision-making processes helps manage risks, enhance returns and deliver value to clients. Our asset managers, 1832 Asset Management, Jarislowsky Fraser and MD Financial Management, are signatories to the UN-supported Principles of Responsible Investment. Adopting the six principles of responsible investing outlined by the PRI is part of our comprehensive approach to assess and integrate ESG factors into our investment practices.

## **REMIEDIATION**

Our [Whistleblower Policy](#) is global in its application, is reviewed annually and sets out the channels through which employees can raise a concern to ensure that matters are reported and addressed. The Whistleblower Policy, as part of the larger Raise a Concern framework, enables employees to raise concerns through a confidential and anonymous channel and provides the framework for how the impartial Whistleblower Program will receive, assess, investigate and resolve concerns, particularly when those concerns constitute wrongdoing. Employees are encouraged to report issues of concern, including human rights

related concerns.

Scotiabank has established a mechanism for confidential and anonymous submission of reports through an independent third-party. A hotline and a website ([Scotiabank.EthicsPoint.com](https://www.scotiabank.com/ethics)) are both accessible 24 hours a day, 7 days a week in all countries in which we operate.

### **ASSESSING EFFECTIVENESS**

Oversight of human rights at Scotiabank rests with our Corporate Environment, Social, and Governance (ESG) Committee, which was established in 2021. The Corporate ESG Committee is comprised of senior leaders representing various business lines and functions from across Scotiabank. The Corporate ESG Committee reviewed and approved this Enterprise Modern Slavery Act Statement before it was approved by the BNS and SBE Boards of Directors.

We assess the effectiveness of our actions in subsequent reporting periods in conjunction with internal and external stakeholders to report on year-to-year progress in Scotiabank's capability to respond to modern slavery risks in our operations, business activities and supply chain.

Examples of activities we may use to assess the effectiveness of our actions include:

- Enhancing supplier management via the Know Your Supplier questionnaire, introduced in 2021.
- Ongoing monitoring of reports received relating to modern slavery claims made via our reporting channels as noted.
- Identifying new and emerging issues by engaging with our internal and external stakeholders.
- Continuing to share best practices, challenges, and lessons with the members of Business for Social Responsibility's (BSR) Human Rights Working Group.

### **PROCESS OF CONSULTATION**

Various business lines and functions within Scotiabank were represented in the Working Group that was consulted in the drafting of this Statement, including: Legal, Compliance, Communications, Global Sustainability, Global Procurement Services (GPS), Financial Crimes Risk Management (FCRM), Third-Party Risk Management (TPRM), Corporate Security, Asset Management, Global Employee and Labour Relations, Internal Controls and Global Risk Management (GRM). These groups have global mandates, which includes the subsidiaries to which this Statement applies. Accordingly, these internal stakeholders provided input in relation to Scotiabank and its wholly owned or controlled subsidiaries.

## COMMUNITY PARTNERSHIPS AND INVESTMENTS

### *Multi-Stakeholder Initiatives & Donations*

We support several initiatives coordinating efforts to end human trafficking and child sexual exploitation. We are members of the [WePROTECT Global Alliance](#), a public-private partnership dedicated to tackling online child sexual exploitation and abuse; the Anti-Human Trafficking Intelligence Initiative, which helps financial institutions combat human trafficking; and The Knoble, a global network of experts preventing financial crime that harms vulnerable people.

In September 2021, Scotiabank awarded \$980,000 in funding to the Lassonde School of Engineering, York University, Canada, in support of the '[Scotiabank Lassonde Financial Crimes Research Initiative](#),' which focuses research on developing countermeasures for financial crimes, specifically aimed at detecting and disrupting the illicit financial flows connected to human trafficking and online child exploitation. Nearly a third of funding will also support secondary school students by removing systemic barriers for underrepresented students and increase enrolment in STEM courses.

In 2021, Scotiabank granted \$250,000 to support [Project Arachnid](#), an innovative tool from the Canadian Centre for Child Protection to keep kids safe by preventing the proliferation of child sexual abuse material on the Internet.

### *Financial Access Program*

Many survivors of human trafficking have their financial identities stolen by their traffickers. Our [Financial Access Program](#) is the first in Canada to work with non-government organizations, linking survivors with financial services to help them rebuild their financial independence. The program recognizes survivors' unique needs and takes a survivor-informed approach to provide a suite of customized products and financial literacy guidance through a specially trained branch advisor.

## APPROVAL & SIGNATURE

**This Statement was approved by the Board of SBE on 23 March 2022 and the Board of BNS on 4 April 2022.**



Director  
Scotiabank Europe plc



Director  
The Bank of Nova Scotia

## Statement Annexure

	<b>Mandatory criteria</b>	<b>Page number(s)</b>
a)	Identify the reporting entity	<b>1</b>
b)	Describe the reporting entity's structure, operations and supply chains.	<b>1-3</b>
c)	Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns or controls.	<b>6-7</b>
d)	Describe the actions taken by the reporting entity and any entities it owns or controls to assess and address these risks, including due diligence and remediation processes.	<b>7-9</b>
e)	Describe how the reporting entity assesses the effectiveness of these actions.	<b>9</b>
f)	Describe the process of consultation on the development of the statement with any entities the reporting entity owns or controls (a joint statement must also describe consultation with the entity covered by the statement).	<b>9</b>
g)	Any other information that the reporting entity, or the entity giving the statement, considers relevant.	<b>10</b>

## APPENDIX

Legislation	Applicable Details
<p><i>Modern Slavery Act 2015, UK</i></p>	<p>The Scotiabank London branch is located at 201 Bishopsgate, 6<sup>th</sup> Floor, London EC2M 3NS. The London branch employs 338 employees. The London branch markets and sells a range of banking products with their target market being large and mid-sized companies, banks, sovereign entities, supranational organisations and asset managers. Revenue is generated through a range of corporate and investment banking and capital markets products.</p> <p>Scotiabank UK's business is organised into the following business lines: Corporate and Investment Banking, Global Business Payments, Group Treasury, Global Equities, Foreign Exchange, Fixed Income, and Commodities.</p>
<p><i>Australian Modern Slavery Act 2018 (Cth)</i></p>	<p>The Scotiabank Sydney Branch is located at Suite 2, Level 44 Governor Phillip Tower 1 Farrer Place Sydney NSW 2000. The Sydney Branch employs 14 full-time employees performing the following types of roles:</p> <ul style="list-style-type: none"> <li>• Corporate Banking</li> <li>• Debt Capital Markets</li> <li>• Treasury</li> <li>• Supported by Administrative, Operations/Finance, Risk and Compliance staff</li> </ul> <p>The Sydney Branch markets and sells a range of banking products with the target market being large and mid-sized companies, banks, sovereign entities, supranational organisations and asset managers. Revenue of the Sydney Branch is generated through a range of corporate and investment banking and capital markets products. The Sydney Branch is organised into the following business lines: Corporate Banking, Global Business Payments, Global Capital Markets, and Group Treasury</p>