



# 2022 ESG REPORT

**Scotiabank**



# Table of Contents

3	2022 Highlights	14	GOVERNANCE	68	SOCIAL
4	A Message from Our President and CEO	15	Trust at the Top of Our Business	69	Embedding a Culture of Diversity, Equity and Inclusion
5	About Scotiabank	22	Keeping Our Bank Safe and Protecting Customers	81	Supporting Resilient Communities
6	How We Create Value	27	Advancing Human Rights	87	Enabling Economic Resilience Through ScotiaRISE
7	Q&A with the CSO and Chair of ESG Committee	30	Managing Our Supply Chain	90	Empowering Our Customers
8	Our ESG Approach and Strategy	32	Leadership: Supporting Our Winning Team	95	Supporting Our Customers
12	Supporting the SDGs	37	ENVIRONMENT	100	ADDITIONAL INFORMATION
13	Key ESG Targets and Performance	38	Financing a Sustainable Future	101	Public Accountability Statement
		47	Climate Change and Net-Zero	102	About This Report
		59	Managing Environmental and Climate Risk	104	Awards and Recognition
		63	Addressing Our Operations' Environmental Impact	106	Net-Zero: Other Data Considerations
				107	Forward-Looking Statements
					<u>ESG Data Pack and Indices</u>
					<u>KPMG Limited Assurance Statement</u>

## COMMITTED TO TRANSPARENCY AND DISCLOSURE

We are committed to ongoing disclosure of the key environmental, social and governance (ESG) issues identified, progress towards our targets and leveraging recognized reporting frameworks. Beyond our annual ESG report, we publish companion documents that have relevant information about our sustainability approach, management and performance.

Learn more [here](#).



## We are here for every future™

Scotiabank is a leading bank in the Americas. Guided by our purpose — *for every future* — we help our customers, their families and their communities achieve success through a broad range of advice, products and services, including personal and commercial banking, wealth management and private banking, corporate and investment banking and capital markets. With a team of over 90,000 employees and assets of approximately \$1.3 trillion (as of October 31, 2022), Scotiabank trades on the Toronto Stock Exchange (TSX: BNS) and New York Stock Exchange (NYSE: BNS). For more information, please visit [www.scotiabank.com](https://www.scotiabank.com) and find us on Twitter [@Scotiabank](https://twitter.com/Scotiabank).

Scotiabank is headquartered in Toronto, Canada. “We,” “our” and “the Bank” refer to The Bank of Nova Scotia, operating as Scotiabank.

# 2022 Highlights



## GOVERNANCE

- Employee engagement continues to be strong at 87%, ahead of **industry averages**. Ninety-two percent of employees report they take pride in working for Scotiabank.
- Enhanced our enterprise-wide Risk Management Framework, expanding our principal risk definition from *environmental risk* to *ESG risk* and established an ESG performance metric as a risk appetite metric.
- Linked ESG performance, including progress on our Climate Commitments, to all Bank performance pay.
- Recognized for Outstanding Global Leadership in Sustainability Transparency by *Global Finance* for the second year in a row.
- Launched our *Ethics Assistant – Trusted AI* tool to enhance the Bank's investments in data and analytics related to new AI and machine learning projects, and published our **Data Ethics Principles**.



## ENVIRONMENT

- Mobilized \$96 billion since November 1, 2018, towards our target of \$350 billion in climate-related finance by 2030.
- Outlined the efforts undertaken in addressing our net-zero objectives and the Bank's net-zero transition plan activities.
- Achieved 29% reduction of Scope 1 and 2 greenhouse gas (GHG) emissions in our own operations (from 2016 levels) against our target of 35% reduction by 2030.
- \$35.3 billion of sustainable finance activity, including green, social, sustainability and sustainability-linked bonds, loans and M&A advisory services.
- Invested \$73.5 million since 2018 in initiatives to reduce energy consumption and improve energy efficiency across the Bank's footprint.



## SOCIAL

- Contributed \$91 million to communities through donations, community sponsorships, employee volunteering and other community investments.
- \$60 million of our community spend was distributed in the first two years of ScotiARISE across 200 organizations globally to support economic resilience, progressing towards our goal of \$500 million over 10 years.
- Scotiabank ranked one of the top 25 World's Best Workplaces by Great Place to Work® — the only Bank and the only Canadian-headquartered company to make the list.
- Introduced a new goal to increase representation in Canada of employees who identify as lesbian, gay, bisexual or another diverse sexual orientation to 7% or greater by 2025.
- Deployed \$5.6 billion in capital through The Scotiabank Women Initiative® in Canada and expanded the **program** to **Jamaica**, **Costa Rica** and **Chile**.

# A Message from Our President and CEO

It is an honour and a privilege to be Scotiabank's new CEO at such a pivotal time for the Bank and for the sector. Purpose is embedded in Scotiabank's DNA — we're here *for every future*, to help our customers, colleagues, shareholders and communities thrive. Our Bank plays a positive and meaningful role in addressing some of the biggest challenges facing society and the world today — from removing barriers to economic inclusion, to supporting our customers and evolving our own operations to mitigate the impacts of a changing climate. We do this through our role as a global financial services company, through our position as a world-class employer, and through the impactful investments that we make in the communities in which we operate.

Throughout this report, we share the principles, commitments and performance of Scotiabank's efforts to create inclusive, sustainable and profitable growth. Crucially, we aim to be transparent in our achievements as we build trust in our strategy and in our successes, and engage with a range of stakeholders — from our employees, to our shareholders, to our customers — along our journey to build a more sustainable world.

Scotiabank aims to be a trusted partner to our clients as they navigate their own ESG journeys, by providing them with financing, advice and innovative products to support sustainable economic growth and accelerate a more just and equitable future. This year's report provides an update on the momentum we have built since our inaugural Net-Zero Pathways Report in supporting the transition to a low-carbon economy, including mobilizing \$96 billion in climate-related financing — significant progress towards our target of \$350 billion by 2030.

In the pages of this report, you'll learn more about our sustainable finance work and other initiatives underway that illustrate the powerful role that Scotiabank plays in helping to build a more inclusive and prosperous world.

This includes ScotiARISE, through which we continue to build economic resilience in communities across our footprint, investing \$60 million in more than 200 community organizations over the last two years to remove barriers to advancement and increase access to economic opportunities. The Scotiabank Women Initiative continues to grow, expanding internationally over the past year to provide more women across the Americas with access to capital, specialized education, advisory services and mentorship.

We hosted our first annual Allyship Summit for Change to support a culture of inclusion and belonging across our global footprint, bringing employees together to help address knowledge gaps and have meaningful conversations about unconscious bias, inclusive hiring and actionable ways to be effective allies to peers, customers and in the community. We continue to focus on representation of equity-deserving groups across the Bank as we progress against our 2025 goals to increase the diversity of our employee population.

Throughout this journey, we continue to support the United Nations Global Compact and its principles — following through on our commitments to advance progress in human rights, labour, environment and anti-corruption.

I'd like to thank the Scotiabank team for their contributions to our ESG strategy over the past year. I look forward to working together as we build on the Bank's momentum and amplify our impact *for every future*.

**Scott Thomson**

President and Chief Executive Officer





# About Scotiabank

Scotiabank is composed of four business lines:

## CANADIAN BANKING (CB)

Canadian Banking provides a full suite of financial advice and banking solutions to over 10 million retail, small business and commercial banking customers and an alternative self-directed banking solution to over two million Tangerine Bank customers.

## INTERNATIONAL BANKING (IB)

International Banking is a strong and diverse franchise with over 11 million retail, corporate and commercial customers. The geographical footprint encompasses the Pacific Alliance countries of México, Chile, Peru and Colombia, as well as Central America, the Caribbean and Uruguay.

## GLOBAL WEALTH MANAGEMENT (GWM)

Global Wealth Management is focused on delivering comprehensive wealth management advice and solutions to clients across Scotiabank's footprint. GWM serves over two million investment fund and advisory clients across 13 countries — administering over \$500 billion in assets.

## GLOBAL BANKING AND MARKETS (GBM)

Global Banking and Markets provides corporate clients with lending and transaction services, investment banking advice and access to capital in 21 countries, serving clients across Canada, the United States, Latin America, Europe and Asia-Pacific.

For more information see Scotiabank's [corporate profile](#).

## OUR PURPOSE

Why we exist; the impact we make

## OUR MISSION

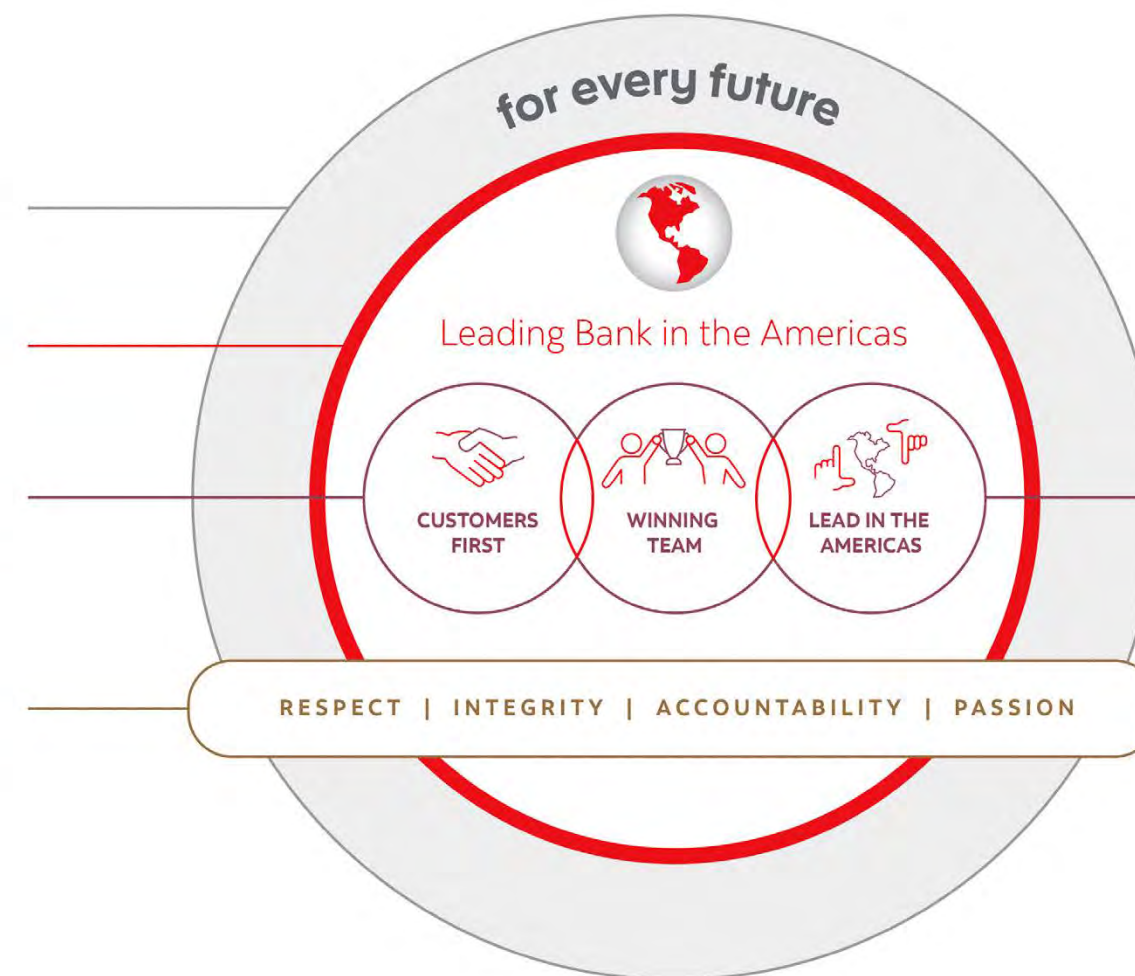
What we aspire to be

## CORE PILLARS

How we do it

## OUR VALUES

What guides our behaviours



## WE DRIVE GROWTH THROUGH OUR COMMITMENT TO THREE PILLARS:

### Customers First

By putting our customers first, we're helping them be better off today and tomorrow.

### Winning Team

A purpose-driven team, committed to results in an inclusive and high-performance culture.

### Lead in the Americas

Focused on six core markets and supported by leading expertise allows us to prioritize our investment for long-term growth.

# How We Create Value

## SUPPLIERS

- **\$5.8 billion** in procured goods and services from third-party suppliers<sup>1</sup>
- **18,300** suppliers globally<sup>1</sup>

## EMPLOYEES

- **90,979** employees<sup>2</sup>
- **\$8.8 billion** paid in salaries and employee benefits
- **\$73.2 million** invested in training and development

## COMMUNITIES

- **\$91 million** invested in communities through donations, community sponsorships, employee volunteering and other types of community investment
- **\$4.2 billion** total taxes<sup>3</sup>
- **\$23.1 billion** economic value distributed<sup>4</sup>

## CUSTOMERS

- **\$5.6 billion** invested since 2018 in women-led businesses, exceeding the initial aim of The Scotiabank Women Initiative®
- **\$745 billion** in loans outstanding
- **\$14.9 billion** in green, social, sustainability and sustainability-linked bonds underwritten

## SHAREHOLDERS

- **\$5 billion** in dividends distributed and **\$3 billion** in share buybacks
- **6% CAGR** in dividends over the last five years
- **14.8%** reported return on equity

## ENVIRONMENT

- **\$96 billion** in climate-related finance mobilized since November 1, 2018
- **29%** reduction in Scope 1 and 2 GHG emissions in our own operations from 2016 levels
- **67%** non-emitting electricity<sup>5</sup> used in our operations

All figures on this page are presented for fiscal year ended October 31, 2022.

<sup>1</sup> Supplier spend excludes transactions with non-vendors such as government agencies and non-governmental organizations, corporate card transactions, taxes and spending not managed by global procurement (non-procurement managed vendors).

<sup>2</sup> On a full-time equivalent (FTE) basis per Scotiabank's [2022 Annual Report](#) (p. 130).

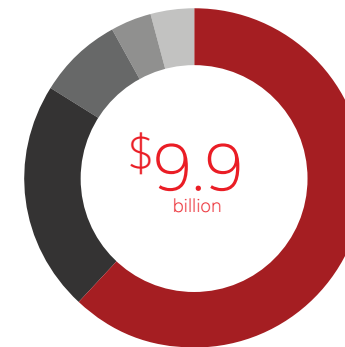
<sup>3</sup> Includes income and other taxes such as payroll, business, capital, and goods and services taxes.

<sup>4</sup> Economic value distributed is a sustainability metric and was calculated per GRI methodology 201-1 Direct economic value generated and distributed (2016) as an indicator of how the Bank is creating value for its various stakeholders. Please refer to the metric reported in the [ESG Data Pack and Indices](#) for more information.

<sup>5</sup> Either physically or virtually. Non-emitting sources includes renewable (hydro, solar, wind, geothermal, tidal) and nuclear sources, and may include the use of renewable energy certificates (RECs).

## REPORTED EARNINGS BY MARKET

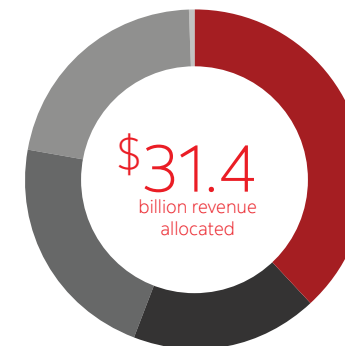
Net income attribute to equity holders



Canada	62%
Pacific Alliance	22%
U.S.	8%
Caribbean & Central America	4%
Other International	4%

## ECONOMIC VALUE DISTRIBUTED<sup>4</sup>

\$23.1 billion



Salaries and benefits	\$8.8 billion
Net operating expenses	\$4.1 billion
Cash dividends	\$5.1 billion
Taxes	\$5.0 billion
Community giving	\$0.1 billion
Economic value retained	\$8.3 billion



**“Across all levels of the organization, Scotiabankers are leading important work to create a more sustainable and inclusive world through the Bank’s ESG efforts. The Board continues to provide strong oversight of ESG priorities to ensure meaningful progress in addressing important issues including climate change, financial inclusion, and diversity, equity and inclusion, and engages regularly with stakeholders throughout Scotiabank’s ESG journey.”**

– AARON REGENT, CHAIR OF SCOTIABANK’S BOARD OF DIRECTORS

# Q&A with the Chief Sustainability Officer and Chair, Corporate ESG Committee



## What are the biggest ESG achievements of 2022?

We are proud to share our 2022 ESG Report, which demonstrates our commitment to transparency, ongoing disclosure of key ESG

issues and progress towards our strategic targets. Our efforts in 2022 reflect the commitment of teams across the Bank to making a meaningful impact on the world around them.

2022 was a pivotal year for many of our ESG pillars, including many ‘firsts’ for the Bank.

We started the year by hosting our first Allyship Summit for Change, which was an all-Bank learning opportunity for 90,000 Scotiabankers to help us become better allies for each other, our customers and our community members. Allyship supports our efforts to achieve diversity and inclusion representation goals and extends our commitment to building a culture of inclusion and belonging within the Bank, and in society more broadly.

In March, we published our inaugural Net-Zero Pathways Report, outlining our Climate Commitments. We continue to be an active participant in the Net-Zero Banking Alliance and are advancing the Bank’s climate-related disclosures through the Task Force on Climate-related Financial Disclosures framework. We also participated in leading industry

programs, such as the United Nations-convened Environment Programme Finance Initiative, to support the transition to more sustainable and inclusive economies worldwide.

In May, we welcomed more than 200 community partners to the first ScotiaRISE Impact Summit, to discuss the outcomes of our community investment and further maximize our impact. We also published our ScotiaRISE Impact Report, which demonstrates the positive effect that our investments are having on people and communities across our footprint.

Finally, this year we have taken tangible steps to link ESG performance to the compensation of our employees and our leadership — with a focus on climate-related finance, decarbonization of the Bank’s operations and representation of equity-deserving groups — to help ensure that ESG considerations are embedded in our decision-making.

## How is ESG managed at the Bank?

ESG is an all-Bank effort and a shared responsibility between the Board and management. From a management perspective, our Corporate ESG Committee includes senior executives from across our business lines and corporate functions that have expertise and accountabilities in ESG matters. We meet regularly to review the Bank’s progress against our commitments and targets, approve enterprise-wide policies and align on evolving ESG priorities. Our Board also provides active oversight, with ESG as a standing item on every Board agenda.

## Are there any recognitions that you were particularly proud of this year?

While we are very proud of all of the awards and accolades we have received for our efforts across ESG, advisory and client support, this year we were especially proud to be recognized for our corporate sustainability efforts. We won the award for Best Corporate Sustainability Strategy at the ESG Investing Awards 2022, which validates the strength of our ESG strategy and the work that Scotiabankers across our footprint are doing to deliver on it. In addition, we were recognized by *Global Finance* with the global award for Outstanding Leadership in Sustainability Transparency, and we also won the global award for Banking in the Community from *The Banker* for our ScotiaRISE program. We again ranked on several ESG-related indices, including the North American Dow Jones Sustainability Index where we place in the top 5% of financial institutions in the world according to S&P Global. These recognitions reflect our many successes to date and acknowledge our commitment to ongoing engagement, transparency and reporting throughout our ESG journey.

## What are some of the challenges that Scotiabank faces through the lens of ESG?

The external context in which we operate is constantly evolving, and the list of economic, social and environmental topics we are expected to address continues to grow. As a result, we need to regularly evaluate and prioritize the ESG topics that matter most to our stakeholders, taking into consideration the areas where our Bank can make the most positive

and significant impact, aligned to our purpose and our business strategy. Our materiality assessment, which is outlined in our report, is key in navigating through this.

Addressing climate change-related risks and opportunities features highly on our materiality matrix. We have a critical role to play in supporting the transition to a net-zero future. Our biggest challenge lies in setting credible net-zero targets against emissions associated with our portfolio of clients, or what we call ‘financed emissions.’ Data continues to be a challenge in several of the highest emitting sectors, such as Residential Mortgages and Agriculture, which means setting credible targets for these sectors will take more time and require partnership with clients and customers, governments, regulators and industry bodies. For those sectors where we have set financed emissions targets, we also know that our actions alone will not be sufficient, and that progress must be made by all partners.

## What can we look forward to in 2023?

As we look ahead, I am energized and optimistic about the positive role that our Bank — and the sector as a whole — can have in addressing some of today’s most pressing social and environmental challenges. In carrying out our work, we will continue to hold ourselves accountable, engage collaboratively with our stakeholders and maximize our impact as we build a more sustainable world *for every future*.

## Meigan Terry

Chief Sustainability, Social Impact and Communications Officer and Chair, Corporate ESG Committee

# Our ESG Approach and Strategy

We are guided by our purpose — *for every future*. A better tomorrow — where our customers, employees and communities all thrive — benefits everyone, including our Bank. Our approach to managing ESG issues focuses on areas where Scotiabank can make the biggest impact — enabling stakeholders to reach their fullest potential, mobilizing capital to help address important social and environmental challenges and building trust by acting with integrity in everything we do.

Scotiabank’s approach to ESG focuses on four pillars — Environmental Action, Economic Resilience, Inclusive Society and Leadership & Governance. We develop, implement and invest in initiatives across our ESG strategic themes to maximize our positive impact on the world. Guided by these priorities and aligned with our *for every future* purpose, we work to create value for Scotiabank and our stakeholders.

Our impact in these areas is greatest when we take action at three different levels — In Our Operations, With Our Customers and On the World Around Us. We have the most control and ability to drive positive change in our operations. We also support and enable positive ESG outcomes with our customers through our core business: delivering important financial products, services, advice and solutions that help them achieve their goals.

Our diversified geographic footprint, varied business lines and large customer and employee base provide a responsibility and an opportunity: We can play a role in addressing important social, environmental and economic challenges while positioning our Bank for success. By working with stakeholders at all levels across our entire value chain, we are best positioned to build a better future.



## We act at three different levels of influence:

1

**In our operations, where we have the most control and ability to drive positive change, and to a lesser extent our supply chain.**

2

**With our customers, through our core business delivering financial products, services and advice that help them achieve their goals.**

3

**On the world around us, leveraging collaborative partnerships and influence to address local, national and global concerns.**



## GLOBAL DEVELOPMENTS SHAPING OUR INDUSTRY

There are many factors shaping the global economy, of which Scotiabank is a part. Some factors are already impacting the financial sector, while others are emerging. Below are the trends we believe are the most significant.

### MITIGATING AND ADAPTING TO THE IMPACT OF CLIMATE CHANGE

The impacts of climate change on our planet, the health of ecosystems and way of life are systemic and transformative foundational risks facing the world today. No country, sector or community is immune to the social, environmental and economic challenges it poses. Banks have an important role to play in the transformation and transition of the financial systems and structures to address the risks, effects and impacts of climate change. The actions our clients take, as well as those of the governments of the markets in which we operate, will also be key in advancing these issues.

#### OUR ACTIONS:

See [Environment](#)

### ACHIEVING FINANCIAL INCLUSION

Nearly one-third of the world's adult population and a significant percentage of small- and medium-sized businesses lack access to basic financial services.<sup>1</sup> Unleashing people's economic potential starts with connecting them to the vital networks that power the modern economy. By providing secure ways of receiving, storing and managing money, we may help enable access to and integration into these networks to increase people's productivity and economic resilience.

#### OUR ACTIONS:

See [Empowering Our Customers](#)

## LEVERAGING DATA AND DIGITAL TECHNOLOGIES

The growth of data and digital technologies is transforming financial services as we know it. These technologies bring opportunities for greater financial innovation but also risks such as data privacy, cybersecurity and ethical considerations for the responsible use of data. With the growth in mobile banking and software innovation, and as more operations become technology- and internet-dependent, the ethical collection, use, securitization and protection of data are of vital importance for banks and businesses.

#### OUR ACTIONS:

See [Governance](#)

### ANTI-RACISM AND INCLUSION

Systemic racism has been, and continues to be, an unjust barrier to equitable access to the opportunity to realize a person's full potential to contribute to thriving, healthy societies, organizations and economies. Recent years have seen enormous shifts in how we work, with stakeholders and investors paying increasing attention to social issues. To develop solutions to today's challenges, organizations need to attract and retain a diverse workforce that brings unique thoughts, perspectives and skills. Companies are embracing new ways of working that remain agile and customer-focused while providing a fair and inclusive culture for their employees, customers and business partners. Employees are searching for and selecting companies that promote equity in their business, share their values, provide a sense of greater purpose, and support allyship and a culture of inclusion that allows people to bring their authentic selves to work.

#### OUR ACTIONS:

See [Embedding a Culture of Diversity, Equity and Inclusion](#), [Empowering Our Customers](#) and [Supporting Our Customers](#)



## MEETING EXPECTATIONS FOR TRANSPARENCY

Regulators, investors and other stakeholders are increasingly calling on companies to report, disclose and discuss the social, environmental and economic challenges, opportunities and risks of their businesses. This includes both the organization's efforts to address these topics in their business as well as their influence and impacts throughout the value chain. Anticipated standardization and solidifying regulation from national and international institutions will affect the development of ESG reporting and guide increased consistency, formality and transparency for disclosures associated with ESG and sustainability.

#### OUR ACTIONS:

See [About This Report](#)



**Employees are searching for and selecting companies that promote equity in their business, share their values, provide a sense of greater purpose, and support allyship and a culture of inclusion that allows people to bring their authentic selves to work.**

<sup>1</sup> [Financial Inclusion Overview](#) (worldbank.org).

## ENGAGING WITH STAKEHOLDERS

We actively engage with our stakeholders throughout the year. It is a vital part of our materiality assessment and feedback loop for identifying emerging topics and monitoring areas of shared interest.

The table on the following page summarizes our ongoing efforts and engagement with stakeholder groups in 2022. Scotiabank also engages and collaborates with organizations highlighted throughout this report. See our [ESG strategy page](#) for Scotiabank's memberships, commitments and agreements.

## DETERMINING OUR MATERIAL SUSTAINABILITY ISSUES

We focus our sustainability efforts on areas that matter most to our business, our customers and our stakeholders. Scotiabank regularly monitors topics that could have an impact on the Bank or which the Bank may influence in society. Scotiabank partnered with global sustainability consultant [Business for Social Responsibility \(BSR\)](#) to conduct our [2021 ESG materiality assessment](#), as seen on the right, to understand which non-financial issues may have the greatest strategic impact on Scotiabank and our stakeholders.

The assessment validates and informs Scotiabank's current and future ESG strategy, deepens our engagement with stakeholders and supports our approach to ESG reporting and disclosure. Our assessment followed a common methodology to identify, assess and prioritize topics. It explored issues from multiple lenses, including the potential for business impact and the level of importance to stakeholders. The evaluation incorporated research from stakeholder organizations across our global footprint, including non-governmental organizations (NGOs), investors, peers and advocacy organizations, and dozens of interviews with leaders and subject matter experts inside and outside of the Bank. Our assessment further included an analysis of industry trends, reporting standards and frameworks, and an exercise about the material topics that may be amplified or moderated in different future scenarios.

Importance to stakeholders



## ENGAGING WITH STAKEHOLDERS

	EMPLOYEES	CUSTOMERS	SHAREHOLDERS, INVESTORS, RATING AGENCIES AND RESEARCH ANALYSTS	GOVERNMENT AND REGULATORS	SUPPLIERS	NGOs, ACADEMIA AND COMMUNITY AND SUSTAINABILITY ORGANIZATIONS
<b>How we engaged in 2022</b>	<ul style="list-style-type: none"> <li>Social networking platforms, email, intranet</li> <li>In-person and virtual town halls and team meetings</li> <li>Employee Resource Groups</li> <li>ScotiaPulse employee engagement survey</li> <li>Events and conferences</li> </ul>	<ul style="list-style-type: none"> <li>Customer feedback through The Pulse survey and follow-up calls</li> <li>Information sharing roundtables on ESG topics with commercial and corporate clients</li> <li>Host events and publish reports based on ESG equities research</li> <li>In-person interactions through our branch network</li> <li>Digital banking products and services</li> <li>Contact centres</li> <li>Social media</li> </ul>	<ul style="list-style-type: none"> <li>Annual general meeting and quarterly earnings calls</li> <li>The Bank's annual and quarterly reports, management proxy circular, annual information form, annual ESG report, news releases and website</li> <li>Management participation in virtual and in-person investor conferences</li> <li>Interaction with ESG rating agencies, rankers, data and disclosure providers</li> <li>Shareholder proposals and inquiries</li> <li>Meetings with shareholders, investors and other stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>Engaged in public policy discussions and direct dialogue with policymakers, regulators and government officials</li> <li>Provided submissions to government and regulators bilaterally and through industry associations such as the Canadian Bankers Association</li> <li>For example, contributed to the Canadian Bankers Association's submission to the Office of the Superintendent of Financial Institutions' Draft Guideline B-15: Climate Risk</li> <li>Engaged expertise of Scotiabank's diverse teams to inform policymaking</li> <li>Participating organization in Canada's Sustainable Finance Action Council, an initiative of Canada's federal government</li> </ul>	<ul style="list-style-type: none"> <li>Procurement procedures</li> <li>Sustainability assessment of prospective suppliers</li> <li>Third-party risk management program</li> <li>Formal Request for Proposal process</li> <li>Engage as a member with several organizations focused on supplier diversity</li> </ul>	<ul style="list-style-type: none"> <li>Investments and partnerships in the community</li> <li>Virtual events and webinars</li> <li>Employee volunteerism</li> <li>Memberships include, but are not limited to, the UN Environment Programme Finance Initiative and the UN-convened Net-Zero Banking Alliance</li> <li>Signatory to the UN Global Compact (UNGC), UN Women's Empowerment Principles, the UN LGBTI Standards of Conduct for Business and the BlackNorth Initiative</li> <li>Part of the consortium that supported the establishment of the International Sustainability Standards Board (ISSB) office in Canada</li> </ul>
<b>ESG topics we discussed</b>	<ul style="list-style-type: none"> <li>Health and safety, COVID-19 vaccination</li> <li>Work environments valuing employees' physical and mental health, allyship through a diversity, equity and inclusion lens</li> <li>Resources and tools to adapt to remote working</li> <li>Opportunities for continuous learning and development of new skills</li> <li>Human rights and Indigenous Peoples relations in the workplace</li> <li>Knowledge and tools to continually enhance customer focus</li> <li>Opportunities to connect with local communities and give back</li> </ul>	<ul style="list-style-type: none"> <li>Customer experience improvement opportunities</li> <li>Sharing ESG practices and advice</li> <li>Financial inclusion and access to financial products and services</li> <li>Community investment and philanthropy with a focus on economic resilience</li> <li>Consumer protection</li> <li>Cybersecurity and data privacy</li> </ul>	<ul style="list-style-type: none"> <li>Geopolitical issues</li> <li>ESG and sustainability disclosures, standards harmonization and reporting</li> <li>Canadian housing and consumer indebtedness</li> <li>Climate change and net-zero initiatives</li> <li>Financial instruments to support sustainability</li> <li>Impacts of COVID-19 pandemic on the Bank, its customers and broader economies</li> <li>Digital transformation</li> <li>Acquisitions, divestitures and repositioning of our business</li> <li>Diversity, equity and inclusion</li> <li>Human rights and Indigenous relations</li> <li>Executive compensation</li> <li>Succession planning and appointment of new CEO</li> </ul>	<ul style="list-style-type: none"> <li>Cybersecurity and financial crime</li> <li>Digital finance and data privacy</li> <li>International trade</li> <li>Diversity, equity and inclusion</li> <li>Sustainable finance and climate change policy</li> <li>Payments modernization in Canada</li> </ul>	<ul style="list-style-type: none"> <li>Environmental and social risk</li> <li>Global Procurement Policy</li> <li><i>Modern Slavery Act</i> and human rights</li> <li>Supplier Code of Conduct</li> <li>Supplier diversity</li> </ul>	<ul style="list-style-type: none"> <li>Climate change, carbon pricing and net-zero</li> <li>Diversity, equity and inclusion</li> <li>Economic inclusion and resilience</li> <li>Financial literacy and education</li> <li>Human rights</li> <li>Modern slavery</li> <li>Respect for Indigenous culture</li> <li>Supplier diversity</li> <li>Transparency on ESG risks</li> <li>UN Sustainable Development Goals</li> </ul>



# Supporting the SDGs

The **17 United Nations Sustainable Development Goals (SDGs)** are part of a global agreement adopted by the United Nations in 2015. The associated targets create a global agenda to review barriers to economic, social and environmental progress by 2030.

While we recognize that the targets and indicators of these goals were drafted with government actions in mind, we believe that the finance and banking sector serves an essential role in the functioning of global economies. Scotiabank can positively contribute to the improvement of the lives of people around the world through the goals that align with our business activities.

For more information about Scotiabank's activities in support of the SDGs, see the SDG tab in our **ESG Data Pack and Indices**.



SDG GOALS & TARGETS		OUR ACTIONS
1	<b>No Poverty</b>	Scotiabank provides financial education, tools and advice to help individuals make knowledgeable and responsible financial decisions. We develop and provide essential financial products, low- and no-fee bank accounts and services to meet the unique needs of underserved and underbanked communities.
2	<b>Zero Hunger</b>	We provide innovative farming-specific banking and lending services for small farms, large-scale producers and processors to support their ability to evolve, grow and feed our world sustainably.
3	<b>Good Health and Well-being</b>	We offer benefits and resources to help our employees and their families lead healthy, balanced lives and promote their long-term mental and physical health.
4	<b>Quality Education</b>	We work to promote financial literacy across our international footprint.
5	<b>Gender Equality</b>	We support the advancement of women in business and the economy by, among other things, identifying and helping to remove gender barriers and working to close gender gaps. Within the Bank, we support programs to help women advance into leadership roles and conduct an annual pay equity assessment.
6	<b>Clean Water and Sanitation</b>	Our USD\$1 billion sustainability bond provides infrastructure financing for sustainable water and wastewater management assets, funding water quality improvements, distribution efficiency and conservation.
7	<b>Affordable and Clean Energy</b>	We facilitate the development of reliable, sustainable energy for a lower-carbon future by financing and investing in more efficient energy, renewable energy and clean power solutions. Within our operations, we are working to source, either physically or virtually, 100% electricity from non-emitting sources. We also support non-profit and charitable partnerships that enable climate-related systems change and sector decarbonization.
8	<b>Decent Work and Economic Growth</b>	We support customers and small businesses with essential products and services. We contribute significantly to economic growth through competitive salaries, generous benefits and tax payments. Through our banking services and community investments, we seek to address the root causes of economic exclusion and close opportunity gaps for underserved groups. We have zero tolerance for modern slavery or human trafficking.
9	<b>Industry, Innovation and Infrastructure</b>	We mobilize finance to build resilient infrastructure, foster innovation and finance the development of more efficient, sustainable industrial technologies in the Americas.
10	<b>Reduced Inequalities</b>	We remove barriers to achieving financial and social equality through specialized banking services and advice. We invest in programs to empower the underserved and equity-deserving people within our communities and workforce.
11	<b>Sustainable Cities and Communities</b>	We mobilize lending, investing and underwriting solutions for the development of affordable housing.
12	<b>Responsible Consumption and Production</b>	Scotiabank is a member of a network of organizations working to connect Canada's circular economy community. We have initiatives to reduce our operational carbon footprint through efficient energy consumption and emissions offsets.
13	<b>Climate Action</b>	We support the global goal to achieve net-zero GHG emissions by 2050 and we are <b>reducing financed emissions</b> associated with our lending activities. Our Climate Commitments include mobilizing \$350 billion in climate-related finance by 2030, and we intend to achieve net-zero operational and financed emissions by 2050. We support education and awareness raising related to climate change and its impacts on our employees and clients.
16	<b>Peace, Justice and Strong Institutions</b>	We combat financial crimes, protect human rights and fight exploitation through innovative financial products and services, global and national multi-stakeholder partnerships, and technology. We have no appetite for unethical conduct by employees and zero tolerance for bribery and corruption.
17	<b>Partnerships for the Goals</b>	We support and participate in the work of national and international research institutions and non-governmental organizations to mobilize collaboration and spur dialogue, research and information sharing to advance global action toward the SDGs.





# Key ESG Targets and Performance

Among the wide range of important topics and indicators we cover in this report, we have identified several key performance indicators (KPIs) to be externally verified. As expectations from stakeholders evolve related to these topics, we will expand the scope of indicators covered. 2022 progress towards key targets is summarized in the table below. Please refer to the related [ESG Data Pack and Indices](#) for comprehensive year-over-year performance data associated with this report.

STRATEGIC ESG PILLAR	DESCRIPTION	OUR TARGET	PRIMARY KPI	2022	YEAR-OVER-YEAR CHANGE	TREND	GRI	SASB	SDG	LINKED TO PAY
Environmental Action <sup>1</sup>	Mobilize climate-related finance to address climate change	\$350 billion by 2030	Climate-related finance mobilized	\$96 billion	+\$38 billion	27% of target	201-2, 203-1	FN-CB-410, FN-IB-410, FN-AC-410	7, 8, 11, 12, 13	✓
	Decarbonize our operations	35% decrease Scope 1 and 2 by 2030 (2016 baseline)	% decrease greenhouse gas (GHG) emissions Scope 1 <sup>2</sup> Scope 2 (Location-Based) <sup>2</sup> Scope 3 (Business Travel) <sup>2</sup>	29% 28,797 tCO <sub>2</sub> e ★ 69,982 tCO <sub>2</sub> e ★ 5,538 tCO <sub>2</sub> e ★	+4%	83% of target	302-1, 302-4, 305-1, 305-2, 305-5		7, 13	✓
Economic Resilience <sup>1</sup> Inclusive Society <sup>1</sup>	Empower women in our workplace to succeed and reach their fullest potential	40% women in VP+ roles by 2025 globally	% women in VP+ roles – Global Women VP+ roles – Canada <sup>2</sup> Women VP+ roles – International <sup>2</sup>	38% 42% ★ 29% ★	+1%	95% of target	401-2, 403-6, 405-1	FN-AC-330a.1, FN-IB-330a.1	3, 5, 8	✓
	Increase economic and professional opportunities for women-led businesses	\$10 billion by 2025 in Canada	\$ of capital mobilized through The Scotiabank Women Initiative® (Canada)	\$5.6 billion	+\$1.8 billion	56% of target		FN-CB-240a.1	1, 2, 5, 8	
	Valuing employee feedback and cultivating an environment of trust	Above three-year rolling average for financial institutions	Employee Engagement Index score <sup>2</sup>	87% ★	-1%	Above target				✓
	ScotiaRISE: Community investment in support of economic resilience	\$500 million by 2030 through ScotiaRISE	\$ of community investment ▲	\$60 million	+\$34 million	12% of target	413-1		4, 8, 10	
	Leadership & Governance	Aspirational aim to have gender parity on the Board	Minimum 30% representation of women on the Board	% women on Board <sup>3</sup>	36%	-2%	Achieving target	405-1	5, 8	

<sup>1</sup> Performance indicators related to net-zero can be found in the Environment section of this report on p. 51. Diversity, equity and inclusion targets for Canada are presented on p. 72.

<sup>2</sup> Definitions for assured metrics are provided in the [ESG Data Pack and Indices](#) associated with this report. See definitions in the relevant data tables for “Employee Engagement” (Governance data tab), “GHG Emissions From Our Own Operations” (Environmental data tab) and “Women in Leadership and Workforce” (Social data tab).

<sup>3</sup> Figures may differ with the Management Proxy Circular, which highlights the slate of directors proposed for election in the spring.

★ KPMG was engaged to provide a limited assurance conclusion over indicators identified with this symbol as at and for the period-ended October 31, 2022. Refer to [KPMG’s Independent Limited Assurance Report](#).

▲ [Independent verification](#) of Scotiabank’s total community investment spend is provided by LBG Canada according to the LBG model. LBG Canada did not independently verify community spending attributed specifically to ScotiaRISE.



# Governance

Doing the right thing matters. We strive to be the most trusted bank through our commitment to integrity and effective oversight in the markets where we operate. Robust governance and clear leadership are essential for creating value, serving our customers and achieving long-term performance — *for every future.*

## IN THIS SECTION:

**15** TRUST AT THE TOP OF OUR BUSINESS

**22** KEEPING OUR BANK SAFE AND PROTECTING CUSTOMERS

**27** ADVANCING HUMAN RIGHTS

**30** MANAGING OUR SUPPLY CHAIN

**32** LEADERSHIP: SUPPORTING OUR WINNING TEAM



# Trust at the Top of Our Business

## WHY GOOD GOVERNANCE MATTERS

Integrity, transparency and accountability are vital to Scotiabank’s success. We seek out best practices, embed a robust risk culture and encourage the highest ethical standards and conduct. Our principled approach to corporate governance is the foundation that helps us to instill trust, protect the interests of shareholders and maintain the confidence of our employees, customers and communities.

## BOARD GOVERNANCE

Scotiabank’s **Board of Directors** is responsible for the stewardship of the Bank’s integrity through strong oversight. It sets the tone at the top, promoting trust and confidence with our shareholders, customers, employees, regulators and communities. Specific duties and responsibilities are set out in the **Board’s mandate and committees’ charters**. Our Board **contributes world-class expertise** to the management of our business, with several directors having ESG expertise, including environmental stewardship, familiarity with standards for climate change reporting and community investment. The Bank’s senior management provides ESG updates at every Board meeting and regular updates at Board committee meetings.

**Board diversity is discussed further in Embedding a Culture of Diversity, Equity and Inclusion.**

Several Bank committees and councils contribute to the information provided to the Board. Scotiabank’s Corporate ESG Committee provides recommendations, strategic guidance, advice and regular briefings to senior management and the Board on ESG performance such as progress related to climate change, net-zero commitments and human rights. The Corporate ESG Committee monitors emerging ESG issues relevant to the Bank, and oversees corporate ESG reporting, public statements and enterprise-wide policies that address human rights and the environment. The Scotiabank Global Inclusion Council oversees the Bank’s Diversity, Equity and Inclusion (DEI) strategy. Our Community Investment Committee oversees the Bank’s Community Investment Strategy.

### RELEVANT LINKS

**Corporate Governance Policies**

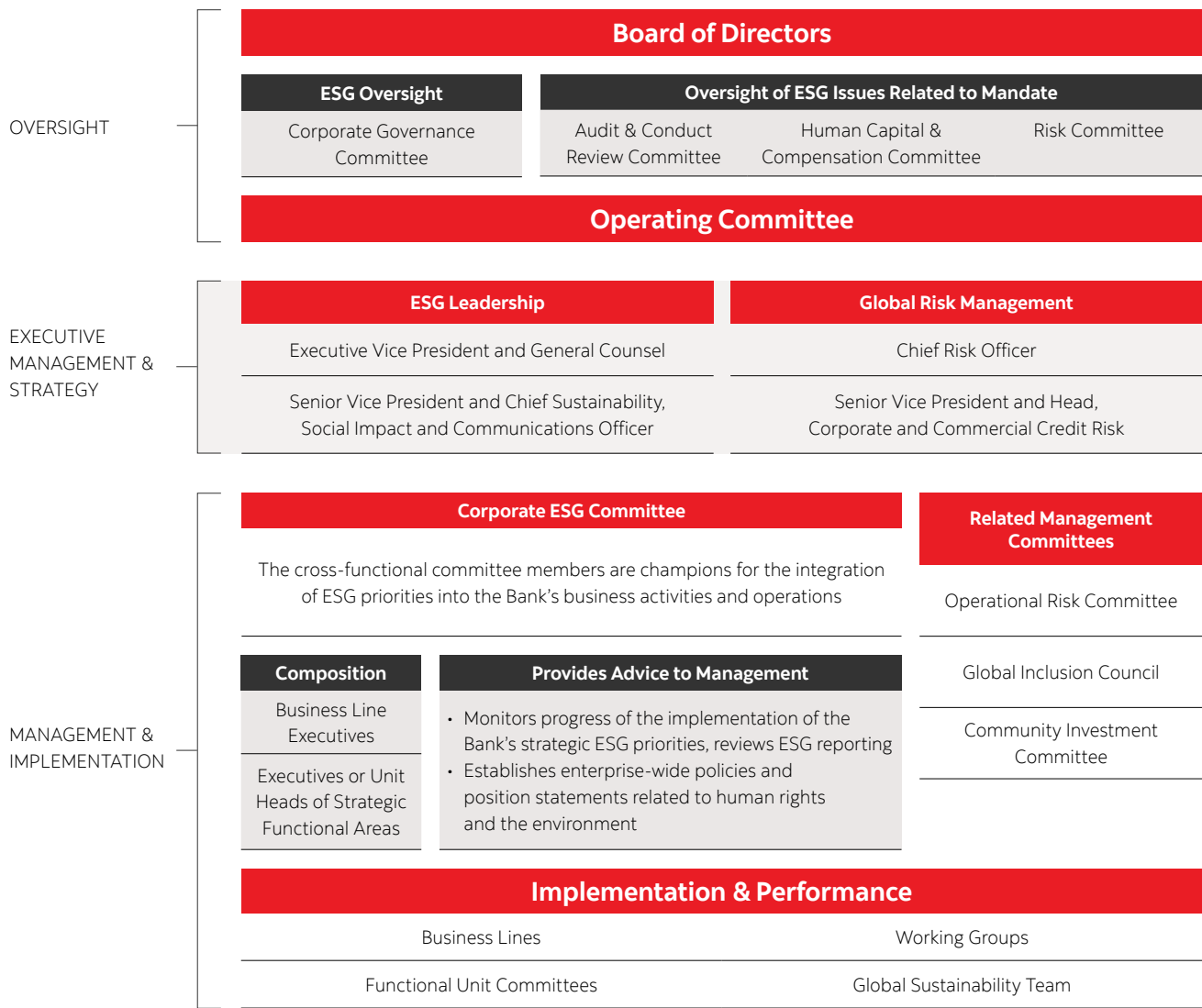
**Board of Directors**

**Scotiabank Annual Reports, Proxy and AGM Materials**

See annual **Management Proxy Circular** for:

- Board structure and composition
- Executive compensation and ESG metrics
- ESG responsibilities and activities

## GOVERNANCE OF ESG AT SCOTIABANK



## MAINTAINING A STRONG RISK CULTURE

Effective risk management is a critical element of our governance approach. Risk culture includes the underlying norms, attitudes and beliefs that influence our risk management behaviour. We have a strong, disciplined risk culture where managing risk is a responsibility shared by all Bank employees. We care about our risk culture because it is a driver of responsible conduct and therefore a significant factor in our ability to manage risks effectively and sustain the wellbeing of our Bank.

The ultimate responsibility for oversight and governance of the Bank's risk management program resides with the Board of Directors. Together, our Board and senior management team work to ensure our program articulates the Bank's values, establishes a strong risk culture, and fosters an environment where everyone has ownership and responsibility for managing risk and "doing the right thing" — for our customers, shareholders, employees and the communities we serve.

The Organizational Behaviour and Ethics Committee provides enterprise-level oversight of and direction for the design, development and operationalization of the Bank's risk culture and conduct risk programs. The Audit & Conduct Review Committee (ACRC) of the Board is responsible for conducting reviews related to risk in our culture. These activities include monitoring our ethical standards, reviewing our annual Employee Risk Culture Survey results and bi-annual updates to the Risk Culture and Conduct Risk Management Summary Framework. Our Executive Vice President and Chief Compliance Officer reports regularly to the ACRC.

Our **Scotiabank Code of Conduct** (our Code) reinforces our risk culture and helps to identify risk-taking activities that are beyond the Bank's risk appetite. In addition, Scotiabank senior management issues executive mandates that identify risk management responsibilities. These risk responsibilities, in turn, are reflected in all employees' annual performance plans. We reinforce risk management responsibilities through training, global communications, regulatory compliance activities and our compensation programs. We monitor employee misconduct and work to identify root causes based on consolidated reporting from our business lines, corporate and support functions.



**"Together, our strong risk culture, commitment to ethical and responsible business conduct, and continued enhancement of our compliance practices allow us to ensure the highest degree of integrity while keeping the Bank and our customers safe."**

– NICOLE FREW, EXECUTIVE VICE PRESIDENT & CHIEF COMPLIANCE OFFICER

## RISK CULTURE

- Our actions and words align to the Bank's values.
- We exercise sound risk taking.
- We identify risk-taking activities that are beyond the established risk appetite.
- We keep our Bank safe.

## EMPLOYEE RISK CULTURE SURVEY

Our second annual enterprise-wide Employee Risk Culture Survey asked employees about their views of the strengths and weaknesses of our risk culture. Our results are well above global benchmarks,<sup>1</sup> showing that the Bank's risk culture is strong. For example, 98% of respondents in the 2022 survey recognized their responsibility to identify and report practices that are unethical or not in line with policies or procedures.



<sup>1</sup> Global benchmarks provided by Qualtrics Financial Services Benchmark (Qualtrics).



## LINKING PAY WITH ESG AND CLIMATE PERFORMANCE

We recognize the importance of ESG factors in evaluating the Bank's performance and determining executive variable incentive rewards. In 2022, we revised the calculation of the all-Bank business performance factor to embed more direct links between ESG factors and compensation. For 2023, select ESG metrics related to performance in climate-related financing, net-zero goals, decarbonization of the Bank's operations, and diversity, equity and inclusion tied to the representation of equity-deserving groups will be weighted components within the Bank's strategic and operational scorecard. For more information, see ESG-linked compensation detailed in our [2023 Management Proxy Circular](#) (pp. 68, 70, 94).

## MANAGING ENVIRONMENTAL AND SOCIAL RISKS

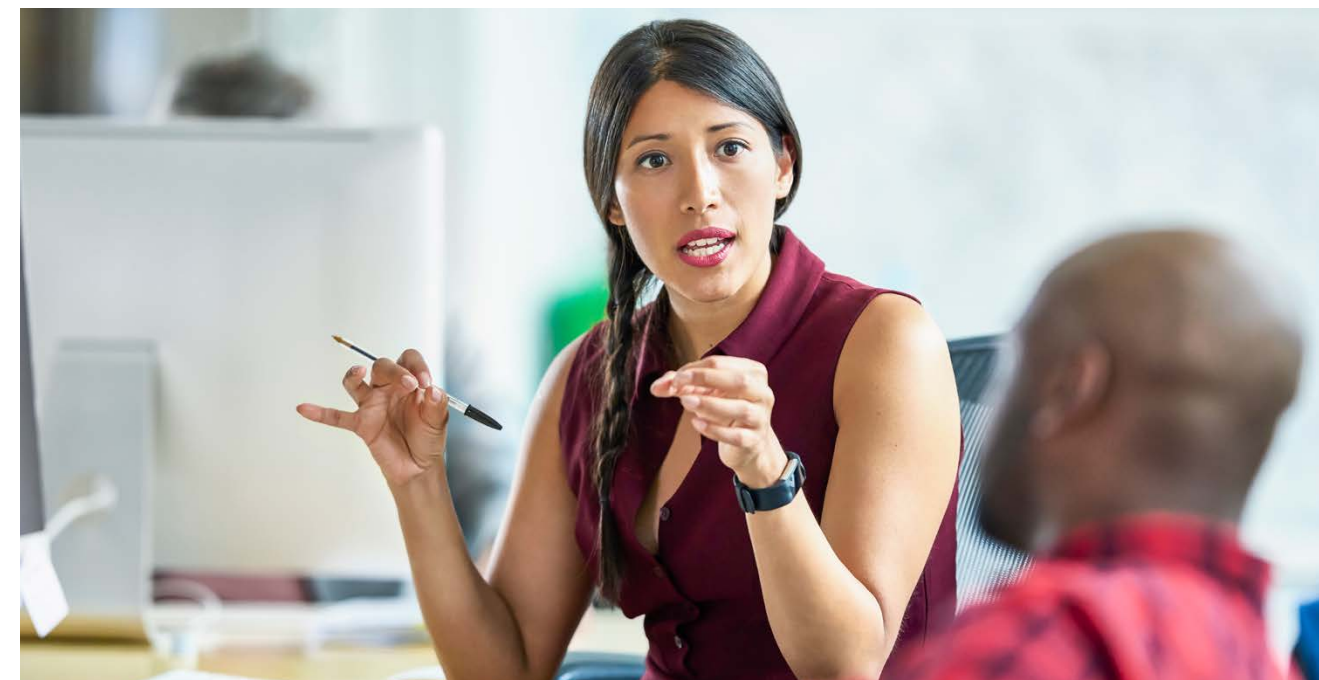
### DEFINING ESG RISK

Scotiabank understands that ESG risks are complex and have properties that affect other risk types (see Risk Identification and Assessment in the [2022 Annual Report](#), pp. 76–85). ESG risk is integrated into the Bank's existing risk management frameworks to ensure we manage these risks in a manner consistent with applicable laws and regulations, industry standards and practices, and the Bank's risk appetite. While the ultimate responsibility for risk management lies with our business lines, our Global Risk Management team provides independent oversight for ESG risk.

In 2022, Scotiabank expanded our principal risk definition in our enterprise-wide Risk Management Framework from *environmental risk* to *ESG risk*. We have risk management elements and control structures in place that enable the Board, executive management and all employees to identify, assess, measure, monitor and report ESG risks.

Within our enterprise-wide Risk Appetite Framework, we established an ESG performance metric as a risk appetite metric.<sup>1</sup> Our composite measure of ESG risk in our framework is based on sub-metrics, which inform reputational, credit and operational risk categories. The ESG performance metric is a tool to ensure alignment with the Bank's overall business and financial strategies and that the Bank's risk appetite operates within acceptable ESG risk tolerance levels. Examples included in the metric are portfolio-level high transition risk exposure and operational risk events attributed to environmental events. We internally report against this metric quarterly to the Risk Committee of the Board in accordance with other risk appetite metrics.

For more information on how we oversee and manage risk, see our [2023 Management Proxy Circular](#) (pp. 30–32, 42–46) and our [2022 Annual Report](#) (pp. 72–74, 107–109).



### CONSIDERING HUMAN RIGHTS RISK

A component of the Bank's Human Rights Strategy includes an assessment of current human rights policies, processes and practices in corporate, commercial and international banking.



**All ESG risk management-related policies and procedures are aligned to our enterprise-wide Risk Management Framework. For more information on how we manage environmental risk, including climate risk, see p. 59.**

<sup>1</sup> Enterprise risk appetite articulates the overall amount and types of risk the Bank is willing to take to achieve its objectives. Risk appetite metrics clarify the limits of the Bank's risk appetite and are supported by management-level limit structures, management strategies and controls.

## PROMOTING RESPONSIBLE AND ETHICAL CONDUCT

### SCOTIABANK CODE OF CONDUCT AND WHISTLEBLOWER POLICY

We commit ourselves to the highest ethical standards through our **Scotiabank Code of Conduct** (our Code). Our Code is an articulation of who we are and what we stand for. It is a set of shared beliefs that we honour and uphold through our words and actions. We conduct business ethically, with integrity and in compliance with the laws and regulations governing our business and industry everywhere we operate.

People place their trust in us to deliver financial solutions and advice to help them meet their goals. It is this confidence in our Bank, rooted in our Code, that has allowed us to develop long-standing and deep relationships that span generations.

We base our Code on six guiding principles aligned with our values (see graphic at right). Living up to them is the responsibility of each employee and is important to meeting our corporate goals, helping to safeguard Scotiabank's reputation and maintaining stakeholder trust.

We strengthened our Code to highlight the importance of speaking up and raising concerns, provide additional resources for employees to raise concerns and better align with Bank initiatives and policies. We also updated our annual Code training to reflect these updates and promote a *speaking-up* culture. The training enhancements included knowledge-check scenarios, anonymized real-life case studies and more details on how to raise concerns. Our ethics learning program — including our Code training — is mandatory for all employees. It includes standalone modules on risk culture and appetite, and anti-bribery and anti-corruption.<sup>1</sup>

**Raising concerns:** Employees can confidentially and anonymously raise concerns related to suspected or potential wrongdoing through our **Whistleblower Program Portal**. Operated independently by a third party, the portal is available in English, Spanish and French and enables employees to report concerns via the web or by phone. Our **Whistleblower Policy** governs our reporting, investigation and escalation process. It strictly forbids retaliation against any employee who raises an issue or concern in good faith. Our **Human Rights Statement** is incorporated into the policy to reinforce that the portal is intended for any anonymous concerns, including those related to human rights. Our Whistleblower Policy is reviewed annually and approved by the Board every two years, most recently in 2022.

#### SCOTIABANK CODE OF CONDUCT

- Annual review and attestation of our Code is mandatory for all employees, directors and officers.
- Code is reviewed, at a minimum, every two years by the ACRC of the Board; last reviewed and updated in 2022.
- Code updates are presented to our Compliance Risk Oversight Committee.
- Management responsibility: Executive Vice President and Chief Compliance Officer.

#### RELEVANT LINKS

[Scotiabank Code of Conduct](#)

[Scotiabank Whistleblower Policy](#)

[Whistleblower Portal:](#)  
[Scotiabank.EthicsPoint.com](https://Scotiabank.EthicsPoint.com)

## Our guiding principles

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

<sup>1</sup> Scotiabank's Anti-Bribery & Anti-Corruption Policy provides guidance on the obligations contained in our Code related to bribes, payoffs and corrupt practices. The Bank has zero tolerance for any form of corruption and prohibits practices such as bribery, facilitation payments, fraud, extortion, collusion and money laundering. Facilitation payments include unofficial payments made to expedite (but not to change or alter a public official's decision about) routine administrative activities to which the payor is already entitled and a public official is obligated to do (for example, speeding up the processing of a visa application or driver's license).



**“Robust governance is essential to building and maintaining the trust of all of our stakeholders. We continue to incorporate best practices into our governance model, as we drive transparency and confidence in our efforts to build a more sustainable and inclusive bank.”**

– JULIE WALSH, SENIOR VICE PRESIDENT, CORPORATE SECRETARY & CHIEF CORPORATE GOVERNANCE OFFICER

## SUPPORTING PRODUCT AND SERVICE RESPONSIBILITY

### PUTTING CUSTOMERS FIRST

We strive to meet the needs of our customers and welcome future customers by providing exceptional advice and banking experience. Scotiabank's products, services and investment offerings align and comply with consumer protection laws, regulations, and **Voluntary Codes of Conduct and Public Commitments** for the fair design and sale of financial products and services.

Our management committees meet regularly to discuss and review matters relevant to our customers. Scotiabank's product groups, functional areas and distribution channels work together to help ensure the Bank adheres to all consumer protection regulations where we operate. Consumer protection is overseen at the Board level by the ACRC.

We provide employees with training, tools, policies and procedures to guide their focus on putting customers first. In 2022, this included training on Canada's new Financial Consumer Protection Framework. Our comprehensive approach to ensuring compliance with the Framework incorporates systems capabilities, internal resources, training, complaints management, product disclosures, consent practices, monitoring and testing. Employees are required to report suspected compliance violations of any kind (**our Code outlines** ways employees can report their concerns).

Additional consumer protection measures include:

- Expressly **prohibiting** the use of coercion, undue pressure or taking advantage of a customer when offering financial products and services.
- Embedding tools and controls within the Bank's systems to help employees make the appropriate recommendations of offerings to customers.
- Ensuring marketing and product materials are written in clear and simple language, with transparent descriptions of rights and obligations, associated fees, charges or penalties, limitations, risk tolerance and related exclusions (see also **Accessibility Services**).
- Supporting customers to be confident using online banking with step-by-step guidance available within our **Digital Banking Guide** and our **Privacy Agreement**, which outlines how customers can refuse or withdraw consent.
- Providing free tools to help customers stay on top of their finances including electronic **balance alerts** advising customers when certain accounts fall below \$100, or a custom amount they select, and real-time, 24/7 **fraud alerts**.

We assess the effectiveness of our customer experience on an ongoing basis through customer survey results (such as the **Net Promotor Score**), customer complaints and customer retention rates.



We provide employees with training, tools, policies and procedures to guide their focus on putting customers first.

#### RELEVANT LINKS

**Customer Codes of Conduct and Public Commitments**

**Customer Care Resources**

**Customer Complaint Resolution Process**

**Customer Complaints Appeals Office**



## PROTECTING CUSTOMERS

Scotiabank employees have a duty to protect our customers. Ensuring employees are “doing the right thing” is a critical component of building trust and enhancing customer experiences. To maintain that trust, controls are in place to ensure all employees are supported to act according to **our Code**, Compensation Policy and Employee Misconduct & Consequence Policy. Additionally, employees involved in sales and support roles must abide by our Global Sales Principles and our Global Sales Conduct Management Policy. Employees violating laws, regulations, our Code or internal policies and procedures are subject to remedial action, including termination.

The Bank conducts annual, mandatory training on Global Sales Principles for employees in sales and support roles. Additionally, business-line specific training is provided where applicable.

To help ensure employee sales conduct provides fair outcomes for our customers, we evaluate the performance of sales and support employees using balanced, financial and non-financial, operational and compliance key performance indicators (KPIs). Performance incentives for sales and support employees are guided by our Global Sales & Specialized Incentive Design Framework, which is aligned to regulations.

In addition to our internal policies and procedures, Scotiabank has pledged to uphold several **Voluntary Codes of Conduct and Public Commitments** that are designed to improve outcomes and protect customers in their banking interactions. These codes and commitments address a number of areas, including borrowing, mortgages, day-to-day banking, investing, online services, protection, small business and others.

For information about how we support the customer experience for seniors and other customer groups, see **Empowering Our Customers**.

## RESOLVING CUSTOMER COMPLAINTS

Scotiabank is committed to making our **complaint-handling process** accessible and easy to navigate. We enhanced our complaint-handling procedures in Canada through the introduction of a new enterprise complaint management system. Our Complaints Management Framework ensures that every step of our process — collection of complaints submitted, analysis, root cause identification and remediation of received concerns — is tracked. Throughout this process, the Bank ensures communication with consumers by acknowledging their complaints, providing status updates and working to settle the matter. If we are not able to settle a customer’s concern within the first two stages of our complaint-handling process, the customer may raise their concern to our **Customer Complaints Appeals Office (CCAO)**. The CCAO annually compiles an **independent report** on complaints received and actioned by their office, including the numbers, types and concerns of cases escalated to them.

## Scotiabank’s six Global Sales Principles

1

Put our customers first.

2

Be an ambassador for the Bank.

3

Be transparent with our customers.

4

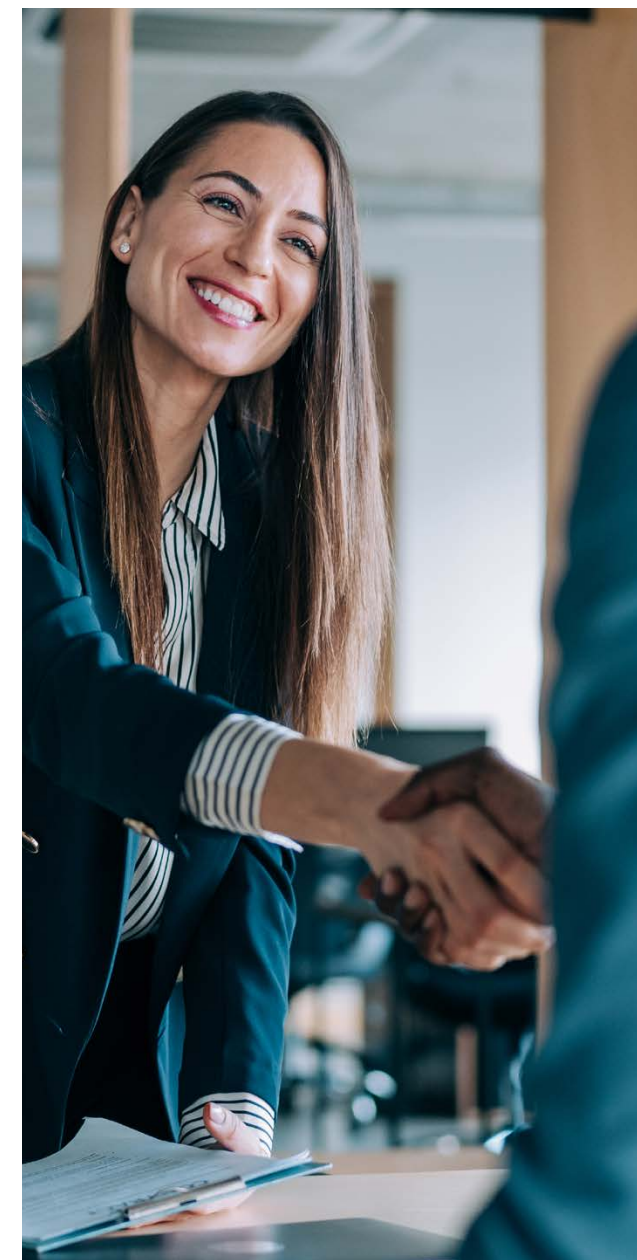
Always get our customers’ consent and protect their information.

5

Keep our customers and our Bank safe.

6

Act honestly and with integrity.





## MAINTAINING A RESPONSIBLE CORPORATE TAX POLICY

As a multinational bank, Scotiabank has established clear accountability, strong governance mechanisms and a robust risk management culture across our global operations. We strive to maintain strong tax risk management practices that ensure the Bank fully complies with all filing obligations and tax disclosure requirements in all jurisdictions in which we operate. The Bank monitors proposed changes in tax law, jurisprudence and government pronouncements to identify any potential impact on our business.

Scotiabank's tax risk management process is governed by our global Tax Risk Management Framework, which applies to all Bank branches and to our direct and indirect subsidiaries. The framework is aligned with the Bank's enterprise-wide Risk Management Framework. It covers the Bank's approach to tax risk governance, tax risk appetite and tax risk identification, mitigation and reporting.

### WORKING TOGETHER

Scotiabank participates in a global project hosted by the [Joint Chiefs of Global Tax Enforcement](#) in conjunction with the Australian Tax Office and His Majesty's Revenue and Customs. The project focuses on emerging global trends and financial institutions' indicators to better identify offshore tax evasion, concealment of ownership and falsification of invoices in banking programs.

## ADVANCING PUBLIC POLICY AND ADVOCACY

Scotiabank's policies dictate that we comply with the law in every jurisdiction where we operate, reporting to hundreds of regulators across our footprint. We are an active and informed participant in public policy discussions affecting our sector, conducting public policy advocacy activities transparently, ethically and in accordance with the law. Scotiabank does not engage in political contributions. Our policy, in effect Bank-wide since 2016, is communicated in [our Code](#) and represents a firm and public stance against "pay-to-play" access to elected officials and decision-makers. For more information about Scotiabank's public policy activities and the issues on which we engage, see our [Public Policy web page](#).

Through our collaborative work with governments across the jurisdictions in which we operate, we believe Scotiabank contributes to finding solutions to the challenges we face.

### RELEVANT LINKS

[Public Policy Activities](#)



# Keeping Our Bank Safe and Protecting Customers

## WHY PROTECTING THE BANK MATTERS

Trust and reputation create the foundation on which banking is built. Our customers want to bank with confidence, knowing their transactions are efficient, secure and private. We design systems that aim to protect personal information while implementing technological advancements, including ethical artificial intelligence, to help defend against fraud and fight financial crimes.

## ENSURING DATA PRIVACY AND SECURITY

Robust customer data privacy is fundamental to maintaining trust in financial services. Scotiabank has no appetite for any kind of data breaches. With respect to privacy risks, the Bank strives to conduct its business activities in compliance with privacy laws, regulations, standards and the reasonable expectations of the individuals with whom it interacts. We have established and publicly posted [Scotiabank's Privacy Commitment](#).



**Trust and reputation create the foundation on which banking is built.**

Based on industry practices, our enterprise-wide Privacy Risk Management Framework aligns with the expectations of the Organisation for Economic Co-operation and Development. This framework provides an overview of the key governance components for the oversight and management of privacy risk and data protection. Our Executive Vice President and Chief Compliance Officer has overall responsibility of our privacy program. Key components include:

- An enterprise-wide Employee Privacy Policy that applies consistent rights and obligations, launched in 2022.
- Privacy agreements that are available online in all countries where Scotiabank operates, that formalize how we use customer information responsibly and keep their data safe.
- Mandatory privacy training to promote privacy awareness for all employees. It covers data privacy practices, elements of good privacy impact assessments, how to address breaches and our privacy incident response process.
- Privacy risk and control assessments to identify and assess privacy risks.
- Management of individual privacy rights such as ways for individuals to request access to their personal information and a process for correcting inaccurate personal information.
- Privacy event management to escalate incidents, including those involving third parties, according to Scotiabank Privacy Incident and Breach Management Procedures so that necessary steps are taken to mitigate risks to individuals and the Bank.
- Monitoring of internal and external privacy developments for potential impacts and necessary escalation for assessing business impacts.
- Reporting of privacy risk to senior management, including independent testing of privacy controls.



### RELEVANT LINKS

[Privacy Commitment](#)

[Privacy Agreement](#)

[Digital Privacy and Interest-Based Advertising Policy](#)



## FORTIFYING CYBERSECURITY

An integral part of Scotiabank's risk management and control structure, our Information Security Program is based on four cornerstones: integrity, confidentiality, availability and continuity.

Supported by a team of accredited subject matter experts, the Bank's Cybersecurity team creates and maintains information security policies, standards and risk assessment tools that are designed to comply with regulatory expectations and protect the Bank and our customers against emerging security threats.

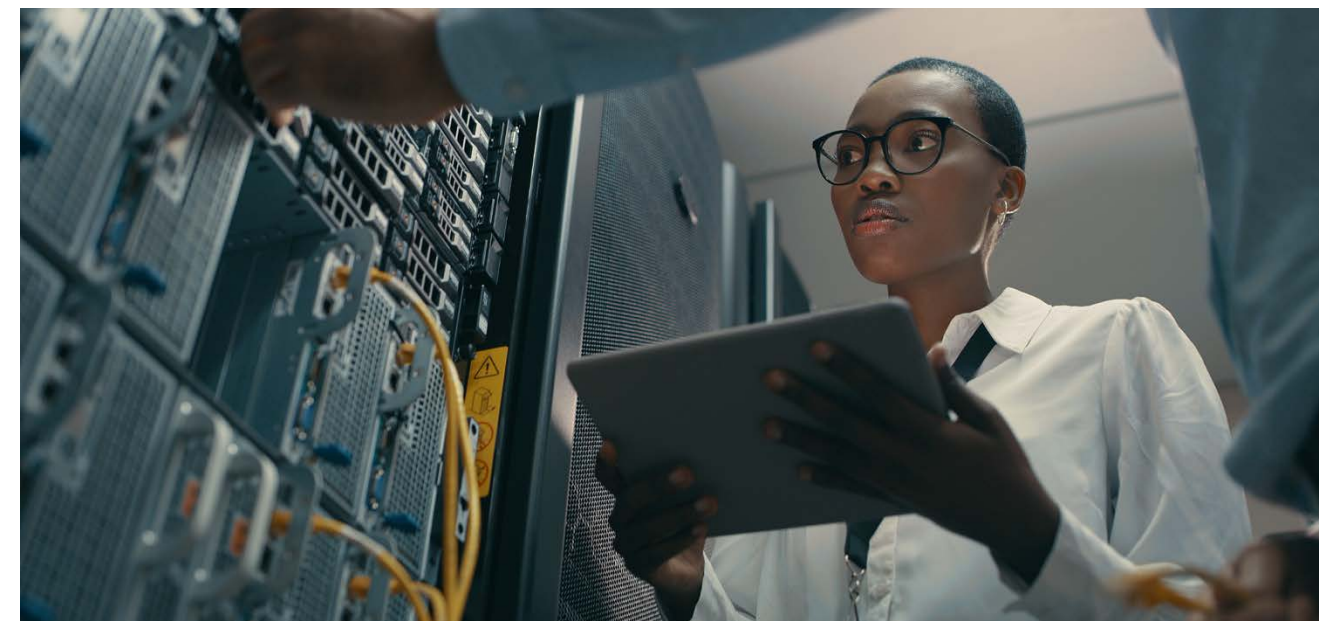
As the world continues to face geopolitical challenges, organizations must be more vigilant against hackers' intent on launching increasingly sophisticated attacks. At Scotiabank, we have comprehensive end-to-end programs to review and audit the Bank's management of information security and cybersecurity to help minimize threats and disruptions.

The Board regularly approves the Bank's cybersecurity strategy, most recently in October 2022. Scotiabank's Chief Information Security Officer is accountable for the Bank's global cybersecurity strategy and, on a quarterly basis, provides updates to the Risk Committee of the Board on cybersecurity programs, risks and trends.

The Bank focuses on vulnerability remediation, enhanced protection from malware and strengthening data protection and access management controls. We continually work to improve threat intelligence, employee education and awareness, and processes to manage third-party risk.

To protect the Bank, employees and customers, we:

- Established governing policies aligned with the National Institute of Standards and Technology (NIST) that articulate the Bank's approach to cybersecurity, including policies for information security, cybersecurity and the Information Security Governance Framework.
- Use standard industry technologies and customized tools to regularly test the Bank's cybersecurity program, products and practices through posture and vulnerability assessments by internal and external parties.
- Launched our redesigned **Cybersecurity and Fraud Hub** to help customers protect themselves from cybercrime.
- Require annual cybersecurity training for all employees and contract staff as part of our global mandatory learning program.



### BUILDING A CYBERSECURITY PIPELINE

Global cybersecurity talent shortages are an emerging and ongoing risk for organizations. To fulfil our immediate and long-term talent needs, we are building a cybersecurity talent pipeline of diverse candidates through partnerships with educational and non-educational institutions.

### SUPPORTING SAFE BANKING

Scotiabank's Cybersecurity and Fraud Hub includes fraud simulations that allow customers to test their ability to identify red flags in phishing emails and phone fraud.

### RELEVANT LINKS

[Safe Computing Practices](#)

[Cybersecurity and Fraud Hub](#)



## EMBEDDING DATA ETHICS

The power of analytics, artificial intelligence (AI) and machine learning are transforming banking — with data at the centre. Scotiabank’s Data Ethics team supports our enterprise-wide, ethics-focused approach for the responsible use of data, AI and machine learning. We mitigate risk across our operations through the implementation of guidance, tools and processes.

The Data and AI Risk and Data Ethics teams provide oversight and establish the Bank’s data risk appetite. Scotiabank’s responsible governance and practices for data and AI are guided by formal standards and policies. Our approach is based on Scotiabank’s Code and our [Data Ethics Principles](#) outlined in our enterprise-wide data standards, governed by our Data Risk Management Framework and Policy (see [2022 Annual Report](#), p. 109). Scotiabank is one of the first financial institutions to make our Data Ethics Principles public. This demonstrates to our stakeholders our commitment to collect, manage, use and share customer data in a responsible and accountable manner.

While data and analytics tools can support effective and quicker decision-making, they also carry risks, such as picking up and amplifying historical bias in data. We have established data ethics and sensitivity assessment processes, mechanisms and tools to help incorporate ethical considerations when developing and implementing initiatives that may affect employees, customers or communities. We systematically consider the ethical use of data from point of collection to point of use.



**The power of analytics, artificial intelligence (AI) and machine learning are transforming banking — with data at the centre.**



**Scotiabank was awarded a bronze medal at the [2022 Qorus-Accenture Banking Innovation Awards](#) for the Bank’s leading approach to data ethics.**

**We mitigate risk across our operations through the implementation of guidance, tools and processes.**

### RELEVANT LINKS

[Scotiabank’s Data Ethics Commitment](#)



### STRENGTHENING DATA ETHICS TRANSPARENCY

Scotiabank’s [Ethics Assistant – Trusted AI tool](#) is designed to help reduce the risk of unintended consequences, such as bias and discrimination in decisions made by algorithms, including lending and credit-related decisions. This new tool is designed to help the Bank derive customer insights that are more accurate, personalized and mindful of protected attributes to reduce the risk of bias. The tool will help model developers at Scotiabank consider ethical issues before deploying AI and machine learning models that use Canadian customer data, with plans to scale *Ethics Assistant* to all geographies.

Ethical considerations are embedded in our design and development procedures and practices to improve the fairness of decision outcomes. We support employees in assessing ethical implications when they use data and analytics by providing a suite of processes and tools for meeting internal Bank requirements, complying with regulations, following ethical and responsible practices, and maintaining customer trust. Our procedures help avoid unintentional bias in data-driven decisions by ensuring that relevant ethical concerns are identified, considered and mitigated or resolved. For example, we strive to ensure that AI-driven pricing decisions are based only on relevant borrower characteristics, such as loan size and credit rating, and not on protected attributes (e.g., race, gender) either directly or inferred by other data points.

Our robust governance process assists us in ensuring that any use of data directly impacting our customers is reviewed and, if needed, brought to our Data Ethics Advisory Board. The board includes senior leaders from our Data Governance, Data and AI Risk, Privacy and Analytics teams. When concerns are raised, our advisory board conducts a holistic review of the circumstances to help determine the best course of action. If required, this body escalates issues to the Enterprise Data Council, and even our Chief Compliance Officer, to ensure we are working within our risk appetite and preserving customer trust. It is the intention for the advisory board to be engaged to support fair, ethical and responsible deployment of information technology tools in cases where customers may be directly impacted by decisions made using these technologies.

We provide data ethics training to employees engaged in data projects, and we are developing a training course in 2023 to support data and analytics practitioners across Scotiabank to understand our data ethics principles and tools. Further, we are collaborating with industry and academic partners on the creation of a fairness framework and resources to better equip people to make robust and responsible data ethics decisions.

### WHAT ARE PROTECTED ATTRIBUTES?

We strive to mitigate and control for the risks of discriminatory outcomes. Protected attributes are personal characteristics that are protected through laws and regulations. These include, but are not limited to, attributes such as age, marital status, race, religious belief or gender. Research shows that AI and machine learning decision-making models are affected by the quality, availability and historical nature of the data that underpin them. Even when protected attributes are excluded from models, discrimination risk may still exist through related proxy data, such as postal codes. It is important to consider all the data, not just protected attributes, when performing checks for fairness in algorithmic decision outcomes.



**Ethical considerations are embedded in our design and development procedures and practices to improve the fairness of decision outcomes.**



### MANAGING THE RISK OF NEW INITIATIVES

As Scotiabank explores new markets and innovations to improve its product or service offerings, we have enterprise-wide internal processes to ensure we prudently manage for potential risks related to change and innovation. Our New Initiatives Risk Assessment (NIRA) process covers seven financial and 26 non-financial risks to ensure project teams are proactively aware of the relevant data privacy and ethics requirements. This process reviews new bank products, services or uses of technology to ensure they follow regulatory requirements. The NIRA process is required for any new or significant changes to existing products, services or the supporting technology.



## FIGHTING FINANCIAL CRIMES

As a leading bank in the Americas, we recognize the important role we can play to advance anti-money laundering and anti-terrorist financing efforts and to counter financial activities that enable human trafficking, child sexual exploitation and illegal wildlife trafficking. Our enterprise-wide [Anti-Money Laundering \(AML\)/Anti-Terrorist Financing \(ATF\) Statement](#) summarizes our commitment and global approach to combatting financial crimes. Scotiabank's Financial Crime Risk Management (FCRM) department builds and oversees the Bank's global AML/ATF program and [Sanctions program](#), which are designed to comply with applicable regulations in the jurisdictions in which we operate.

Guided by policies, standards and controls and supported through technology solutions, our approach to combatting financial crimes aims to address the nature and depth of our potential risk exposure to financial crimes. All Scotiabank employees receive annual training on AML/ATF efforts, sanction requirements and their responsibilities. Depending on their role, employees may receive additional specialized training.

## COLLABORATING TO COMBAT EXPLOITATION

Through our FCRM department, we engage with leading organizations to improve the efficacy of the financial crime fighting frameworks and collaborate through public-private partnerships to fight modern slavery, exploitation and wildlife trafficking.

We incorporate the [use of advanced analytics, AI and machine learning](#) to enhance monitoring of financial activity to better detect potential transactions linked to human trafficking and child sexual exploitation.

These capabilities have increased suspicious transaction reporting efforts in support of Scotiabank-led [Project Shadow](#) and other partnerships in which we participate. Our efforts to combat human trafficking and exploitation of children are bolstered by active engagements with organizations like [WeProtect Global Alliance](#), [ECPAT International](#), [International Justice Mission](#) and [The Knoble](#).

Through our [Financial Access Program](#), in partnership with [Finance Against Slavery and Trafficking \(FAST\)](#), we take a holistic approach to ending modern slavery by providing survivors of human trafficking with appropriate financial products and services. The program is designed to help survivors (re-)establish financial services through a suite of customized products and financial literacy guidance, delivered by specially trained financial advisors at branches in Montreal, Ottawa, Toronto and Vancouver.

In 2022, Scotiabank became the first Canadian bank to join the [Financial Taskforce of United for Wildlife](#), founded by Prince William and the U.K.'s Royal Foundation. The Taskforce aims to block the ability of traffickers to transport, finance or profit from illegal wildlife products. Among other commitments, signatories review intelligence alerts received through the Taskforce and will provide training to staff within financial crime compliance functions to better identify and investigate potential illegal wildlife activity.

## TACKLING WILDLIFE TRAFFICKING

In early 2023, Scotiabank announced its latest joint initiative, Project Anton, focused on illegal wildlife trafficking. This international, public-private partnership, supported by FINTRAC, the Royal Foundation's United for Wildlife, and other key domestic and international partners, aims to improve the collective understanding



of the illegal wildlife trade and improve the detection of the laundering of proceeds from this crime. The project is named after Anton Mzimba, former Head of Security at the Timbavati Private Nature Reserve and Global Conservation Corps Technical Advisor, who was murdered for his brave commitment to protecting and conserving wildlife. Project Anton is the seventh bank-led collaborative partnership in Canada, and second Scotiabank-led initiative, following the launch of Project Shadow in 2020.

### RELEVANT LINKS

[Statement on Scotiabank's Anti-Money Laundering/Anti-Terrorist Financing Program](#)

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



**“Project Anton is an important next step in the fight against illegal wildlife trade. The Project is a testament to the value that financial intelligence can bring to help identify the criminal networks seeking to profit from the exploitation of vulnerable and endangered species.”**

– STUART DAVIS, EXECUTIVE VICE PRESIDENT, FINANCIAL CRIMES RISK MANAGEMENT & GROUP CHIEF ANTI-MONEY LAUNDERING OFFICER, SCOTIABANK

# Advancing Human Rights

## WHY SUPPORTING HUMAN RIGHTS MATTERS

Safeguarding human rights is crucial to building a more equitable and inclusive society *for every future*. We respect, protect and promote universal human rights of our employees and customers in our operations and hiring practices. Our global **Human Rights Statement** underscores human rights as a central tenet of our business and a cornerstone of sustainability and stakeholder trust.

## OUR COMMITMENT TO HUMAN RIGHTS

Our commitment to human rights applies across our global footprint as outlined in our Human Rights Statement. We strive to align our approach with the **UN Guiding Principles on Business and Human Rights** (UN Guiding Principles) and inform our actions through ongoing stakeholder engagement and assessment of salient and emerging risks.

Our Corporate ESG Committee oversees human rights and the integration of the UN Guiding Principles across the Bank. The Social Impact team is responsible for day-to-day management of the human rights program and statements, with oversight provided by the Corporate ESG Committee. Learning opportunities on many human rights topics are included as part of employee annual training.<sup>1</sup>

We completed a human rights assessment of our operations in 2021, mapping and prioritizing the key impact areas in our business (see **2021 ESG Report**, p. 20, and assessment methodology outlined in our **Enterprise Statement on Modern Slavery**,<sup>2</sup> p. 5). In response to the assessment results, we updated our Human Rights Strategy and continue to refine our approach to managing our key areas of impact identified in our Statement. We intend to conduct a human rights assessment every four years to identify, assess and address salient human rights risks in our operations.

A vital aspect of our Human Rights Strategy development process included hosting a series of workshops and meetings with teams across the Bank that touch key areas of human rights impact. These workshops built internal awareness of the UN Guiding Principles and supported teams' ability to embed the principles into their respective business operations and programs. We established mechanisms for ongoing monitoring and tracking of our human rights commitments and the governance structures, policies and procedures that underpin them through hosting these sessions.

In 2022, we initiated several projects to advance our progress in key areas related to human rights, including:

- Collecting internal data to better identify opportunities for improving public access to remedy through existing Bank channels.



- Analyzing risk assessment responses to identify potential areas of opportunity for improvement and targeted action on human rights with the Bank's third parties and supply chain.
- Advancing Scotiabank's ongoing commitment to the **Women's Empowerment Principles**, we announced the implementation of a global standard for parental leave by 2025 that aligns with **International Labour Organization Convention 183**. For more information, see **Employee Wellness**.

### RELEVANT LINKS

**[Human Rights Statement](#)**

**[Enterprise Statement on Modern Slavery](#)**

<sup>1</sup> Human rights learning includes training on issues covered by our Scotiabank Code of Conduct. Training about human rights includes topics such as accessibility, allyship, diversity, equity and inclusion, gender identity and expression, Indigenous cultural competency, and occupational health and safety. Refer to the Attestations and Training data table in the **ESG Data Pack**.

<sup>2</sup> In 2021, we worked with Business for Social Responsibility (BSR), a global sustainability consultancy, to complete a human rights assessment in Canada, México, 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 UN Global Principles, resulting in a priority list of human rights issues for Scotiabank to monitor and manage.





## HUMAN RIGHTS IMPACTS AND OUR APPROACH

IMPACT AREA	APPROACH	FOR MORE INFORMATION
<b>Corporate and Investment Banking</b>	We have policies and processes that help us identify and assess potential human rights, Indigenous rights, social, environmental, climate change, and health and safety risks. The identification and mitigation of these risks are assessed in addition to traditional forms of financial risk. In doing so, we consider whether customers' practices and operations may have substantial negative impacts.	<ul style="list-style-type: none"><li>• Maintaining a Strong Risk Culture</li><li>• Financing a Sustainable Future</li><li>• Fighting Financial Crimes</li><li>• Managing Environmental and Climate Risk</li></ul>
<b>Asset Management</b>	Scotiabank Global Asset Management (through its registrant 1832 Asset Management L.P.), MD Financial Management Inc. and Jarislowsky, Fraser Limited are signatories to the <a href="#">United Nations Principles for Responsible Investment (PRI)</a> . Public transparency reports about our alignment to these principles are available on <a href="#">PRI's data portal</a> .	<ul style="list-style-type: none"><li>• Responsible Wealth and Asset Management</li></ul>
<b>Public Access to Remedy</b>	Providing effective public access to remedy arose as a salient human rights topic in our most recent human rights assessment. Scotiabank is committed to enabling individuals to raise concerns. Retaliation against any individual who raises a concern will not be tolerated. A variety of mechanisms exist that allow employees, customers, business partners and other stakeholders to voice concerns.	<ul style="list-style-type: none"><li>• Promoting Responsible and Ethical Conduct</li><li>• Scotiabank Code of Conduct and Whistleblower Policy</li><li>• Resolving Customer Complaints</li></ul>
<b>Indigenous Peoples' Rights</b>	As part of the Bank's commitment to human rights, we acknowledge and respect the rights of Indigenous Peoples, consistent with the laws in jurisdictions where we operate. <sup>1</sup> We are committed to ensuring equal opportunity and have <a href="#">specific initiatives</a> in relation to the inclusion and equity of Indigenous Peoples.	<ul style="list-style-type: none"><li>• Advancing the Inclusion of Indigenous Peoples</li><li>• <a href="#">Indigenous Financial Services</a></li></ul>
<b>Data Privacy and Data Protection</b>	We protect the personal information entrusted to us by our customers and employees through our robust data privacy and data protection programs, which prevent sensitive data from being lost, misused or accessed by unauthorized users.	<ul style="list-style-type: none"><li>• Ensuring Data Privacy and Security</li><li>• Embedding Data Ethics</li></ul>
<b>Responsible Sourcing and Use of Data</b>	We use data in a manner that is responsible, fair and transparent. Backed by our guiding principles and commitment to the ethical use of data, we rely on our frameworks, policies, standards, procedures and committees to identify and remediate any potential bias associated with our data practices.	<ul style="list-style-type: none"><li>• Ensuring Data Privacy and Security</li><li>• Embedding Data Ethics</li></ul>
<b>Fair and Equitable Treatment of Customers</b>	We strive to be respectful, inclusive and responsive and to exceed customer expectations wherever we operate. This includes supporting and reflecting the diverse communities and cultures we serve, ensuring our systems and processes are free of bias, and serving customers in a culturally sensitive and accessible manner. Through our products and services, we strive to remove barriers and increase access to financial services, and to provide financial education, tools and advice to help customers make informed financial decisions.	<ul style="list-style-type: none"><li>• Supporting Product and Service Responsibility</li><li>• Supporting Our Customers</li></ul>
<b>Workplace Diversity, Equity and Inclusion</b>	We are committed to ensuring equal opportunity and have specific initiatives in relation to the inclusion and equity of the following groups: women, Black people, Indigenous Peoples, People of Colour, People with Disabilities, veterans, and people with diverse gender identities, gender expressions and sexual orientations (LGBT+ people).	<ul style="list-style-type: none"><li>• Embedding a Culture of Diversity, Equity and Inclusion</li><li>• Building a Culture of Allyship</li></ul>

<sup>1</sup> Scotiabank continually monitors and adapts to the recognition, affirmation and interpretation of Indigenous rights in the jurisdictions in which the Bank operates. See: [Scotiabank Human Rights Statement](#).

IMPACT AREA	APPROACH	FOR MORE INFORMATION
<b>Third Parties</b>	We are committed to respect human rights as a business partner and in our supply chain. We have a large and diverse network of suppliers, customers, business partners and other external stakeholders. We recognize the critical roles they play to help us to fulfil our commitment to respect human rights, and we expect our suppliers and partners to respect all human rights. We also recognize that each entity in that network bears its own responsibility to undertake efforts to address human rights issues. To that end, we are committed to working with them in connection with their own efforts to respect human rights.	<ul style="list-style-type: none"> <li>Managing Our Supply Chain</li> </ul>
<b>Freedom of Association</b>	Scotiabank respects and recognizes the International Labour Organization's principles of freedom of association and to collectively bargain, including an employee's right to representation in employment by a certified trade union. <b><u>Our Code</u></b> prohibits discrimination of any kind. Our recognition of employees' rights to collectively organize is in accordance with applicable laws in the jurisdictions in which the Bank operates.	<ul style="list-style-type: none"> <li>Scotiabank Code of Conduct and Whistleblower Policy</li> <li>Advancing Human Rights</li> </ul>
<b>Responsible Marketing</b>	With respect to marketing, advertising and sponsorships, Scotiabank believes that representation matters. <b><u>Our Inclusion by Design initiative</u></b> guides our commitment to accurately and authentically reflect the diversity of our customers, employees and the communities we serve globally.	<ul style="list-style-type: none"> <li><b><u>Voluntary Codes of Conduct and Public Commitments Designed to Protect Consumer Interests</u></b></li> <li>Reflecting Our Customers in Our Marketing</li> </ul>
<b>Business Ethics</b>	Scotiabank has no appetite for unethical conduct by employees and zero tolerance for bribery and corruption. <b><u>Our Code</u></b> outlines the standards of conduct required of employees, contingent workers, directors and officers of Scotiabank and its direct and indirect subsidiaries worldwide.	<ul style="list-style-type: none"> <li>Advancing Human Rights</li> <li>Scotiabank Code of Conduct and Whistleblower Policy</li> <li>Fighting Financial Crimes</li> </ul>



# Managing Our Supply Chain

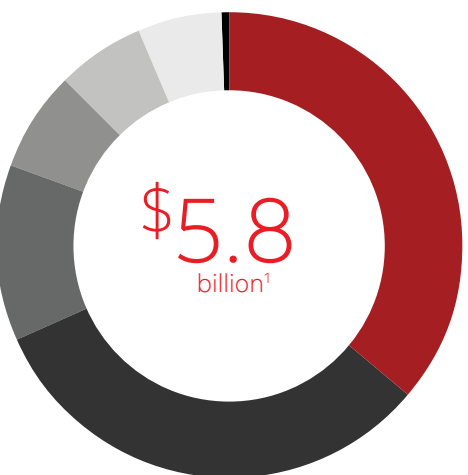
## WHY MANAGING OUR SUPPLY CHAIN RESPONSIBLY MATTERS

We rely on a diverse array of product suppliers and service providers across the Bank's global footprint. We strive to source goods and services responsibly and in alignment with the Bank's core values and commitments. We communicate our expectations that suppliers respect our human rights commitments, Supplier Code of Conduct (the Supplier Code) and all other social and environmental standards. We are committed to providing equal opportunities to companies that support responsible, ethical business practices within their supply chains.

Led by our Chief Procurement Officer, Global Procurement Services is responsible for Scotiabank's acquisition of externally purchased products and services worldwide. Our approach is guided by our Global Procurement Policy, which sets procurement practices and standards for all Bank employees (including contingent workers). Our Supplier Code sets out supplier obligations and expectations related to ethical business and employment practices, human rights, diversity and equity, and environmental stewardship, among other topics. Reviewed every two years, the Supplier Code reinforces our zero tolerance for illegal behaviour and violations of human rights in our supply chain. In the event that the Bank becomes aware of any non-compliance with the Supplier Code, the Bank will reach out to the supplier and request that corrective actions be implemented without delay. Any material non-compliance with the Supplier

Code where corrective actions are not taken to the satisfaction of the Bank may result in termination of the supplier contract. The Supplier Code revisions will focus on strengthening our expectations for suppliers related to human rights and modern-day slavery.

## SCOTIABANK'S SUPPLIER SPEND BY CATEGORY



IT & Telecommunications	36%
Banking Operations	32%
Professional Services	12%
Real Estate	7%
Human Resources	6%
Marketing	6%
Travel & Entertainment	0.3%

We integrate ESG criteria into our procurement and supplier (third-party) risk management processes. Scotiabank's new master service agreement template includes language requiring Bank suppliers to comply with the Supplier Code, and attaches it as an exhibit to the agreement. New and existing suppliers invited by the Bank's Global Procurement Services team to participate in formal Requests for Proposals (RFPs) are assessed and evaluated on a set of quantitative and qualitative criteria, including ESG factors. For example, we request suppliers to provide information on how they manage and measure their environmental impact, including their energy usage and GHG emissions. We updated the Bank's RFP template to incorporate a revised ESG schedule that aligns with the Bank's ESG strategy and commitment to ensure that every component of our business meets a minimum ethical standard engagement. We continue to have a category focus, and within each

In 2022, we worked with

18,300  
suppliers

globally, procuring goods and services.

category, suppliers are considered based on the size of the contract, impact on the business, business continuity and risk to the business or type of service provided.

## MANAGING THIRD-PARTY RISK

We continue to enhance the Bank's global third-party risk management program, through which potential and existing third parties are assessed for risks, such as ESG risks. Our program is a standardized process designed to assess the inherent risks of an arrangement, the criticality of the product or service to the Bank's operations and to evaluate the quality of operational risk controls. Through these assessments, any identified risk(s) may require additional due diligence and review by internal subject matter experts. These risk management processes are designed to help prevent the Bank from engaging with third parties associated with money laundering, terrorism financing, sanctions violations and human rights violations. In 2022, mandatory third-party risk management training was introduced for all Bank departments, worldwide, that have responsibility for third-party contracts.

### RELEVANT LINKS

[Supplier Code of Conduct](#)

<sup>1</sup> Supplier spend excludes transactions with non-vendors such as government agencies and non-governmental organizations, corporate card transactions, taxes and spending not managed by global procurement (non-procurement managed vendors).



# CREATING A LEADING SUPPLIER DIVERSITY PROGRAM

By supporting and expanding our work with diverse suppliers, we help to strengthen the economic base of our communities and better reflect the diversity of our customers.

Our supplier diversity program works to remove barriers and increase access to procurement opportunities for diverse suppliers, including Indigenous Peoples, LGBTQ+ people, People of Colour, People with Disabilities, veteran-owned businesses and women-owned businesses. We have assessed our historical procurement spending to better understand our business relationships with diverse-owned businesses. We are using this information to identify potential existing and new diverse suppliers for future sourcing initiatives as well as identifying spend categories where we can continue to create equal opportunities for diverse suppliers. In 2022, we joined the **Inclusive Workplace and Supply Council of Canada**, making Scotiabank a corporate member of all five Canadian supplier diversity councils as listed on the right. Our membership with each council provides access to a wide array of certified diverse suppliers and helps us connect with those suppliers that match our procurement needs, while presenting us with mentorship opportunities to support diverse supplier growth. We continue to strive to build a supplier base that more closely reflects the diversity of where we work and of the communities that we serve through our supplier diversity program.

Our supplier diversity program works to remove barriers and increase access to procurement opportunities for diverse suppliers.

## OUR PARTNERS



“The highest standard for sustainable procurement goes beyond performance improvement and cost efficiencies and incorporates social, environmental and human rights imperatives into how we manage our supply chain. I am proud of our achievements and leadership in supporting Scotiabank’s ongoing effort to create a more sustainable future.”

– JACKIE WANG, SENIOR VICE PRESIDENT & CHIEF PROCUREMENT OFFICER



# Leadership: Supporting Our Winning Team

## WHY GOOD LEADERSHIP MATTERS

Good leadership supports and enhances employee engagement and passion. Engaged employees drive our business success by applying their best efforts to advancing their performance and earning our customer's loyalty through their commitment to service and innovation, thereby generating enterprise value. Leaders have a key role in setting the values, culture and vision to move towards the organization's goals and sustaining a motivating environment for people so those goals can be reached.

## DEVELOPING OUR EMPLOYEES AND FUTURE LEADERS

A great, engaged team comes from having a common set of values and a high-performance culture where employees have the tools they need to contribute and feel successful. We support ongoing learning and development opportunities for team members and advance diversity, equity and inclusion to unlock employees' potential to succeed.

Our winning team at Scotiabank is what makes us a leading bank in the Americas. We enable our people to own their development and drive business results — *for every future*. Our global mandatory learning program, governed by our Global Mandatory Learning Policy, provides training to support employees in meeting legislative, regulatory and/or Bank policy requirements. Mandatory learning includes courses on discrimination and harassment in the workplace, ethics, inclusion, privacy and other subjects. We also offer non-mandatory virtual, on-demand, in-house and other professional development training, including courses with LinkedIn Learning, Pluralsight and Get Abstract. We continue to evolve our employees' learning paths through the Scotia Academy global learning platform, catering to all levels and career stages. In 2022, we invested \$73 million in employee training and development, an average of \$811 and 40.5 training hours per employee.

At Scotiabank, we provide opportunities starting at early-career stage through co-ops and internships and our graduate leadership program — Talent Incubators for Leaders of Tomorrow (TILT). Introduced in 2022, TILT is a collection of high-performance rotational programs designed for recent graduates.

In 2022, we welcomed more than

188 TILT

participants.

Meet Asmita, one of these talented TILT participants.



## DEVELOPING AND EMPOWERING THE BEST TALENT



### Respect

Everyone is always treated with dignity; diverse backgrounds and experiences are what make us better as a whole.



### Integrity

Acting honourably comes first — earning the trust of our customers (and each other) is what matters most.



### Passion

We're enthusiastic about what we do, and want employees to feel the same way. Imagine coming in to work, and actually feeling excited to learn!



### Accountability

We commit, we take action, and most importantly, we take responsibility for those actions. It's just the right thing to do.

We strive to cultivate a culture of continuous learning and personal development. Our global Performance and Development Policy outlines our approach and expectations for ongoing engagement between employees and their supervisors. This approach allows employees and managers to plan, develop and assess individual objectives that support our business goals. Working with their managers, employees develop an annual plan to enhance skills, competencies and behaviours required to be successful in their current roles and prepare for future roles. During the year, supervisors and employees engage in transparent, ongoing coaching for performance and development. Scotiabank has several platforms, networks and delivery channels to keep employees informed through relevant and engaging communications and recognition for living our values. Our Applause 2.0 platform is designed for employees to visibly recognize — and be recognized by — their peers and colleagues for living our culture and for exemplifying the Bank’s values in their daily work. It is integrated with a rewards program, whereby employees can redeem accumulated Applause recognition points for products, services or other gift selections of their choice.

Over the past five years, we have invested significantly in assessing and developing the leadership skills of our employees. iLEAD is Scotiabank’s flagship leadership development offering available to all employees. To date, 8,218 employees have gone through the iLEAD People Manager Essentials program. To help build employees’ digital skills, we offer an [award-winning](#) Data Analytics Skills Building program. The program is a global, multi-year upskilling initiative that includes online and instructor-led training and peer-to-peer learning. We also provide access to external professional development opportunities such as the McKinsey Black Leadership Academy Program, which is designed to help early-to mid-career Black employees build leadership and management capabilities.

Click [here](#) to learn more about development opportunities from Scotiabank employees, and see p. **73** for details about how we support diverse and high-potential talent across the Bank.

For information on how we support the development and advancement of diverse talent at the Bank, see [Embedding a Culture of Diversity, Equity and Inclusion](#).

## MEASURING THE IMPACT OF TRAINING

- Employees invested an average of 40.5 hours of training, 6.8 hours within the global mandatory learning program and 33.7 hours in non-mandatory programs.
- In 2022, 42% of open roles in Canada were filled by internal candidates.
- We achieved a transfer score of 85% in 2022, compared to a target of 70% set for the High Impact Evaluation™ methodology used. The score reflects the extent to which training is making a business impact based on employees’ and their managers’ survey responses. Research from the [Centre for Learning Impact](#), creators of the evaluation methodology, suggests that a transfer score of more than 50% can be considered a reliable leading indicator of predicting better organizational outcomes as a result of training.

The [Brandon Hall Group Excellence Awards](#) and the Institute for Performance and Learning have recognized the quality of our learning and development programs with 14 industry awards between 2021 and 2022.



## AVERAGE HOURS OF EMPLOYEE TRAINING



- Mandatory training **6.8**
- Non-mandatory training **33.7**

## FOSTERING EMPLOYEE WELLNESS, HEALTH AND SAFETY

Scotiabank wants employees to bring their best selves to work — and to life — every day. We invest in employee wellbeing by taking a holistic approach that includes physical, financial, mental and social health.

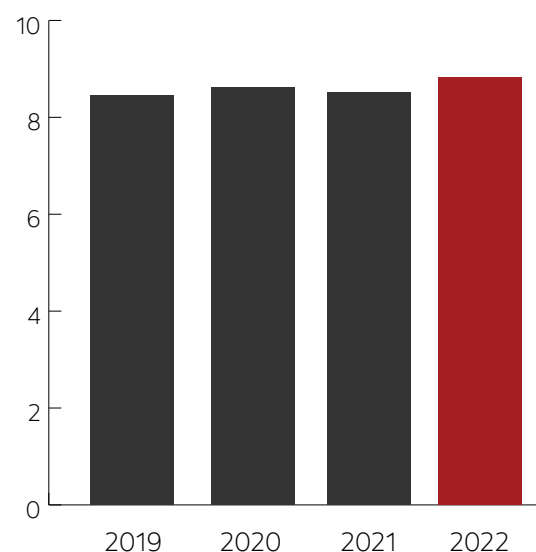
The Bank recognizes that everyone's needs are different and offers comprehensive and flexible programs available to employees when needed, based on local regulations. In 2022 we:

- Increased mental health coverage for Canadian employees from \$3,000 to \$10,000 per year for each eligible employee and eligible dependent.
- Announced our commitment to implement a new global standard for parental leave across our global footprint by 2025 (see story on the next page).
- Enhanced family benefits for Canadian employees by adding coverage of fertility drugs and treatment and adoption and surrogacy support up to \$10,000 for each.
- Introduced five paid eldercare visits annually to support Canadian employees' caregiving needs.
- Added an extra vacation day for certain job levels and employees with 10–19 years of service in Canada.

More details of our employee benefits packages are in the [ESG Data Pack](#).

Employees have the option to allocate flexible credits to a wellbeing account, covering a broad range of eligible expenses. Employees can use the account to cover expenses such as sports activities, fitness gear and equipment, ergonomic home office equipment, grocery and food delivery services, childcare needs (from daycare to diapers) and much more.

## ANNUAL SPENDING ON SALARIES AND EMPLOYEE BENEFITS (CAD\$ BILLIONS)



## RAISING AWARENESS OF MENTAL HEALTH

Scotiabank held 71 internal mental health workshops in 2022, with 1,300 registrants in Canada, to equip people leaders for the important role they play in supporting mental health in the workplace. The sessions sought to reduce the stigma around mental health and help managers foster a safe environment in which their employees can feel comfortable talking about mental health. We also provided managers access to online coaching tools and resources to support these discussions. In México and Chile, we launched online employee resources to encourage healthy lifestyles and help manage stress. Our [Mental Health and Wellness Employee Resource Group](#) offers support and advocacy for employees directly or indirectly touched by mental health issues. In 2022, the Bank received the Gold Standard Award for creating a psychologically safe working environment from [Excellence Canada](#).



Read [one employee's story](#) that inspired Scotiabank to enhance their benefits plan for everyone.



## SAFE AND HEALTHY WORKPLACES

Scotiabank provides accommodation for employees with disabilities, medical conditions, illness and/or impairments to help eliminate barriers in the workplace. This extends to offering guidance for scent-safe workplaces, noise levels and workspace ergonomics.

Many of our sites have personal care rooms, which provide a private space to tend to personal needs such as injections or expressing milk for people who are nursing. Workplace accommodations for parents, including pregnancy, breast feeding and childcare, are addressed within Scotiabank's Workplace Accommodation Policy and processes. Should pregnant employees and/or parents returning from parental leave require medical accommodations, the Workplace Accommodation team works with them and their medical practitioner or treatment provider to ensure the appropriate accommodations are in place to meet these care needs.

We provide COVID-19-related supplies, resources and services to support health and safety on an ongoing basis. In partnership with our insurance provider, we seek to identify appropriate accommodation solutions for employees with immunocompromised conditions and long-COVID challenges.

### RELEVANT LINKS

[Statement on Employee Health and Safety](#)



**In 2022, we engaged Excellence Canada to conduct an independent health and safety assessment of the Bank. As a result of their review, Scotiabank received the Gold Standard Award for creating a psychologically safe environment.**



Anya Schnoor, Executive Vice President, Caribbean, Central America and Uruguay.

## SUPPORTING WORKING PARENTS

Scotiabank is rolling out a standard for parental leave across our global footprint by 2025. The enhanced offering includes eight fully paid weeks of leave for all parents welcoming a new child and eight additional fully paid weeks for parents who have given birth. We began to implement this new standard in the majority of the 24 countries across our footprint, including in Latin America and the Caribbean. The standard will be fully implemented in Canada and the Asia-Pacific region in 2023.

"Delivering on our core purpose *for every future* underpins our approach to making our parental leave policy inclusive of all parents," said Anya Schnoor, Executive Vice President, Caribbean, Central America and Uruguay. "No matter where Scotiabankers are located, they will be able to expect the same quality coverage and flexibility that affords them the time away from work to start their families."

Scotiabank employees in Canada have guaranteed access to daycare and back-up childcare for children up to age 12 with a national childcare provider. Employees receive five Bank-paid back-up childcare days each year and discounts for full- and part-time childcare with this national childcare provider. The Bank also partners with an organization to offer discounted tutoring services for employees' children.

## MONITORING EMPLOYEE ENGAGEMENT

### WHY IT MATTERS

Employment engagement matters because engaged employees are motivated to develop their skills and talents, ultimately driving organizational success. Measuring their engagement in real-time helps companies to adapt quickly, build trust that supports retention and secure opportunities to improve the everyday experiences of employees.

Our employee engagement survey, ScotiaPulse, allows us to listen to our employees and reflect their feedback in our policies and practices. In 2022, we conducted two voluntary and confidential ScotiaPulse surveys.

Employees overwhelmingly reported that they feel the Bank is committed to being socially responsible (92%), environmentally responsible (87%) and that they take pride in working for Scotiabank (92%). As employees across Scotiabank's global footprint continued to return to working in offices throughout 2022, the annual ScotiaPulse surveys included questions specifically focused on supporting employees as their day-to-day working environments changed. The results showed that employee engagement was consistent across employees working on-site, remotely and hybrid.

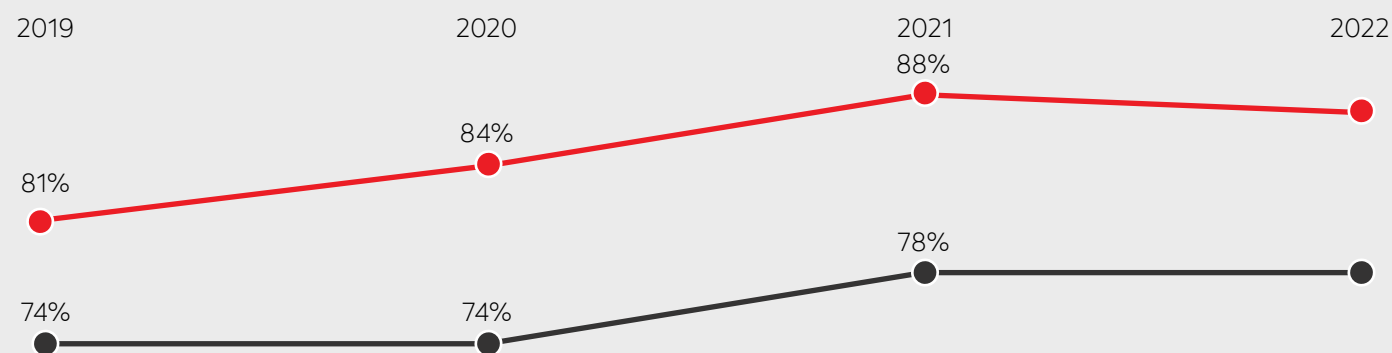
We attribute these positive results, several points above the industry average, to our support of equitable and positive working experiences for all our employees. We encourage managers to sustain engagement by reviewing, discussing and acting on results with their teams.



**Scotiabank has a formal target to match or exceed the Financial Services sector average for employee engagement.**



### SCOTIAPULSE EMPLOYEE ENGAGEMENT SURVEY



**87%\*** Employee engagement score<sup>1</sup>

**78%** Financial Services average industry score<sup>2</sup>

<sup>1</sup> Employee Engagement Index (EEI) reflects the proportion of engaged employees from the July 2022 Scotiabank employee survey. EEI results are based on average favourable survey responses for four (4) survey questions, divided by the total number of respondents. Only respondents who have completed the entire survey are included in the calculation. To align with best practice and in response to employee feedback, the Scotiabank EEI methodology was updated in 2021.

<sup>2</sup> External benchmark provided by Qualtrics and based on three-year rolling global average benchmarks of the Financial Services industry.



# Environment

From reducing operational environmental impacts, to providing sustainable financing options for our clients, we incorporate environmental considerations in our business. Through our Climate Commitments and Net-Zero Pathways, we aim to support the transition to a low-carbon economy across our footprint and collaborate on collective efforts to address climate change.

## IN THIS SECTION:

**38** FINANCING A SUSTAINABLE FUTURE

**47** CLIMATE CHANGE AND NET-ZERO

**59** MANAGING ENVIRONMENTAL AND CLIMATE RISK

**63** ADDRESSING OUR OPERATIONS' ENVIRONMENTAL IMPACT



# Financing a Sustainable Future

## WHY IT MATTERS

Financial institutions have an opportunity to work closely with their clients in the transition to an inclusive, low-carbon future while supporting sustainable economic growth. As a leader in sustainable finance<sup>1</sup> across the Americas, Scotiabank provides innovative sustainable finance advice and solutions to support a successful transition towards a more sustainable future for our business, clients, customers and communities.

## SUSTAINABILITY-FOCUSED LENDING AND INVESTMENT

Our Sustainable Finance group works to help clients on their sustainability journey, working to achieve competitive results that deliver positive environmental and social outcomes.

Scotiabank's Sustainable Finance group provides sustainable financing solutions and advisory services to corporate, financial, public sector and institutional clients. We assist clients to incorporate sustainability factors alongside their financing activities and align capital market outcomes with corporate sustainability strategy and goals. This includes helping clients identify

eligible environmental and social projects and providing financing solutions that help companies maximize their sustainability impact. We continue to evaluate the eligibility of these activities as sustainable finance taxonomies and standards evolve.

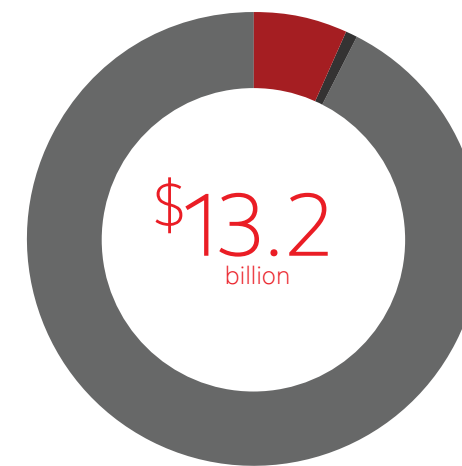
For bond and equity underwriting, we include an apportioned role of deal value we acted on as bookrunner, consistent with industry league table standards. In lending, we count the total authorized credit amount. For merger and acquisitions advisory, we count the entire deal value, consistent with industry league table standards.

## SUSTAINABILITY BONDS UNDERWRITTEN<sup>2</sup>



Green Bonds	\$5.7
Social Bonds	\$1.8
Sustainability Bonds	\$5.7
Sustainability-Linked Bonds	\$1.7

## SUSTAINABILITY LOANS: TOTAL AUTHORIZED CREDIT<sup>3</sup>



Green Loans	\$0.9
Social Loans	\$0.1
Sustainability-Linked Loans	\$12.2

## 2022 AWARDS AND RECOGNITION FOR SUSTAINABLE FINANCE

- Named **North America's Best Bank for Sustainable Finance** by *Euromoney* in 2022.
- Won six awards at the **2022 Global Finance Sustainable Finance Awards**, including recognitions in the Outstanding Leadership categories for Sustainability Transparency, Transition/Sustainability-Linked Loans, Social Bonds and Sustainable Bonds.
- Awarded Sustainable Finance Bank of the Year for Latin America and the Caribbean, and Investment Bank of the Year in Chile and Colombia at the **LatinFinance Bank of the Year Awards 2022**.
- Recognized in the Infrastructure Bank of the Year and Infrastructure Financing of the Year – Caribbean; Renewable Energy Financing of the Year; Loan of the Year; and Digital Infrastructure and Telecoms Financing of the Year categories at the **LatinFinance Project & Infrastructure Finance Awards 2022**.

Click [here](#) for more sustainable finance awards and accolades.

<sup>1</sup> Sustainable finance is generally understood as a financial product or service that integrates ESG criteria and may consist of financial instruments such as labelled use of proceeds bonds and loans, sustainability-linked bonds and loans.

<sup>2</sup> Reflects an apportioned value of transactions where Scotiabank acted as a bookrunner November 1, 2021–October 31, 2022. Bonds align with respective ICMA's Green, Social, Sustainability and Sustainability-Linked Bond Principles.

<sup>3</sup> Loans with use of proceeds aligned to Scotiabank's taxonomy and which is designated in the loan documentation following the recommendations of respective Green, Social and Sustainability-Linked Loan Principles.



## SUSTAINABLE FINANCE DEALS

The Sustainable Finance group works closely with clients to integrate sustainability within financing objectives to accelerate impact through the use of innovative sustainable finance options. Key contributing products include green and sustainability-linked lending; green, sustainable and sustainability-linked bond origination; and equity capital raising and advisory services for sustainable companies. Below are highlights of finance deals closed in 2022. Access our full list of deals [here](#).

### GREEN LOANS

<b>GPG Generación Distribuida</b>	Scotiabank acted as sole lender, green loan coordinator, collateral and accounts agent, and sole hedge provider on GPG Generación Distribuida's USD\$47 million (CAD\$64 million) green loan. The transaction marks GPG's first PMGD/PMG <sup>1</sup> financing to date in support of its Latin America renewables portfolio expansion.
<b>Compañía Nacional de Fósforos</b>	Scotiabank acted as sole arranger and hedge provider for Compañía Chilena de Fósforos' green loan. The transaction is the company's first green loan to date, with funds used to expand the production of its Forest Stewardship Council-certified wooden utensil business.
<b>Engie Energía Chile</b>	Scotiabank acted as lender and green coordinator on Engie Energía Chile's USD\$250 million (CAD\$322 million) green loan. The transaction will be used to finance and refinance renewable energy assets in alignment with the Engie Green Financing Framework.

### SUSTAINABILITY-LINKED LOANS

<b>Coldwell Banker Richard Ellis (CBRE)</b>	Scotiabank acted as co-sustainability structuring agent, joint lead arranger, joint bookrunner and co-syndication agent for CBRE to close a USD\$3.5 billion (CAD\$4.5 billion) sustainability-linked revolving credit facility.
<b>Dream Office REIT</b>	Scotiabank acted as co-sustainability structuring agent and co-syndication agent for Dream Office REIT's \$375 million sustainability-linked revolving credit facility.
<b>Hong Kong Telecommunications (HKT) Limited</b>	Scotiabank acted as sustainability structuring agent on Hong Kong Telecommunications (HKT) Limited's HKD\$2.3 billion (CAD\$376 million) sustainability-linked revolving credit facility.

<sup>1</sup> "PMG", from its acronym in Spanish, Pequeños Medios de Generación, relates to small energy generation projects. "PMGD", from its acronym in Spanish, Pequeños Medios de Generación Distribuida, relates to small, distributed generation projects.

### GREEN BONDS

<b>Government of Canada</b>	Scotiabank acted as joint bookrunner on the Government of Canada's inaugural \$5 billion seven-and-a-half-year green bond. The bonds will support Canada's green transition by offering investment opportunities in both climate and environmental measures, while also fostering the development of Canada's sustainable finance market.
<b>Capital Power</b>	Scotiabank acted as joint bookrunner on Capital Power's \$350 million green hybrid bond. This was Capital Power's inaugural green issuance and the first green hybrid bond in the Canadian market. Proceeds will be allocated to renewable energy projects including solar, wind and energy storage.
<b>Anglian Water</b>	Scotiabank acted as joint bookrunner on Anglian Water's \$350 million 10-year green bond. This was the first corporate green bond in the Canadian market from a non-Canadian issuer.

### SUSTAINABILITY BONDS

<b>Georgia Power</b>	Scotiabank acted as joint bookrunner on Georgia Power's USD\$800 million (CAD\$1.03 billion) 30-year Equality Progress Sustainability Bond, with eligible projects including renewable energy projects and programs that enable opportunities for diverse and small businesses and suppliers.
<b>Estado de México</b>	Scotiabank acted as sole sustainability structuring agent and joint bookrunner on Estado de México's MXN\$2.89 billion (CAD\$194.79 million) 15-year sustainability bond.

### SUSTAINABILITY-LINKED BONDS

<b>TELUS</b>	Scotiabank acted as joint bookrunner on TELUS' \$1.1 billion 10-year sustainability-linked bond, which ties the coupon rate to reducing absolute Scope 1 and 2 GHG emissions by 2030. This was TELUS' second sustainability-linked bond in the Canadian market.
<b>Grupo Aeroportuario del Pacífico</b>	Scotiabank acted as sole sustainability structuring agent and joint bookrunner on Grupo Aeroportuario del Pacífico's inaugural MXN\$2.757 billion (CAD\$186.6 million) four-year sustainability-linked bond, which ties the coupon rate to reducing absolute Scope 1 and 2 GHG emissions.

## FROM SUSTAINABLE FINANCE SOLUTIONS TO ACCELERATING SUSTAINABLE OUTCOMES

We continue to innovate and evolve our sustainable finance offerings with new products and services to further assist our clients in integrating sustainability across their organizations using innovative financial instruments. Examples of our sustainable finance services include:

- **Advisory:** ESG and sustainable finance advice to support clients, largely renewable energy assets, in the implementation of sustainability frameworks, reporting and strategies, based on the latest in emerging ESG trends and developments.
- **Sustainable Debt and Equity Capital Markets:** Origination and syndication of sustainable-labelled bonds and equity products issued by our clients.
- **Sustainable Lending:** Loans that are linked to the achievement of sustainability targets or where the use of proceeds supports green or sustainable projects.
- **Sustainability-Linked Products:** Non-lending financial products such as deposits and derivatives linked to the achievement of sustainability targets.
- **Structured Products:** Structured investment solutions integrating ESG factors and themes.
- **Environmental Commodities:** Trading capabilities including financing and hedging solutions in environmental commodities including carbon allowances and offsets.



**“The growth and success of our Sustainable Finance group reaffirms our dedication to providing innovative sustainable finance advice and solutions for our clients and our commitment to driving positive environmental and social impact into the future.”**

– FANNY DOUCET, MANAGING DIRECTOR & HEAD, SUSTAINABLE FINANCE

**\$7.2 billion**  
in climate-aligned mergers and acquisitions advisory in 2022.<sup>1</sup>



### FORTIS INC. SUSTAINABILITY-LINKED LOAN

Scotiabank acted as sole sustainability structuring agent, lead arranger, bookrunner and administrative agent for Fortis Inc.’s inaugural \$1.3 billion sustainability-linked revolving credit facility. Fortis is a leading electric and gas utility company with operations across North America. The loan’s pricing is linked to two KPIs:

- Increasing representation of visible minorities or Indigenous Peoples while maintaining gender diversity on the Board.
- Reducing absolute Scope 1 GHG emissions.

### CEMENTOS ARGOS SUSTAINABILITY-LINKED LOAN

Scotiabank acted as a sustainability structuring agent, administrative agent, joint lead arranger and joint bookrunner to close a USD\$750 million (CAD\$972 million) multi-tranche sustainability-linked facility for Argos North America, a leading cement company. The facility is linked to the company’s performance related to reduced CO<sub>2</sub> emissions intensity, in support of the company’s near-term science-based decarbonization target and increased supplier sustainability assessments. Proceeds will be used for refinancing, capital expenditures and general corporate uses.

<sup>1</sup> Climate-aligned advisory services for merger and acquisitions is ESG advisory activity associated with eligible green or transition assets aligned with Scotiabank’s Climate Commitments.



## PARTICIPATING IN THE SUSTAINABLE BOND MARKET

Scotiabank's **Sustainable Bond Framework** includes 14 environmental and social categories aligned with the UN Sustainable Development Goals. The framework supports Scotiabank's USD\$1 billion three-year sustainability bond, which was the largest sustainability bond offering issued by a Canadian financial or corporate entity in 2021. The sustainability bond followed the Bank's USD\$500 million Green Bond issuance completed in 2019 under the Green Bond Framework. The net proceeds from our sustainable issuances help refinance eligible green and social assets, businesses and projects that meet Scotiabank's **Sustainable** or **Green Bond** Framework eligibility criteria and underpin our sustainable bond portfolio.

As of October 31, 2022, 92% of our sustainable bonds' proceeds were allocated to green assets including green buildings, renewable energy, sustainable water management and pollution prevention.<sup>1</sup> The remaining 8% of proceeds were directed to social assets such as women- or Indigenous-owned and -led businesses, projects improving economic resilience and access to essential services. As of March 31, 2022, the total impact of these bond proceeds was estimated to avoid 178,987 tonnes of CO<sub>2</sub>e emissions and support 245,618 megawatts of renewable energy generation. Additional information can be found in our **2022 Sustainable Bonds Report**.

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

# \$1.6 billion

Total issuance<sup>2</sup> of sustainable bonds and structured notes since 2019 by Scotiabank's Group Treasury and Investor Solutions group. These proceeds fund eligible green and social assets financed by the Bank. For more information, see our **Sustainable Bonds Report**.



**“In collaboration with our internal ESG specialists and in close contact with issuers and market participants, I am proud that our Group Treasury team has been a proactive investor and a strong supporter in the growth of the green and sustainable bond market in Canada and internationally since 2018.”**

– LAURA DESCLAUX, ASSOCIATE DIRECTOR, STRATEGIC ANALYTICS & EXECUTION

# \$4.2 billion

Total portfolio invested by our Group Treasury team in sustainable and green bonds from the primary market that are HQLA-eligible.<sup>3</sup> In 2022, the Bank dedicated \$1.3 billion of assets towards green and sustainable initiatives. Since November 1, 2018, we have purchased \$4.2 billion of green and sustainable bonds for the Bank's liquid asset investment portfolio dedicated to finance projects that provide clear environmental and social benefits to society.



**92% of our sustainable bonds' proceeds were allocated to green assets including green buildings, renewable energy, sustainable water management and pollution prevention.**



**The remaining proceeds (8%) were directed to social assets such as women- or Indigenous-owned businesses, projects improving economic resilience and access to essential services.**

### RELEVANT LINKS

[2022 Sustainable Bonds Report](#)

[Scotiabank Sustainable Bonds](#)

[Sustainable Bond Framework](#)

<sup>1</sup> Total eligible assets and category split can change as new eligible assets are added or assets mature on a periodic basis.

<sup>2</sup> Amount is in USD currency. Scotiabank has migrated from the Green Bond Framework (2019) to a Sustainable Bond Framework (2021). The Sustainable Bond Framework aligns with the 2021 ICMA Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines. See the **Scotiabank Sustainable Bond Framework** for more information.

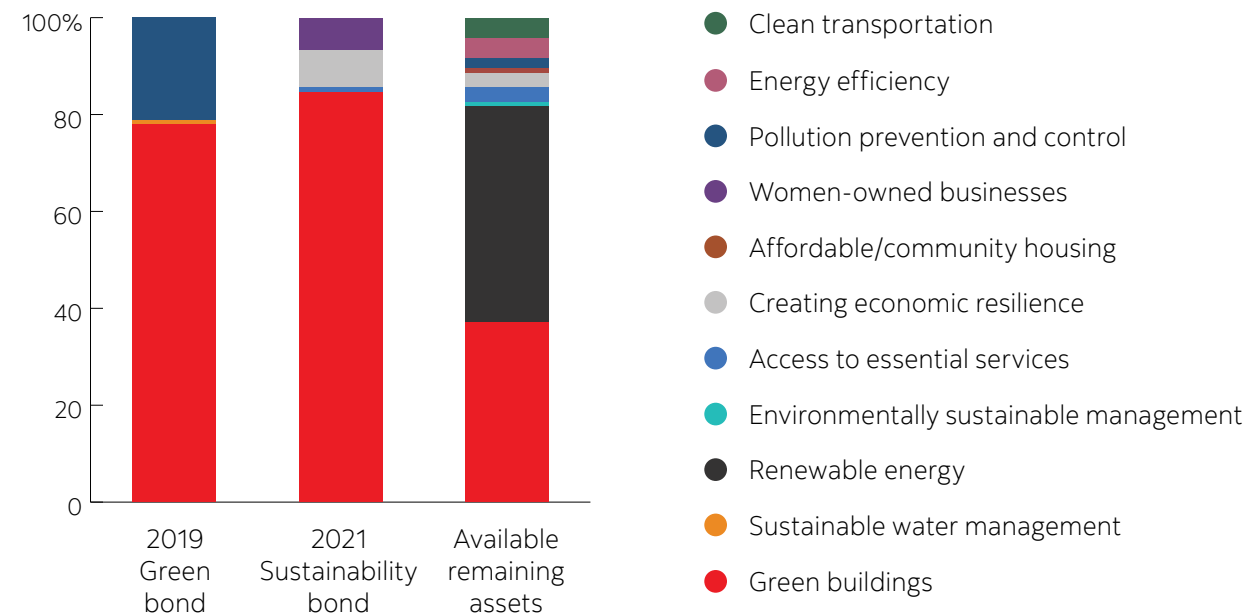
<sup>3</sup> HQLA refers to high-quality liquid assets.

## SUSTAINABLE BONDS IMPACT OF PROCEEDS<sup>1</sup>

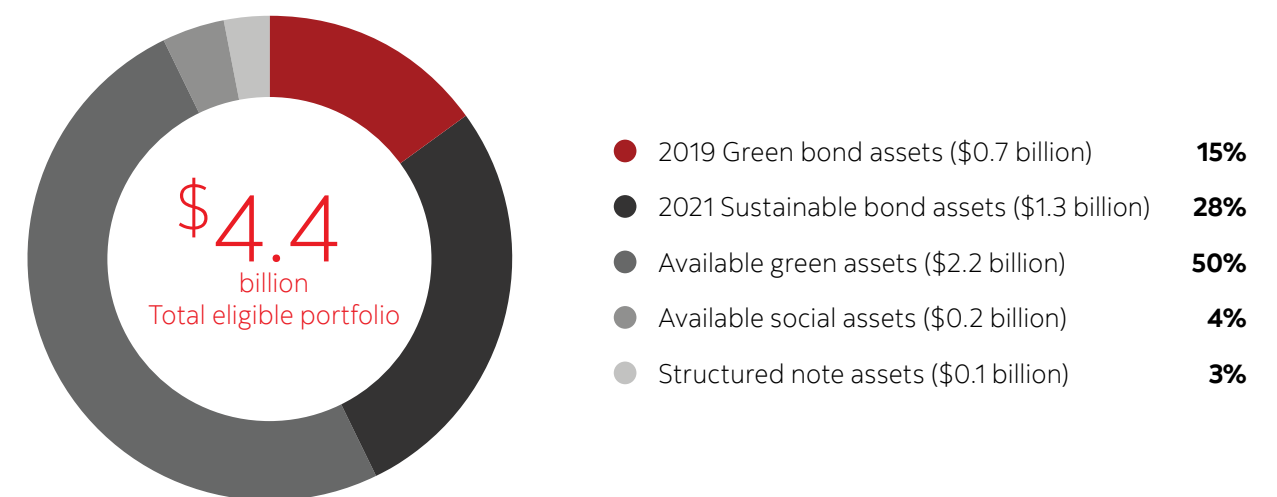
### 2022 Sustainable Bonds Report

ENVIRONMENTAL								SOCIAL		
Green buildings		Renewable energy			Pollution prevention and control	Sustainable water and wastewater management		Creating economic resilience	Access to essential services	Women-owned businesses
Annual GHG emissions avoided	Green real estate space <sup>2</sup>	Annual energy saved	Annual renewable energy produced	Renewable capacity constructed or rehabilitated	Waste diverted <sup>3</sup>	Cubic metres of water treated		Employment and Indigenous communities supported	Patients served	Loans provided
Total impact	178,987 tonnes CO <sub>2</sub> e	4,245,525 sq. ft.	15,709 eMWh of energy saved	245,618 MWh of renewable energy provided	660 MW of renewable energy capacity	1.34 million tonnes of waste diverted	88 million m <sup>3</sup> of water treated	1,400 jobs supported; 22 Indigenous communities	186,667 patient visits; 14,044 procedures	13 loans; \$70 million deployed

### SUSTAINABLE BONDS PORTFOLIO CATEGORY BREAKDOWN (AS OF OCTOBER 31, 2022)



### TOTAL PORTFOLIO: GREEN AND SOCIAL BREAKDOWN (INCLUDING ASSETS ALLOCATED TO OUTSTANDING ISSUANCES) (AS OF OCTOBER 31, 2022)



<sup>1</sup> See **2022 Sustainable Bonds Report**, impact of proceeds related to eligible assets allocated from the Bank's green bond, sustainability bond and structured notes issuances.

<sup>2</sup> Certifiable LEED® Gold or Platinum of green real estate space, when completed and operational.

<sup>3</sup> Waste diverted is recycled paper and cardboard used to manufacture 100% recycled material paper products. Figure provided represents 2020 data which is the most current available at time of report publication.

## RESPONSIBLE WEALTH AND ASSET MANAGEMENT

### WHY IT MATTERS

As one of Canada's largest wealth managers, we place the highest priority on the stewardship of our clients' assets. We believe ESG considerations are a key component in delivering long-term value to clients.

Scotiabank Global Wealth Management's three major asset managers are Scotia Global Asset Management (Scotia GAM) through its registrant 1832 Asset Management L.P. (1832), Jarislowsky, Fraser Limited (JFL) and MD Financial Management Inc. (MD). All three have adopted responsible investment policies and, as signatories to the UN-supported [Principles of Responsible Investment \(PRI\)](#), publish [annual investment transparency reports](#). Scotia GAM, JFL and MD are all members of the [Canadian Responsible Investment Association \(RIA\)](#).



## SCOTIA GLOBAL ASSET MANAGEMENT

**Scotia GAM** has \$165.8 billion in assets under management (AUM).<sup>1</sup> Scotia GAM manages \$412 million of these assets through sustainability-themed investing and ESG screened funds.

Overseeing the ESG investment process and Responsible Investment Policy is Scotia GAM's ESG Investment Committee, which consists of multiple portfolio managers and senior leadership. Oversight from the Scotia GAM Risk Committee informs Scotia GAM's risk management processes, which are integrated into the Bank's broader risk management strategy.

As an active manager, Scotia GAM considers ESG factors in our approach, engages in deep proprietary research with active involvement from our portfolio managers and research analysts, and employs a thorough approach to risks and opportunities with dedicated support from our ESG Investment Committee.

The significant size of Scotia GAM's asset base helps to ensure direct dialogue with management teams that includes material ESG factors. When appropriate, this includes discussions about climate-related finance spending, net-zero commitments and steps taken to transition to a lower-carbon future. For more information, see Scotia GAM's [Stewardship and Responsible Investment Report](#).

Scotia GAM's investment approach involves proprietary ESG research, proxy voting and direct engagement with companies. Scotia GAM promotes ESG best practices for corporate boards as an active member of the [Canadian Coalition for Good Governance \(CCGG\)](#) and its Environment and Social Committee. Scotia GAM continues to take an active role in ESG and sustainable education for the industry as a member of the RIA Leadership Council. Scotia GAM is also a founding member of Climate Engagement Canada, a finance-led initiative that drives dialogue between the financial community and corporate issuers to promote a just transition to a net-zero economy.



1832's AUM incorporating ESG factors<sup>1, 2</sup>

Sustainability-themed investing

**\$294.6 million**

ESG screening

**\$117.1 million**

#### RELEVANT LINKS

[1832 Responsible Investment Policy](#)

[1832 Proxy Voting Guidelines](#)

[Scotia Global Asset Management Stewardship and Responsible Investment Report](#)

**Scotia** Global Asset Management®

<sup>1</sup> As at December 31, 2022.

<sup>2</sup> Per SASB Asset Management sector metric: FN-AC-410a.1 without asset class breakdown. These numbers include all mandates for which 1832 is the investment fund manager or portfolio manager, including MD's portfolios, and all portfolios sub-advised by other managers, including JFL.



## JARISLOWSKY FRASER

**JFL** is an investment management firm that services institutional and individual clients in Canada and internationally. JFL has \$51.1 billion combined in AUM and assets under advisement. It incorporates ESG factors in its investment analysis and decision-making processes.

JFL's Sustainable Investment Policy summarizes the four key principles that guide its approach to ESG including:

1. Integrate the analysis of material ESG factors into investment decisions.
2. Take an engaged ownership approach.
3. Encourage disclosure of information that is relevant to the analysis of material ESG factors.
4. Collaborate with other organizations in order to advance sustainable investment practices for the benefit of all stakeholders.

Governance and accountability for the firm's Sustainable Investment Policy rests with the firm's Sustainable Investment Committee, which is co-chaired by the Head of Research and Lead, Sustainable Investment Strategy, and includes dedicated ESG professionals from both research and client service.

Building on the previous Business Practice Scorecard, JFL introduced an ESG scorecard in 2022 to further enhance its capabilities for ESG data collection and analysis. The scorecard contributes to the assessment of business quality, risks and opportunities of issuers; however, it does not act as an exclusionary or quantitative screening tool. It includes both quantitative and qualitative analysis of a variety of common factors such as GHG emissions, diversity metrics, safety metrics, executive compensation and governance issues such as board and committee independence. In addition, JFL uses the Sustainability Accounting Standards Board (SASB) sector-specific standards to customize the scorecard and analysis for each company.

JFL engages in constructive dialogue with companies within its portfolio to help achieve sustainable benefits for the economy, the environment and society and deliver long-term value to clients. During the 10 months ending October 31, 2022, JFL engaged 39 companies on 51 topics. This included 26 engagement projects (outcome-oriented) and 25 engagement discussions (information-oriented). The most common topics were executive compensation (12), GHG emissions (7) and board independence (4). In 2022, JFL published its inaugural **Stewardship Report**, providing an overview of its 2021 engagement and proxy-voting activities.

**JARISLOWSKY FRASER**

GLOBAL INVESTMENT MANAGEMENT

JFL is a member or signatory to the following associations and initiatives: **Canadian Coalition for Good Governance**, **CDP**, **IFRS Sustainability Alliance**, **Principles for Responsible Investment**, **FAIRR Network**, **Climate Action 100+**, **Climate Engagement Canada**, RIA Canadian Investor **Statement on Climate Change**, RIA Canadian Investor **Statement on Diversity & Inclusion**, and the **Statement** by the Quebec Financial Centre for Sustainable Finance. In November 2022, JFL was selected as a top investment manager in the **Great Canadian ESG Championship**. The competition took place in June 2022, with the goal of shining a light on the asset managers who are excelling in responsible investing.

### ENCOURAGING CLIMATE DISCLOSURE

In 2022, JFL participated in the **CDP's Annual Non-Disclosure Campaign**, which offers investors the opportunity to actively engage companies that have received the CDP disclosure request on behalf of investors but have not responded. JFL acted as the lead investor to engage with an emerging markets communication services company. As a result of JFL's direct engagement, the company submitted its first-ever CDP climate disclosure.

JFL's AUM incorporating ESG factors<sup>1</sup>

ESG integration approach  
\$39.9 billion

Sustainability-themed investing  
\$27.5 million

ESG screening  
\$795.9 million

### RELEVANT LINKS

[JFL Sustainable Investment Policy](#)

[JFL Proxy Voting Guidelines](#)

[JFL Stewardship Report](#)

[JFL TCFD Report](#)

<sup>1</sup> SASB Reporting Metric: FN-AC-410a.1. Asset breakdown is provided in the **ESG Data Pack and Indices**. Assets that are managed in-house by JFL's Global Investment Team as at October 31, 2022. The JFL Global Investment Team integrates material ESG factors as part of its investment approach as per the firm's Sustainable Investment Policy and approach. The degree of such incorporation may vary by materiality depending on the asset class. For example, due to the short nature of cash and money market instruments, ESG factors are less likely to impact the value of an investment compared to equities and corporate credit. Where a material ESG risk or opportunity is identified, it is considered in the investment decision.

## MD FINANCIAL MANAGEMENT

**MD** offers investment products, advice and guidance exclusively for Canadian physicians and their families. MD has appointed 1832 Asset Management L.P. as the Portfolio Manager of the MD investment funds and MDPIM Pools. The Portfolio Manager considers ESG factors in investment analysis and decision-making processes. MD's investments represent a total of \$39.4 billion in AUM,<sup>1</sup> of which \$174.6 million is managed with an ESG screening process through the MD Fossil Fuel Free Funds.

Responsibility for consideration of ESG factors in the investment process resides with the 1832 Multi-Asset Management team. The Portfolio Manager uses third-party ESG data to monitor securities across all actively managed equities in funds and portfolios that indicate in the investment strategy that they consider ESG factors using a scorecard approach. The Portfolio Manager to the MD Funds and MDPIM Pools considers ESG factors in their investment process where applicable as part of and aligned to MD's commitment as UNPRI signatories.

The MD Responsible Investment Policy informs the Portfolio Manager's engagement philosophy. The Portfolio Manager's preferred approach is to engage in a constructive dialogue and discuss ESG-related concerns with companies, as well as sub-advisors, that it has been advised by MD in a manner consistent with the best interests of Canadian physicians and their families. Reflective of MD's clients and their dedication to health, the MD Funds and MDPIM Pools restrict investment in companies that produce and manufacture tobacco or cannabis-related products.

<sup>1</sup> As at December 31, 2022.

<sup>2</sup> Per SASB Asset Management sector metric: FN-AC-410a.1 without asset class breakdown.

<sup>3</sup> These companies represent approximately half the global market capitalization for equities through the S&P/TSX Composite Index, the S&P 500 and the MSCI EM Latin America Index as represented by iShares.

**1832 as Portfolio Manager to the MD Funds and MDPIM Pools considers ESG factors in their investment process where applicable as part of their commitment to being UNPRI signatories.**

MD's AUM incorporating ESG factors<sup>1, 2</sup>  
**\$174.6 million**



## 2022 HIGHLIGHTS

In 2022, established a **three-year agreement** with the Indigenous Physicians Association of Canada to support professional development and mentorship in the Indigenous medical community.

## RELEVANT LINKS

[MD Responsible Investment Policy](#)

[MD Proxy Voting Policy](#)

[MD Financial Management](#)



## ANALYZING ESG IN INVESTMENT RESEARCH

Through our ESG Equities Research team, we help clients incorporate sustainability into their analyses of companies and investment decisions and understand how ESG dynamics can influence both corporate behaviour and capital markets. Examples of support we offered in 2022 include the following:

- **Scotiabank's Fourth Annual ESG Conference and Sustainability Summit** titled "*The Theory of Everything in ESG Progresses: Moving from What to How — The Moon Shots of Net Zero, Equality, and Impact as ESG Goes Global.*" More than 1,000 buy-side investment management, corporate and other stakeholders registered for this virtual event.
- **Fourth annual ESG investment research report:** Using our ESG Analytical Framework, we evaluated more than 900 companies<sup>3</sup> to identify key trends about how the ESG landscape continues to evolve.
- **First annual compilation report for equity research coverage in Canada**, with ESG summary sheets on individual companies.
- Scotiabank ranked first for ESG research in the 2022 **Brendan Wood International** institutional investor survey.



## INVESTING WITH ESG: SCOTIABANK'S TOOLS AND PRODUCTS

Scotiabank provides specialized investment products and resources for clients who are interested in sustainable or responsible investing. These products and programs featuring ESG and other sustainable investing solutions help our advisory business line to engage with clients on ESG-related risks and opportunities.

### RETAIL

<b><u>Scotia iTRADE Sustainable Investing Tool</u></b>	Provides self-directed clients access to ESG insights and sustainability investment research from a leading ESG rater, Sustainalytics. The tool continues to see engagement by tens of thousands of self-directed investors looking for ratings and insights on how well firms are performing from an ESG perspective.
<b><u>Scotia Global Asset Management™ Sustainable Funds</u></b>	Managed by Scotiabank & Trust Company (Cayman) Ltd. and sub-advised by JFL, this is a diversified portfolio of high-quality businesses with ESG factors integrated into the investment decision-making process. Funds include a sustainable global corporate bond fund, sustainable global equity fund and a sustainable emerging markets equity fund.
<b><u>Scotia Low Carbon Funds</u></b>	Managed by 1832 Asset Management L.P. and sub-advised by JFL, this suite of funds targets investors seeking a diversified portfolio of high-quality investments with lower carbon intensity than the broader market. To lower the funds' carbon footprint, it excludes energy sector companies (except renewables) and companies with significant power generation from fossil fuels.
<b><u>Scotia Responsible Investing Exchange Traded Funds (ETFs)</u></b>	A suite of ESG-exclusion ETFs that provide a simple, transparent and low-cost approach for investors seeking a responsible foundation for their portfolios. The suite includes four core asset class building blocks that offer broad market exposure while screening out fossil fuels, reducing carbon intensity <sup>1</sup> and eliminating controversial businesses.
<b><u>Dynamic Active Sustainable Solutions</u></b>	Sustainable solutions across a range of equity and fixed income opportunities. The Energy Evolution Fund and ETF invest in companies supporting the energy transition, including renewable power, emerging solutions and new energy innovators.
<b><u>Scotiabank Peru's Gender Equality Mutual Fund</u></b>	Includes global companies that promote diversity and gender equality as measured by board diversity, talent management and retention, equal remuneration, employee satisfaction and employee wellbeing. We donate 15% of the fund's administration commission to <b><u>CARE Peru</u></b> to support the education of girls.

### INSTITUTIONAL AND WEALTH MANAGEMENT

<b>Fossil Fuel-Free Funds</b>	A family of private, pooled <b>funds managed by JFL</b> that excludes companies with non-renewable energy operations, significant fossil fuel reserves or those that have a significant value attributable directly to the extraction, distribution or production of fossil fuels.
<b>Sustainable and Impact Bond Fund</b>	A pooled fund managed by JFL that invests primarily in a combination of debt securities that fit JFL's concept of sustainability and/or positive impact.

### ADVISORY

<b>ESG Equity Guided Portfolio</b>	This fossil fuel-free global equity guided portfolio excludes companies with material exposure to weapons, tobacco or alcohol. ESG rankings are applied to securities included in the Scotia Wealth Management Global Portfolio Advisory Group's core equity guided portfolios.
<b>ScotiaMcLeod Summit Program</b>	Scotia Wealth engages with a consulting firm to select investment managers/ mandates, which can be used by advisors to create portfolios for clients. The firm provides a report on ESG factors that can be incorporated into the analysis.
<b>Low-Carbon and Fossil Fuel-Free Mandates</b>	Managed by JFL, mandates are available through Private Investment Counsel and ScotiaMcLeod Investment Portfolios on a discretionary advisory basis.
<b>ESG Pooled Investment Vehicle Guided Portfolio</b>	A balanced mix of Canadian registered mutual funds and ETFs that follow a sustainable investing approach.
<b>SRI Equity Guided Portfolio</b>	The Socially Responsible Investing (SRI) Equity Guided Portfolio comprises securities in the Scotia Wealth Management Global Portfolio Advisory Group's core equity guided portfolios that are also Shariah-compliant, as determined by their inclusion in the S&P Global 1200 Shariah index.

<sup>1</sup> Carbon intensity is expressed in metric tonnes of Scope 1 and 2 CO<sub>2</sub>e emissions per million USD\$ generated by the business.



# Climate Change and Net-Zero

## WHY IT MATTERS

Climate change is one of the most pressing issues of our time, requiring global mobilization, collaboration and action. The pathway to a net-zero future is narrow. If we are to succeed, it will require every one of us to play a role. Through our Climate Commitments and net-zero plan, we are focused on actions towards a lower-carbon economy.

## OUR APPROACH TO CLIMATE CHANGE STRATEGY

**Scotiabank's Climate Commitments** form the Bank's enterprise-wide climate strategy and comprehensive approach to addressing climate risks and opportunities. Our commitments support the objectives of the **Paris Agreement on Climate Change** (the *Paris Agreement*) and our ambition to achieve net-zero emissions in our operations and financed emissions by 2050 or sooner. Our five commitments outline how Scotiabank facilitates finance in support of the transition to a low-carbon economy, ensures robust climate-related governance, manages climate risks and opportunities, decarbonizes our own operations and contributes to the global dialogue on climate change. Like any robust strategy, we are refining and strengthening our approach as new science and best practices emerge. As the landscape evolves, we are supporting relevant training and education for our staff, bolstering climate research and analytics capabilities and ingraining a climate lens into how we do business.

We understand and appreciate the depth and breadth of a net-zero transformation and we do not believe it is a journey that should be made alone. Efforts to address climate change continue to require urgent action from public and private sector actors across economies worldwide. Scotiabank commits to working with other leaders in the transition to a low-carbon economy, partnering with our clients as they transform their operations and business practices, providing products and services that reflect evolving client and community needs, allocating funding for research and innovation, continuing our contribution to the national and global policy dialogue and providing sustained and visible leadership in the years and decades ahead.

## ENSURING ROBUST CLIMATE GOVERNANCE

Scotiabank's approach to climate change is integrated into our organization and continues to be overseen by our Board of Directors. Climate risk has been embedded into activities across all divisions of the Bank, and our commitment to support our clients is enterprise-wide, driven by senior management and our CEO. The Board of Directors and the Operating Committee of the Bank are frequently updated on progress against Scotiabank's climate strategy. The Board and its committees, including the Risk, Corporate Governance, Audit & Conduct Review, and Human Capital & Compensation Committees' accountabilities cover overseeing climate change-related risks and opportunities. The Bank's approach to climate-related risk and the roles and

responsibilities of these committees are summarized in the **2022 Annual Report** (pp. 107–109). Details about the Board and its committees' oversight of ESG are included in the ESG oversight section of our **2023 Management Proxy Circular** (pp. 31, 42–46). The Board receives quarterly updates on the Bank's progress towards our ESG commitments (inclusive of climate and net-zero commitments) and relevant market trends. Scotiabank's Corporate ESG Committee receives climate-related updates for review and recommendation to the Board of Directors at regularly scheduled Committee meetings (every two months). As regulations come into force across various jurisdictions, including Canada, we expect to maintain and add to our robust governance structure to meet these regulatory compliance requirements.

Scotiabank is committed to transparency in climate governance and reporting.

- We support the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). A TCFD reference index is available within this report's **ESG Data Pack and Indices**.
- We annually respond to CDP and publish our response; see our **2022 CDP submission** covering fiscal year 2021.



**“With Scotiabank’s Climate Commitments as a guide, we are working to support our clients in the transition towards net-zero. Climate change cannot be solved by any one organization alone, and we continue to work collaboratively with public and private sector partners to support solutions such as climate-related finance, our Net-Zero Research Fund, or engaging in important public policy discussions.”**

– KIM BRAND, VICE PRESIDENT & GLOBAL HEAD, SUSTAINABILITY

## OUR CLIMATE COMMITMENTS AND PROGRESS TO DATE

### CLIMATE COMMITMENT #1

**Mobilize \$350 billion by 2030 in climate-related finance<sup>1</sup> to address climate change**

In 2022, we increased our target to mobilize climate-related finance to address climate change from \$100 billion by 2025 to \$350 billion by 2030. As of November 2022, we have mobilized \$96 billion, up from \$58 billion last year.

Climate-related lending, finance and advisory services, investments, and capital and operational expenditures are counted towards our \$350 billion climate-related finance commitment. Scotiabank's internal Green and Transition Taxonomy defines the types of activities that are eligible to be counted towards our target. Examples of these activities include, but are not limited to, renewable energy, clean transportation and green buildings. For example, a loan to a company that exclusively generates solar power would qualify under our commitment. We continue to watch the development of sustainable finance taxonomies globally, and in the jurisdictions where we operate, and will consider adjustments to these criteria and our target as those taxonomies evolve.

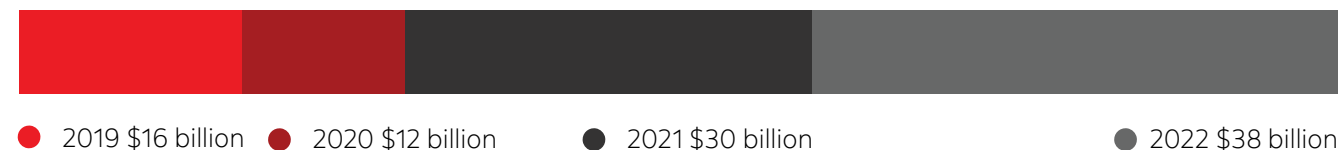
**\$350 billion  
by 2030**

Our increased target for climate-related finance, from our previous target of \$100 billion by 2025.

**\$96 billion**  
Cumulative **climate-related finance** mobilized since November 2018.<sup>1</sup>

### CLIMATE-RELATED FINANCE MOBILIZATION PROGRESS

Total \$96 billion



<sup>1</sup> For the purposes of Scotiabank's \$350 billion climate-related finance commitment, climate-related finance is defined as capital earmarked for green or transition activities and other climate-related expenditures.



## OUR CLIMATE COMMITMENTS AND PROGRESS TO DATE (CONTINUED)

## CLIMATE COMMITMENT #2

Ensure robust climate-related governance and transparency in our reporting

PROGRESS TO DATE

- Reported on progress on our financed emissions targets and transition planning, detailing our approach to achieving net-zero operational and financed emissions by 2050 as a member of the UN-convened Net-Zero Banking Alliance.
- Reported on green and social impact of the proceeds from USD\$1.6 billion in sustainable bond and structured notes issuances.
- Continue to enhance our reporting in alignment with TCFD recommendations and the Partnership for Carbon Accounting Financials (PCAF) guidelines.

## CLIMATE COMMITMENT #4

Decarbonize our own operations and find innovative solutions to reduce the Bank's impact on the changing climate

PROGRESS TO DATE

- Secured 67% of our electricity from non-emitting<sup>1</sup> sources in 2022, trending towards our target of securing 100% on a global basis by 2030, and 83%, towards our Canadian target of 100% by 2025.
- Achieved 29% reduction of our Scope 1 and 2 emissions (against our 2016 baseline).
- Enhanced our global target to reduce absolute operational GHG emissions from 25% by 2025, to 35% by 2030 (against our 2016 baseline).
- Invested \$73.5 million since 2017, including \$21.8 million in 2022, in initiatives to reduce energy consumption and improve energy efficiency across the Bank's footprint. Our investments are supported by an internal carbon price, which has contributed \$20.8 million to these efforts.

## CLIMATE COMMITMENT #3

Enhance integration of climate risk assessments in our lending, financing and investing activities

PROGRESS TO DATE

- In 2022, the ESG Risk team responded to more than 1,400 internal requests for technical advice and counsel supporting environmental risk due diligence and mitigation processes for business credits.
- Participated in the United Nations Environment Programme Finance Initiative (UNEP FI) TCFD and Climate Risk program, enhancing our ability to evaluate climate-related transition and physical risks in our lending portfolio.
- Performed scenario analysis using three Network for Greening the Financial System (NGFS) climate scenarios characterized by varying levels of physical and transition risk.

## CLIMATE COMMITMENT #5

Maintain a Climate Change Centre of Excellence to mobilize internal and external collaboration, dialogue and information sharing, and contribute to the global conversation on climate change

PROGRESS TO DATE

- Granted \$2 million to 21 organizations exploring decarbonization and climate-related systems change since the launch of our \$10 million Net-Zero Research Fund in 2021.
- Collaborated with sector and non-governmental organizations that include, but are not limited to, UNEP FI, PCAF, Institute of International Finance's (IIF) Sustainable Finance Working Group and Canadian Business for Social Responsibility (CBSR) Net-Zero Working Group.
- Introduced a climate change training module for employees and an informational seminar "ESG Talks: Climate Edition," featuring leading experts on climate change topics for senior leaders.

<sup>1</sup> Either physically or virtually. Non-emitting sources includes renewable (hydro, solar, wind, geothermal, tidal) and nuclear sources, and may include the use of renewable energy certificates (RECs).



## REPORTING ON NET-ZERO TARGETS

In 2019, Scotiabank made our initial commitments to mitigating the effects of climate change. In October 2021, Scotiabank took further steps to support the global economy's transition to net-zero, joining the **Net-Zero Banking Alliance (NZBA)**, committing to a framework that would support the work we do with the businesses and ventures we finance to reduce emissions.

In alignment with our commitment to the NZBA, Scotiabank released our inaugural **Net-Zero Pathways Report** (the Net-Zero Report) in March 2022, laying the foundation for Scotiabank's climate change mitigation strategy.

In the Net-Zero Report, Scotiabank established four priority sectors based on the Bank's financial exposure and their relative share of financed emissions:<sup>1</sup> Oil and Gas, Power and Utilities, Agriculture, and Residential Mortgages.<sup>2</sup> As outlined in the table on the next page, Scotiabank set interim emissions intensity reduction targets in the Oil and Gas sector and the Power and Utilities sector and estimated financed emissions baselines for the Agriculture and Residential Mortgages sector for the year 2019.<sup>3</sup>

This year, we built on the foundations established in the Net-Zero Report, providing progress against targets and outlining the many ways in which Scotiabank is supporting efforts to transition to a net-zero economy. Providing transparency through annual reporting on these activities, on progress against existing emissions intensity reduction targets, and how we intend to set new targets is, and will continue to be, a key feature of Scotiabank's net-zero action plan. We will continue to assess our financed emissions targets and our progress in meeting them as the data quality that underpins them improves.



<sup>1</sup> In **The Global GHG Accounting and Reporting Standard Part A: Financed Emissions. Second Edition. 2022** (*The Global Standard, Part A*), PCAF defines financed emissions as the “absolute emissions that banks and investors finance through their loans and investments.” Absolute emissions are defined by PCAF as “emissions attributed to a financial institution's lending and investing activity” and are expressed in tonnes CO<sub>2</sub>e. Scotiabank calculates financed emissions using absolute emissions financed through loans.

<sup>2</sup> For a breakdown of Scotiabank's loans and acceptances by borrower type, please see the **2022 Annual Report**, p. 119.

<sup>3</sup> Scotiabank is a member of the **Partnership for Carbon Accounting Financials (PCAF)**, and uses **The Global GHG Accounting and Reporting Standard for the Financial Industry** as the basis for calculating financed emissions. The baseline year for calculating Scotiabank's financed emissions is 2019. For more detail on Scotiabank's methodology for financed emissions, see our **Net-Zero Report**.



Given the timing of the availability of underlying data, we provide below the following metrics for the year 2020: financed emissions and emissions intensity<sup>1</sup> for both the Oil and Gas and the Power and Utilities sectors. Scotiabank uses a physical emission intensity<sup>2</sup> metric — which is most useful in evaluating the progress of clients’ decarbonization efforts — to represent emissions intensity. Financed emissions are calculated for both the Agriculture and the Residential Mortgages sectors.

## NET-ZERO FINANCED EMISSIONS TABLE

SECTOR	FINANCED EMISSIONS (SCOPE 1 <sup>3</sup> AND 2 <sup>4</sup> )		PCAF DATA QUALITY SCORE		EMISSIONS INTENSITY (REPORTED AS PHYSICAL EMISSIONS INTENSITY; SCOPE 1 AND 2 (SCOPE 3 <sup>5</sup> FOR OIL AND GAS))		2030 EMISSIONS INTENSITY REDUCTION TARGET (REPORTED AS PHYSICAL EMISSION INTENSITY; SCOPE 1 AND 2 (SCOPE 3 FOR OIL AND GAS))
	2019	2020	2019	2020	2019	2020	
Oil and Gas <sup>6</sup>	3.3 MtCO <sub>2</sub> e	3.1 MtCO <sub>2</sub> e	2.2	2.6	5.8 tCO <sub>2</sub> e/TJ 65 tCO <sub>2</sub> e/TJ (Scope 3)	5.8 tCO <sub>2</sub> e/TJ 67 tCO <sub>2</sub> e/TJ (Scope 3)	Reduce by 30% (Scope 1 and 2) Reduce by 15–25% (Scope 3)
Power and Utilities <sup>6</sup>	3.4 MtCO <sub>2</sub> e	2.9 MtCO <sub>2</sub> e	2.6	2.5	0.34 tCO <sub>2</sub> e/MWh	0.21 tCO <sub>2</sub> e/MWh	Reduce by 55–60%
Residential Mortgages	2.3 MtCO <sub>2</sub> e	2.2 MtCO <sub>2</sub> e	4.5	4.4	Not established at this time		
Agriculture	3.9 MtCO <sub>2</sub> e	3.9 MtCO <sub>2</sub> e	4.8	4.9			

<sup>1</sup> Emissions intensity is defined by PCAF in [The Global Standard, Part A](#), p. 132, as a metric that measures “emissions per a specific unit, for example: tCO<sub>2</sub>e/€M or \$M invested, tCO<sub>2</sub>e/MWh, tCO<sub>2</sub>e/tonne product produced, tCO<sub>2</sub>e/MWh, tCO<sub>2</sub>e/ton product produced, tCO<sub>2</sub>e/€M or \$M company revenue.”

<sup>2</sup> Physical emission intensity is defined by PCAF as absolute emissions divided by a value of physical activity or output, expressed as, e.g., tCO<sub>2</sub>e/MWh or tCO<sub>2</sub>e/tonne product produced. See our [Net-Zero Report](#) for further detail on methodology for calculating physical emission intensity in the Oil and Gas and Power and Utilities sectors.

<sup>3</sup> Scope 1 emissions are defined by PCAF as direct GHG emissions that occur from sources owned or controlled by the reporting company, i.e., emissions from combustion in owned or controlled boilers, furnaces, vehicles, etc.: [The Global Standard, Part A](#), p. 18.

<sup>4</sup> Scope 2 emissions are defined by PCAF as indirect GHG emissions from the generation of purchased or acquired electricity, steam, heating or cooling consumed by the reporting company. Scope 2 emissions physically occur at the facility where the electricity, steam, heating or cooling is generated: [The Global Standard, Part A](#), p. 18.

<sup>5</sup> Scope 3 emissions refers to all other indirect GHG emissions (not included in Scope 1 or 2) that occur in the value chain of the reporting company. Scope 3 can be broken down into upstream emissions and downstream emissions. Upstream emissions include all emissions that occur in the life cycle of a material/product/service up to the point of sale by the producer, such as from the production or extraction of purchased materials. Downstream emissions include all emissions that occur as a consequence of the distribution, storage, use, and end-of-life treatment of the organization’s products or services: [The Global Standard, Part A](#), p. 18.

<sup>6</sup> Oil and Gas sector focuses on exploration and production. Power and Utilities sector focuses on power generation. For further details, please see p. [52](#).

## FINANCED EMISSIONS AND PHYSICAL EMISSION INTENSITY FOR THE OIL AND GAS PORTFOLIO

Financed emissions and emissions intensity coverage for the Oil and Gas Portfolio focuses on upstream activities — exploration and production (E&P). Scotiabank chose to focus on E&P activities in our target as these operations contribute around 75% of total Oil and Gas value chain emissions.<sup>1</sup> The outstanding exposure<sup>2</sup> to the Oil and Gas Portfolio remained stable between 2019 and 2020, at \$7.2 billion. Financed emissions decreased from 3.3 MtCO<sub>2</sub>e to 3.1 MtCO<sub>2</sub>e in 2020 and physical emission intensity remained unchanged from the 2019 baseline year, measuring 5.8 tCO<sub>2</sub>e/TJ in 2020. In 2019, our Oil and Gas Portfolio Scope 3 physical emission intensity was measured as 65 tCO<sub>2</sub>e/TJ and in 2020 was 67 tCO<sub>2</sub>e/TJ.

## FINANCED EMISSIONS AND PHYSICAL EMISSION INTENSITY FOR THE POWER AND UTILITIES PORTFOLIO

Financed emissions coverage includes all clients in the Power and Utilities portfolio. Emissions intensity coverage for the Power and Utilities sector focuses on the power generation portion of the portfolio.

The outstanding exposure to the Power and Utilities portfolio increased to \$13.0 billion in 2020, while financed emissions decreased to 3.3 MtCO<sub>2</sub>e in 2020. Physical emission intensity also decreased 22% from 2019, measuring 0.26 tCO<sub>2</sub>e/MWh in 2020.

## AGRICULTURE: 2019 AND 2020

As Scotiabank outlined in our Net-Zero Report, approximately 30% of Scotiabank's Scope 1 and Scope 2 financed emissions associated with the four priority sectors are estimated to come from the agriculture sector, making decarbonization of this sector an essential part of our net-zero strategy. Scope 3 emissions from this sector are not considered significant in comparison with the Scope 1 and 2 emissions and have therefore been excluded from our analysis. We have chosen to focus on Scope 1 and 2 emissions for the Agriculture sector, which account for the majority of emissions in the sector relative to Scope 3 emissions and which invoke the same data challenges as Scope 1 and 2 emissions.

Scotiabank's agriculture portfolio has an international footprint. In 2020, approximately 63% of amounts drawn in the agriculture lending portfolio were attributable to Canadian-based agricultural businesses. In 2019, Scotiabank's financed emissions from our global agriculture portfolio was calculated as 3.9 MtCO<sub>2</sub>e. For the year 2020, Scotiabank calculated financed emissions from our agriculture portfolio as 3.9 MtCO<sub>2</sub>e. Both the 2019 and 2020 figures are associated with a large margin of error, as client-specific data was largely unavailable. For more information on the best data available and our methodology, please see [Net-Zero: Other Data Considerations](#).



## RESIDENTIAL MORTGAGES: 2019 AND 2020

In the Net-Zero Report, we communicated that the decarbonization of the Residential Mortgages sector is a key to the Bank's achievement of net-zero emissions. In 2019, approximately 55% of Scotiabank's global outstanding loans and acceptances (excluding personal loans and credit cards) were to residential mortgage holders, the vast majority of which were located in Canada. In 2020, that percentage was slightly higher, at just under 57%.

The Bank estimated that this sector's 2019 Scope 1 financed emissions — those that arise from home heating with oil or natural gas furnaces — and Scope 2 financed emissions — those that arise from electricity used for lighting, appliances, heating

and cooling — were 2.3 MtCO<sub>2</sub>e. It is important to note that Scope 3 emissions from this sector are not considered significant in comparison with the Scope 1 and 2 financed emissions and are therefore not included in our analysis at this time. We have chosen to focus on Scope 1 and Scope 2 emissions relating to the Residential Mortgages sector, as recommended by PCAF, due to a lack of available data and in the absence of a suggested methodology relating to Scope 3 emissions for this sector. Using the best available data sources, we have estimated 2020 Scope 1 and 2 financed emissions to be 2.2 MtCO<sub>2</sub>e. As in 2019, the 2020 estimate is associated with a large margin of error, as it includes predominantly estimated building energy consumption and average emission factors relating to the relevant energy source.<sup>3</sup>

<sup>1</sup> International Energy Agency, Fuels and technologies, [Oil, 2021](#).

<sup>2</sup> Outstanding exposure reported for the Oil and Gas and Power and Utilities sectors refers to the actual outstanding amount of loans held by clients that comprise the Oil and Gas or the Power and Utilities portfolios, as applicable. Outstanding exposure is updated annually and valued as of October 31.

<sup>3</sup> [The Global Standard, Part A](#), p. 98.



## DATA QUALITY: PCAF SCORE

Scotiabank relies on PCAF guidance relating to best available data.<sup>1</sup> PCAF provides a system for evaluating the quality of data used to calculate financed emissions. This system assesses both the availability and accuracy of data elements, such as outstanding amount, total company equity plus debt and verified emissions (Score 1). When verified emissions are not available, PCAF suggests alternative estimation methods based on entities' economic activity (Scores from 2 to 5). Requests for such information by financial institutions, including Scotiabank, asset managers, and increasing regulatory disclosure requirements on emissions are expected to lead to improvements in disclosure across our portfolios in the short and medium term.

## FACTORS AT PLAY AFFECTING OUR TARGETS

### MACROECONOMIC CONTEXT

Global energy demand — for electricity and fuel — fell in 2020 due to the COVID-19 pandemic, resulting in a decrease in oil prices and production. Investment in Oil and Gas also decreased in 2020. While global investment in E&P activities in the Oil and Gas sector has increased since 2020, global investment in fossil fuels in 2022 is still expected to be about 30% below 2015 levels when the *Paris Agreement* was signed.<sup>2</sup> In 2021, global electricity demand grew by 6%, the largest absolute annual increase since 2010.<sup>3</sup> Despite this, the share of renewables in electricity supply was close to 28% in the first quarter of 2020, increasing from 26% in the first quarter of 2019.<sup>4</sup>

### ECONOMIC FACTORS IN THE ENERGY SECTOR

Scotiabank research published October 27, 2022, outlines some of the key issues that must be resolved to meet the world's ambitious net-zero targets.

- **The energy sector — responsible for almost 75% of global emissions — must unequivocally undergo major transformations on this path.** Here, there is no panacea: the path to net-zero demands a carefully sequenced rotation away from carbon-intensive energy sources to cleaner ones.



- **Both supply and demand for energy must fall, although cutting supply does not, in isolation, reduce demand.** Most of the growth in energy demand will come from emerging and developing countries, which currently account for about two-thirds of global emissions despite per capita energy consumption that is well below advanced economies.
- **From a supply perspective, lower emission energy sources are imperative.** Technologies are largely available, but not deployed, to meet

interim emissions targets by 2030, but half of the innovations needed by 2050 are still in their infancy. Financing needs are also substantial: the International Energy Agency estimates clean energy investments in the order of USD\$4 trillion annually are required by 2030 to close the ambition gap, with 70% of this deployed in emerging and developing markets. Demand for material inputs could drive a sevenfold uptick in the market size of critical minerals by 2030, giving a sense of scale needed on the path ahead.<sup>5</sup>

<sup>1</sup> [The Global Standard, Part A](#), p. 42.

<sup>2</sup> Scotiabank Insights & Views, [Polarization Puts Net Zero at Peril](#), October 27, 2022.

<sup>3</sup> International Energy Agency, [Electricity Market Report](#), January 2022; references to fiscal quarters in this section relate to the calendar year.

<sup>4</sup> International Energy Agency, [Global Energy Review 2020](#).

<sup>5</sup> International Energy Agency, [World Energy Outlook 2021 – Analysis](#).

## PLANNING THE NET-ZERO TRANSITION

As a member of the NZBA, Scotiabank has set, and continues to set, targets to reduce financed emissions in high-priority sectors. To meet these targets, rigorous transition planning is required. A transition plan is a critical part of the Bank's overall strategy, outlining the ways in which it plans to prepare for, and contribute to, the transition to a low-carbon economy. Both banks and their clients are increasingly required by investors and the public to outline the ways in which they intend to meet their net-zero ambitions, their interim targets and to report on progress against their transition planning activities over time.

As a regulated financial institution in Canada, Scotiabank will also be required by the Office of the Superintendent of Financial Institutions (OSFI) to implement a Climate Transition Plan, consisting of activities under specific pillars: Governance, Strategy, Risk Management, and Metrics and Targets.

Scotiabank's commitment to addressing climate change, in terms of the risks and opportunities it creates for the Bank, our clients and our community, is well established. As we execute against our existing targets and commitments, we continue to refine and enhance our transition planning and activities in a manner that is both innovative and transparent.

2018

- Published first sustainability report aligning with **TCFD** recommendations
- Set **internal carbon price** and established schedule for annual increases
- Included climate-related risks and opportunities in 26 industry reviews relating to lending activities
- Updated and enhanced due diligence guidance
- Incorporated climate change risk module in mandatory environmental risk training for banking officers and credit adjudicators

2019

- Announced our **Climate Commitments**, including aim to mobilize \$100 billion of climate-related finance by 2025
- Developed and implemented **Climate Change Risk Assessment** to inform credit decisions
- Published **Green Bond Framework** and issued a **USD\$500 million Green Bond**

2020

- Set **100% non-emitting electricity targets** for our own operations
- Established **Sustainable Finance group** in Global Banking and Markets
- Partnered with **Institute for Sustainable Finance** at Queen's University

2022

- Published **Net-Zero Pathways Report**, setting **financed emissions targets** for Oil and Gas, Power and Utilities sectors
- Enhanced **climate scenario analysis** capabilities
- Grew **Sustainable Finance group** and added expertise in sustainable finance in Canadian Banking team
- Established **Clean Tech Energy Initiative**
- Linked ESG metrics, including progress on our Climate Commitments, to all-Bank performance pay
- Set new global target for **35% GHG emissions reduction** in our own operations by 2030
- Conducted pilot project to assess alignment between targets and client net-zero plans and objectives
- Published **Bank's credit risk exposure to carbon-related assets**
- Incentivized climate performance in executive variable compensation implemented for 2023

2021

- Became member of the **NZBA**
- Established **Corporate ESG Committee**
- Joined **Sustainable Finance Action Council (SFAC)**
- Increased commitment to mobilize **climate-related finance** to \$350 billion by 2030
- Issued USD\$1 billion **Sustainable Bond** and updated **Sustainable Bond Framework**
- Reduced our own GHG emissions by 25% four years ahead of our target (2025)
- Announced **Net-Zero Research Fund**
- Launched **Climate Change Centre of Excellence**

## GOING FORWARD

- Reduce GHG emissions by our new target of 35% globally by 2030
- Refine client engagement strategy on net-zero
- Increase transparency on how we identify and measure on climate-related finance target
- Build core data capabilities to support transition opportunities with clients and portfolio alignment analytics
- Establish timeline to set further net-zero targets



## CLIMATE SCENARIO ANALYSIS

We are developing methods to integrate climate scenario modelling into our enterprise-wide Stress Testing Framework using scenarios from the **Network for Greening the Financial System (NGFS)**. The NGFS scenarios are generated from the same Integrated Assessment Models used for the **Intergovernmental Panel on Climate Change (IPCC) AR6 Report**, which cover the most up-to-date climate science and are widely used in the financial sector to assess climate risk.

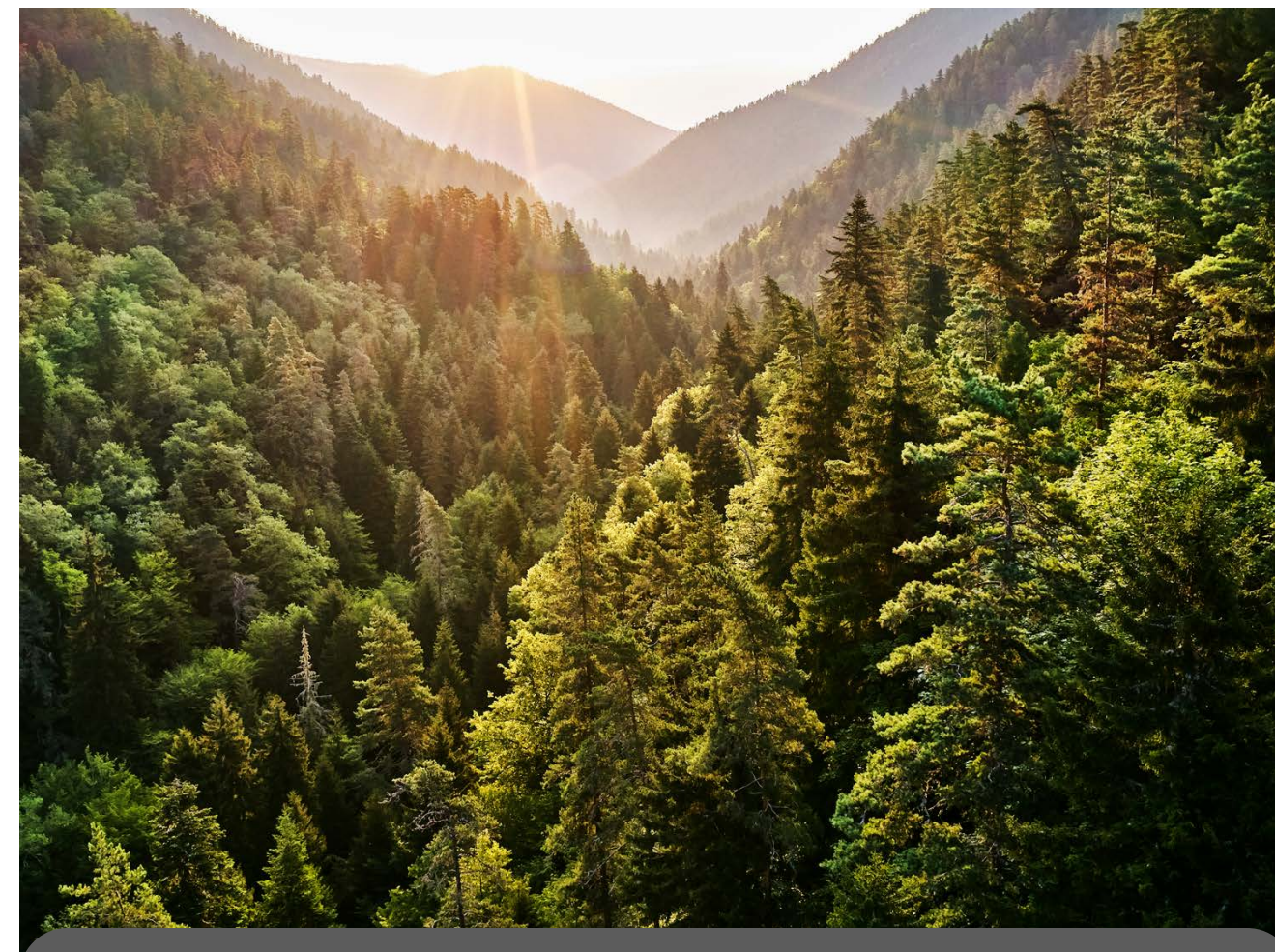
Our analysis has focused on three climate scenarios, which cover different quadrants of the NGFS scenarios framework characterized by varying levels of physical and transition risk. They are:

- **Nationally Determined Contributions (NDCs):** Assumes a low transition risk, high physical risk scenario is achieved if governments fully implement pledged NDCs and reach their respective targets in 2025 and 2030, but no further action is taken.
- **Net Zero 2050:** Assumes a low physical risk, low transition risk scenario is achieved by the rapid implementation of stringent climate policies and innovation that achieve net-zero CO<sub>2</sub> emissions by 2050 and limit warming to 1.5°C.
- **Delayed Transition:** Assumes that annual emissions do not decrease until 2030, when decisive policy actions are needed to limit warming. This scenario is considered a disorderly transition scenario with moderate physical risk and high transition risk.

We have piloted these climate scenarios to predict credit risk to our non-retail lending portfolio in near-term (2025 and 2030) and long-term horizons (2050). Our analysis considers the following:

- Transition risks are quantified by modelling company exposure to such risks, as well as company response and industry dynamics.
- Chronic physical hazards, including temperature, precipitation, sea level rise, humidity and wind speed.
- Acute physical hazards, including coastal flood risk, inland flood risk and tropical cyclones.

As we move forward, we are continuing to refine our methodology and scale up our analyses to examine these risks enterprise-wide. Beyond assessing the risks to our business lending, we are conducting physical risk analyses to assess climate-related risks to our retail lending portfolio.



Scotiabank has been an active participant in the **United Nations Environment Programme Finance Initiative (UNEP FI) TCFD and Climate Risk program**. Through involvement in the climate stress testing and transition scenario analysis working groups, we have become familiar with industry best practices and improved our ability to evaluate climate-related transition and physical risks in our lending portfolio. The physical risk data working group has enhanced our knowledge of proprietary and open-source data sets useful for climate risk analytics and been instructive in identifying the types of data available and their global coverage and resolution. As active members in the ongoing climate risk tools working group, we have had the opportunity to compare and contrast commercial tools for assessing climate risks. Finally, through participation in the climate-related regulatory risk group, we have been improving our understanding of climate-related legal and regulatory risks.



## LEVERAGING CLIMATE OPPORTUNITIES

Scotiabank has taken a number of actions relating to public policy development and engaging in dialogue with clients to support emissions reduction within our four priority sectors.

### PUBLIC POLICY ADVOCACY

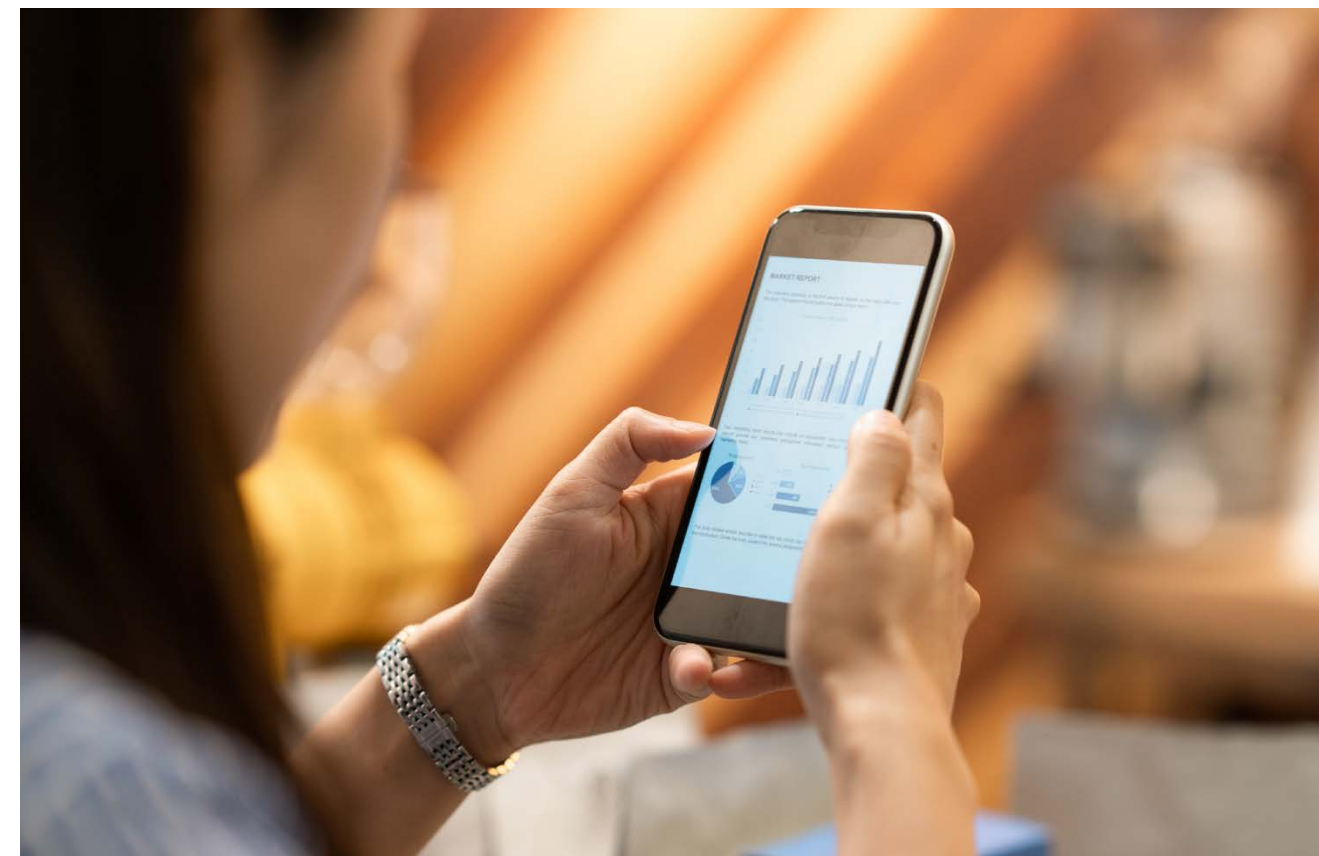
Scotiabank is of the view that government policy plays a critical role supporting the transition to a net-zero economy. We have participated in a number of policy initiatives to share the view that will help governments drive the net-zero transition while mitigating risk to the wider economy.

Scotiabank is a participant in the Sustainable Finance Action Council (SFAC), a public-private committee that aims to support the Canadian financial sector's integration of sustainable finance into standard practice by facilitating dialogue and encouraging disclosure to move private capital to support Canada's net-zero by 2050 ambition. The SFAC is comprised of three technical expert groups, including the Taxonomy Technical Expert Group (TTEG), responsible for defining "green" and "transition" investments and activities in the context of Canada's capital markets. A Canadian Green and Transition Taxonomy is considered necessary to the integrity of Canada's net-zero transition, and aims to support the promotion of Canada's sustainable finance market, to the mitigation of greenwashing, and to the promotion of a smooth transition as it relates to Canada's economy. Scotiabank was one of nine organizations that participated in the TTEG who helped draft the Taxonomy Roadmap Report, which was endorsed by the SFAC in September 2022.

To address the wide-reaching problem relating to unavailability of accurate, high-quality data in the residential mortgages sector, Scotiabank has taken action to collaborate with industry experts, government and peers to improve both data quality and availability. In 2021, Scotiabank was pleased to join peers and industry experts in a Climate Data Working Committee organized by Canada Mortgage and Housing Corporation. The working group, with representatives from both the public and private sectors, is collaborating on ways to improve data availability and accessibility for the Canadian housing industry.

### ENGAGING OUR CLIENTS

Since the publication of the Net-Zero Report, Scotiabank has been actively involved in efforts that will raise awareness amongst mortgage holders of the benefits of energy efficiency and fuel switching. In addition, we have taken steps to get involved in efforts that will enable the calculation and disclosure of GHG emissions for individual homes. In September 2022, we announced our sponsorship of the software company, *Lightspark*, to test a platform that helps homeowners connect with energy-saving home retrofits and reduce their carbon footprint. The platform, called Energy Efficiency Concierge, allows homeowners to better understand their energy and carbon costs and guides them through the benefits and decision-making process of upgrading their home with energy-saving technologies. Energy Efficiency Concierge is first being introduced in Calgary and Edmonton and, if successful, the model could be used more broadly across Canada to help cities meet their net-zero emission targets by 2050.



Scotiabank's support of companies like *Lightspark* is critical to the success of decarbonization efforts in the residential mortgages sector, providing tools to private citizens so that they can take their own individual actions to help Canada reduce emissions in accordance with its 2030 Emissions Reduction Plan.<sup>1</sup> That support can also help foster new collaborations, such as *Lightspark*'s technology partnership with the society that publishes *Canadian Geographic*, which launched the pilot phase of the **Live Net Zero Challenge** on September 19, 2022. This project challenges five families to become 'net zero households' and intends to help educate Canadians

on the changes they can make within their own households to reduce energy consumption, shrink their carbon footprint and lower their spending on energy. As *Canadian Geographic*'s partner on the pilot, *Lightspark* will conduct a home energy audit for the five participating households.

As the lead financial partner for the *Live Net Zero Challenge*, Scotiabank will provide \$450,000 over two years to the project and has committed to providing \$25 million over 10 years to support non-profit and charitable partnerships that enable climate-related systems change and sector decarbonization.

<sup>1</sup> Government of Canada: **2030 Emissions Reduction Plan: Clean Air, Strong Economy**.



## INCREASED CLIENT ENGAGEMENT

Throughout 2022, clients within the Oil and Gas Portfolio have engaged in efforts to lower their GHG emissions. Companies are using environmental performance disclosures, setting GHG emission reduction targets and making changes to their operations — such as reducing flaring — to help meet their emissions reduction goals.

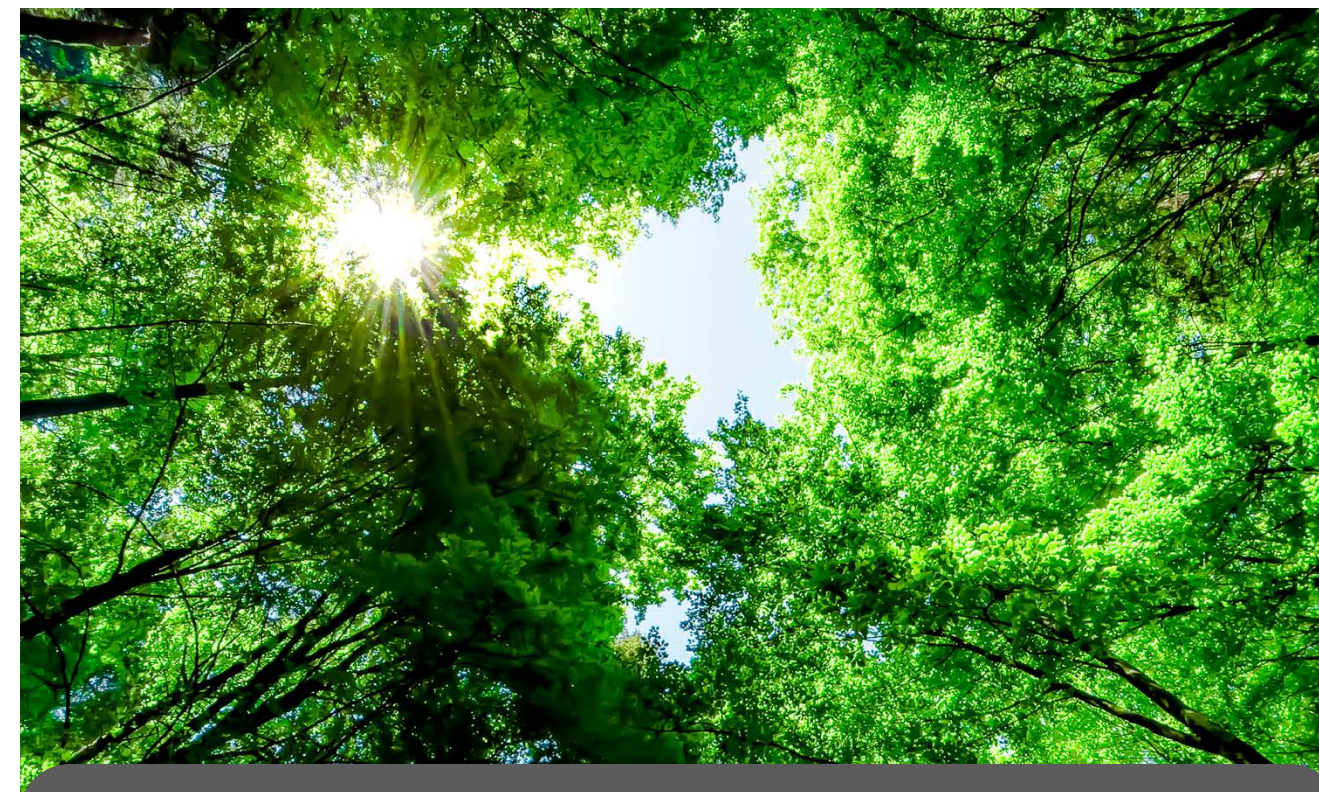
Scotiabank currently engages with some clients on emissions primarily at renewal or refinancing opportunities. These engagements focus on ensuring awareness of Scotiabank's net-zero commitment, providing benchmark information on where they stand relative to peers and highlighting financial products and services that support our clients' decarbonization objectives.

To further support clients' increased efforts in finding decarbonization solutions, Scotiabank recently established the *Clean Tech Energy Initiative*, a team of investment bankers dedicated to advising and supporting clients in their clean technology, energy transition and decarbonization goals. The team is devoted to advancing their understanding and relationships with new clients who operate in clean energy technology, as well as assisting existing Oil and Gas clients in their decarbonization and clean energy goals. The team coordinates across various geographies and business sectors, including energy, metals and mining, as well as consumer, industrial and retail sectors.

In 2022, Scotiabank commenced a pilot project within our underwriting process to assess the alignment between the Bank's emissions targets and the targets of select Global Banking and Markets lending clients in the oil and gas and power and utilities sectors. In addition, we evaluated lending clients in the oil and gas sector to establish the presence of interim emissions targets and net-zero commitments and facilitate targeted client engagement. The initial lessons from the pilot and the portfolio evaluation, along with guidance from groups such as the **Glasgow Financial Alliance for Net Zero (GFANZ)**, are being used to inform the next steps of our pilot project and an evaluation of power generation clients in early 2023.

## ENGAGING IN THOUGHT LEADERSHIP

Scotiabank conducted economic research and thought leadership<sup>1</sup> regarding the importance of responsible development of Oil and Gas in countries with high environmental and governance standards. While the reduction of fossil fuels has accelerated, there is still a need for them in the short to medium term. Efforts to address climate change will benefit if these needs are met by countries attempting to decarbonize the sector. The aim is to ensure a well-managed and rapid transition to net-zero.



## NATIONALLY DETERMINED CONTRIBUTIONS (NDCs)

**NDCs** in Canada and the United States have remained unchanged since the publication of the Net-Zero Report. As Scotiabank's other core markets form part of the Pacific Alliance, the Bank is impacted by the NDCs in countries in the region. As of December 31, 2022, the NDCs of Chile, Peru and Colombia were considered insufficient, and the NDCs of México were considered critically insufficient by the **Climate Action Tracker**, an independent collaboration between Climate Analytics and NewClimate Institute that tracks government climate action and measures it against the terms of the *Paris Agreement*.

Scotiabank continuously monitors NDCs of countries in which we operate, assesses their impact on the Bank's and our clients' activities and strives to support financial activities that support local NDCs, where possible.

<sup>1</sup> Scotiabank Insights & Views, **Polarization Puts Net Zero at Peril**, October 27, 2022.



## INVESTING AND PARTNERING FOR SYSTEMS CHANGE AND DECARBONIZATION

As part of our net-zero efforts, we have allocated \$25 million through 2030 for community investments in non-profit and charitable organizations that support climate-related systems change and sector decarbonization, \$10 million of which is earmarked for Scotiabank's **Net-Zero Research Fund (NZRF)**. Established in 2021, NZRF distributes \$1 million a year to support the efforts of academic institutions and think tanks in countries across Scotiabank's geographic footprint that are leading decarbonization efforts in key sectors.

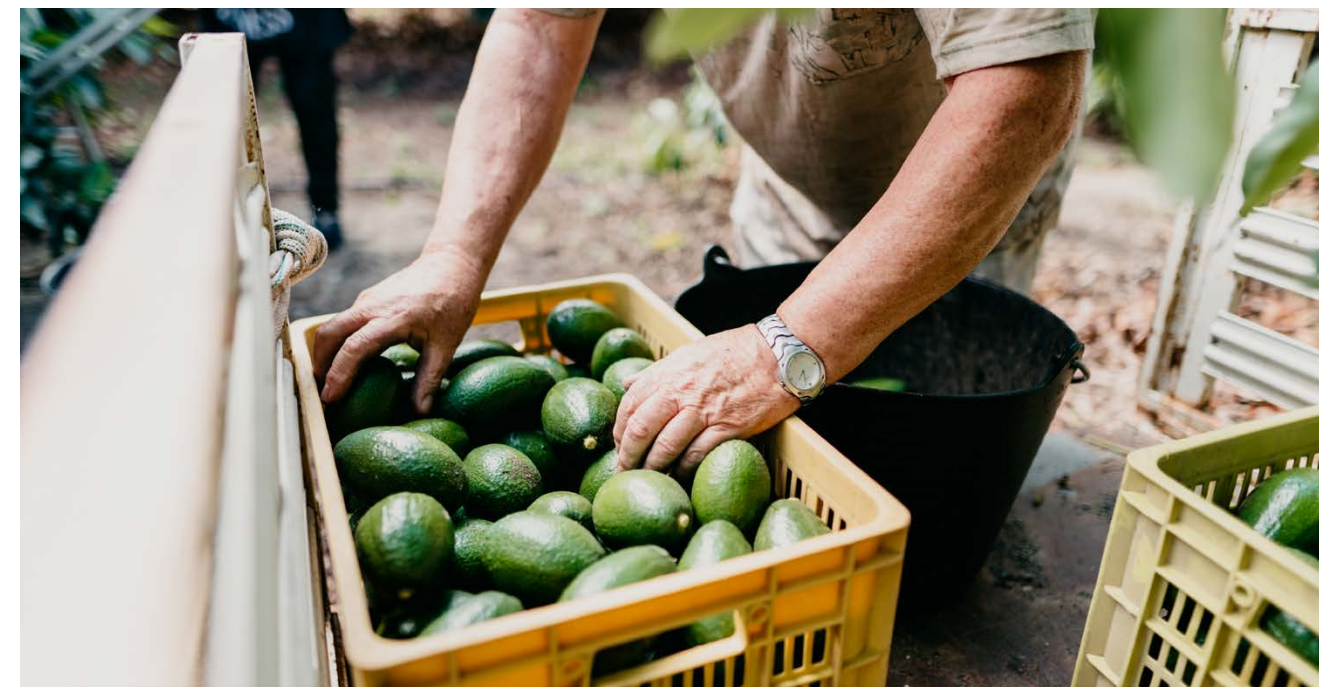
In 2022, **NZRF grant recipients** included:

- The **University of Chile's Energy Center (CE) and Center for Climate and Resilience Research (CR)2**, Santiago, which is undertaking a project aimed at developing and implementing a regional GHG emissions data monitoring system to assess Chile's performance against its emission mitigation goals. This project will also assess compliance with Chile's carbon-neutrality commitments.

- **Circular Opportunity Innovation Launchpad**, a Canadian company and innovation platform and activation network aimed at creating, proving and scaling transformative solutions that will move Canada toward a more sustainable, circular economy.

Scotiabank's other multi-year partnerships to advance systems change and decarbonization include:

- The Oxford Institute for Energy Studies (OIES) for their **Energy Transition Research Initiative** Hydrogen Module program.
- Carbon Management Canada for their carbon technology accelerator program, **carbonNEXT**.
- Energy Futures Lab to support their **Financing the Transition to Future-Fit Hydrocarbons** challenge.



### COLOMBIAN RESEARCHERS AIM TO SHOW AVOCADOS CAN BE GROWN ECOLOGICALLY IN THE TROPICS

With support from Scotiabank's Net-Zero Research Fund, researchers at the **Con Vida Foundation** in Medellin, Colombia, are comparing the amount of water required by avocado trees — an increasingly popular crop in the country and beyond — to that of the native trees of the Tropical Andes rainforests. Their goal: determine how to protect this sensitive region of the world's ecosystem without affecting the income of Colombian farmers.

The Tropical Andes is also one of the most overlooked carbon sinks (meaning it absorbs more carbon from the atmosphere than it releases) on the planet, storing above-ground carbon amounts

per hectare similar to Amazon rainforests. Only 500,000 hectares of the rainforest remain after decades of deforestation for fuel and animal grazing, and now rapidly expanding avocado crops.

Con Vida will create a web application that measures the negative and positive environmental impacts of the avocado crop and, depending on where a farmer is located, help them determine the number of trees they can plant on their land to use as little water as possible and be carbon neutral.

Learn more about the project [here](#).





# Managing Environmental and Climate Risk

## WHY IT MATTERS

It's vital that we identify, assess, mitigate and monitor potential risks to our business related to climate change so that we can do our part to mitigate its impact and adapt our business to ensure our ongoing sustainability.

## IDENTIFYING AND ASSESSING CLIMATE RISK

Climate-related issues associated with the Bank or its customers could lead to heightened credit, reputational, operational or compliance risks, as outlined in the table below.

RISK CATEGORY	BANK DEFINITIONS	DESCRIPTION AS IT RELATES TO CLIMATE-RELATED RISK	ACTIONS TO MITIGATE RISK
<b>Credit risk</b>	Loss resulting from the failure of a borrower or counterparty to honour its financial or contractual obligations to the Bank	Repayment challenges from clients due to reduced profitability, asset devaluation or failure to adapt to a net-zero future	<ul style="list-style-type: none"><li>• Mandatory climate risk rating assessment for all business banking borrowers</li><li>• Maintain a list of businesses to avoid that includes climate-sensitive sectors</li></ul>
<b>Compliance risk</b>	Business activity that may not be conducted in conformance with all applicable regulatory requirements wherever the Bank does business	Failure to comply with climate-related regulations and associated remedial actions	<ul style="list-style-type: none"><li>• Procedures in place to monitor and evaluate impact of regulatory requirements across Bank's jurisdictional footprint</li><li>• Advocate for harmonization of climate disclosures through industry forums</li></ul>
<b>Reputational risk</b>	Negative publicity, business practices or associations that adversely affect the Bank's revenues, operations or customer base	The Bank and/or its clients are viewed negatively due to perceived misalignment with stated Climate Commitments	<ul style="list-style-type: none"><li>• Disclose climate risks in our reporting</li><li>• Engage with stakeholders to understand climate perspectives</li><li>• Promote products and services that help clients transition to a low-carbon future</li></ul>
<b>Operational risk</b>	Loss resulting from people, inadequate or failed processes and systems, or from external events	Potential for physical risks to disrupt the Bank's properties (i.e., branches and offices) and critical supply chain services	<ul style="list-style-type: none"><li>• Operational preparedness and resilience program take into consideration extreme weather events</li><li>• Third-party on-boarding, new projects and initiatives, and risk control self-assessments include environmental considerations, when applicable</li></ul>

## CLIMATE CHANGE RISK ASSESSMENT

We conduct the Climate Change Risk Assessment (CCRA) at the transaction level as part of the standard credit due diligence and adjudication process. It evaluates the physical and transition risks a client may face and their awareness of such risks. The assessment assigns a climate change risk rating of low, moderate or high for each transaction.

Through this process, for example, the agriculture sector was assessed as highly vulnerable to climate risk related to the potential for adverse weather-related events resulting in production shocks and climate-induced price hikes. Climate risk vulnerability for clients in water-stressed areas anticipates water scarcity issues resulting in increased water surcharges, taxes and restrictions.

In addition, we annually review our business banking credit exposure to sectors vulnerable to physical and transition climate risks and assess climate risk impacts.

We include results from our climate sector vulnerability analysis and the CCRA in our credit risk industry reviews to assess climate risk drivers and their potential materiality based on different time horizons. In general, the Bank identifies acute physical risks that may affect our borrowers on a shorter time horizon, while transition risks vary depending on the industry. We also identify chronic physical risks that may occur in the long term. The CCRA naturally complements our sector sensitivity analysis by capturing borrower-level mitigation factors such as geography, location of assets and climate-specific management strategies.

## SECTORS MOST VULNERABLE TO CLIMATE RISK AS AT OCTOBER 31, 2022

SECTOR	% OF LOANS AND ACCEPTANCES <sup>1</sup>	PHYSICAL RISK		TRANSITION RISK		OVERALL CLIMATE VULNERABILITY	
Agriculture	2.59%	High	<div></div>	High	<div></div>	High	<div></div>
Chemicals	0.31%	Medium	<div></div>	High	<div></div>	High	<div></div>
Energy	1.20%	High	<div></div>	High	<div></div>	High	<div></div>
Forest Products	0.33%	Medium	<div></div>	Medium	<div></div>	Medium	<div></div>
Metals	0.37%	Medium	<div></div>	High	<div></div>	High	<div></div>
Mining	0.81%	Medium	<div></div>	High	<div></div>	High	<div></div>
Transportation	1.22%	Medium	<div></div>	High	<div></div>	Medium	<div></div>
Utilities	3.54%	Medium	<div></div>	High	<div></div>	High	<div></div>

## FIVE PRINCIPLES OF OUR ENVIRONMENTAL RISK MANAGEMENT POLICY

Scotiabank's Environmental Risk Management Policy describes the key principles that guide the Bank in its approach to managing environmental risks.

1. Comply with applicable environmental laws and regulations, and voluntary standards and initiatives adopted by the Bank.
2. Prioritize initiatives that will reduce the Bank's environmental impact and enable sustainable development and the transition to a low-carbon economy.
3. Incorporate environmental risk assessment and mitigation criteria into the Bank's risk management procedures, where appropriate.
4. Contribute to ongoing dialogue with relevant stakeholders, such as customers, employees, governments, non-governmental organizations and industry associations.
5. Measure and report publicly on the Bank's environmental performance on at least an annual basis.

<sup>1</sup> Ratio of outstanding exposure divided by total loans and acceptances, net of allowance for credit loans. Figures are derived from the [2022 Annual Report](#), p. 119.

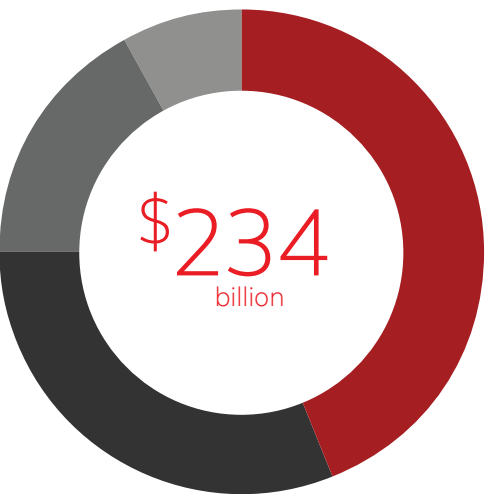
### QUANTIFYING CARBON-RELATED CREDIT RISK EXPOSURE

Our exposure to carbon-related assets totalled \$234 billion in fiscal year 2022, or approximately 20% of our total gross credit risk exposure.<sup>1</sup> The industries in scope for this metric, aligned with TCFD's October 2021 guidance, include Energy, Transportation, Materials & Buildings, and Agriculture, Food & Forest Products. We recognize that TCFD's guidance may capture sub-industries that are less carbon intensive, however, no exclusions were applied to this metric.<sup>2</sup>

This metric helps us monitor our concentrations of credit exposure to carbon-related assets relative to our total gross credit risk exposure<sup>3</sup> in accordance with TCFD's recommendations. The carbon-related asset exposure is not meant to indicate realized impacts to our borrowers, as their ability to manage climate risk depends on many factors. We anticipate continuing to refine our approach for the carbon-related assets calculation over time to improve its specificity and reflect emerging standardization.

ENERGY	TRANSPORTATION	MATERIALS & BUILDINGS	AGRICULTURE, FOOD & FOREST PRODUCTS
<ul style="list-style-type: none"> <li>Oil and Gas</li> <li>Coal</li> <li>Electric Utilities</li> </ul>	<ul style="list-style-type: none"> <li>Air Freight</li> <li>Passenger Air Transportation</li> <li>Maritime Transportation</li> <li>Rail Transportation</li> <li>Trucking Services</li> <li>Automobiles and Components</li> </ul>	<ul style="list-style-type: none"> <li>Metals and Mining</li> <li>Chemicals</li> <li>Construction Materials</li> <li>Capital Goods</li> <li>Real Estate Management and Development</li> </ul>	<ul style="list-style-type: none"> <li>Beverages</li> <li>Agriculture</li> <li>Packaged Food and Meats</li> <li>Paper and Forest Products</li> </ul>

### CREDIT RISK EXPOSURE TO CARBON-RELATED ASSETS



Materials & Buildings	44%
Energy	31%
Agriculture, Food & Forest Products	17%
Transportation	8%



#### RELEVANT LINKS

- [Financing in the Arctic](#)
- [Financing Coal](#)

<sup>1</sup> As of October 31, 2022. Total gross credit risk exposure \$1,172 billion. Per TCFD's guidance, carbon-related assets are considered to refer to assets or organizations with relatively high direct or indirect GHG emissions.  
<sup>2</sup> TCFD's 2021 update to the guidance document [Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures](#).  
<sup>3</sup> Exposure is calculated as the total exposure to credit risk and includes amounts drawn, undrawn commitments and other off-balance-sheet items (excluding OTC, Repos and Securitizations) as presented on p. 5 of our [Supplementary Regulatory Capital Disclosures](#).



## CONDUCTING ENVIRONMENTAL DUE DILIGENCE

Scotiabank accounts for environmental and climate-related risks in its credit due diligence and adjudication processes. This includes mandatory environmental and climate change risk assessment procedures and requirements for business credits. These risk-adjusted processes are designed to identify the environmental and climate change risks and liabilities inherent to a borrower's business activities and any real estate being pledged to the Bank as security. The assessments also evaluate the effectiveness of the borrower's management and mitigation strategies. We integrate these risk assessment processes into the Bank's credit risk policies. Transactions deemed to have elevated or significant environmental risks are escalated to, and reviewed by, the appropriate senior/executive management risk committee(s).

The Bank's ESG Risk team collaborates with credit and lending teams across our business to help them assess environmental and climate change risks for transactions in diverse sectors and geographies. In 2022, this team responded to 1,400 internal requests for technical advice and counsel supporting environmental risk due diligence and mitigation processes for business credits.

In 2022, the ESG Risk team responded to **1,400** internal requests for technical advice and counsel supporting environmental risk due diligence and mitigation processes for business credits.

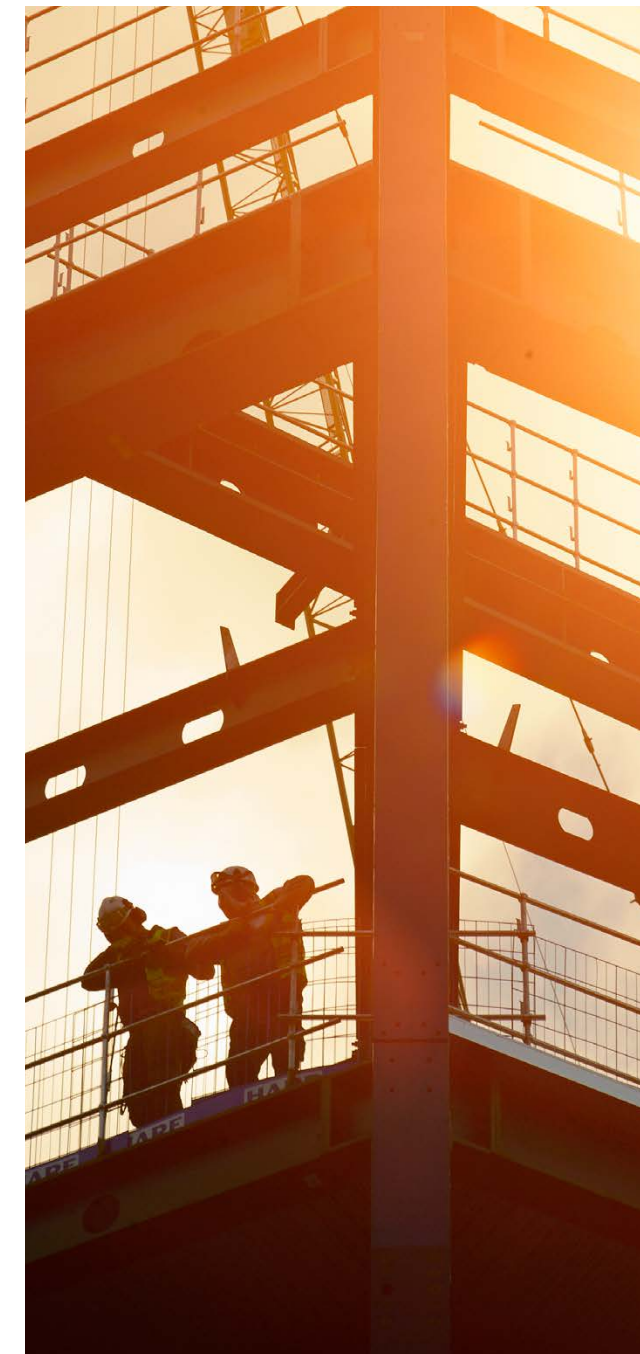


**The Equator Principles risk management framework is designed to support environmentally and socially responsible risk decision-making globally.**

## ADHERING TO THE EQUATOR PRINCIPLES

The Bank 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 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 globally.

Using this framework helps ensure that the Bank is financing large-scale development projects that are completed in an environmentally and socially responsible manner, consistent with internationally recognized standards. Scotiabank annually reports on the transactions and advisory services that were subject to the Equator Principles. There were 10 project finance transactions and three project-related corporate loans that met the Equator Principles criteria in 2022. Refer to the **ESG Data Pack** for more details of Scotiabank's Equator Principles reporting or see Bank of Nova Scotia reporting available via the **Equator Principles reporting hub**.





# Addressing Our Operations’ Environmental Impact

## WHY IT MATTERS

We own or lease over 2.1 million square metres of real estate for our offices and branches globally, about the same area as 295 soccer fields. Responsible use of the resources required to construct, maintain and operate these facilities not only helps protect local communities and our planet, but can also reduce operating costs and risks to our business.

## DECARBONIZING OUR OPERATIONS

As part of our overall effort to achieve net-zero emissions in our operations by 2030,<sup>1</sup> we are focused on decarbonization through energy efficiency improvements and increased use of non-emitting electricity. We continue to assess current and future physical climate vulnerability to Scotiabank’s property assets and integrate climate resiliency by embedding ESG practices into real estate policies and procedures.

In 2022, we benefited from decreased carbon intensity of power grids in Canada. Increased adoption and provision of online banking, paired with ongoing remote-work models, also contributed to reducing our operational energy consumption over the past two years. While we saw business travel increase in 2022, our Scope 3 business travel emissions continue to be lower than pre-pandemic levels.

## GHG AND ENERGY METRICS SUMMARY FOR SCOTIABANK’S OWN OPERATIONS<sup>2</sup>

METRIC	STATUS	2022 PROGRESS
Reduce Scope 1 and 2 GHG emissions (against 2016 baseline) by 25% by 2025	Achieved	Achieved in 2021
Reduce Scope 1 and 2 GHG emissions (against 2016 baseline) by 35% globally by 2030 <sup>3</sup>	New	Reduced Scope 1 and 2 GHG emissions by 29%
Secure 100% non-emitting electricity globally by 2030	On track	Secured 67% of our electricity globally from non-emitting sources <sup>4</sup>
Secure 100% non-emitting electricity in Canada by 2025	On track	Secured 83% of our electricity in Canada from non-emitting sources <sup>4</sup>
Internal carbon price of \$60/tCO <sub>2</sub> e in 2022	Achieved	Price will rise to \$65/tCO <sub>2</sub> e for 2023

## GREENING OUR ENERGY

In 2022, **Scotiabank secured a 15-year renewable energy** power purchase agreement to receive power from a planned 40-MW solar farm in northeast Alberta. Once operational, Scotiabank has agreed to purchase 100% of the emission-free renewable electricity generated by the facility.

## RELEVANT LINKS

- [Scotiabank’s GHG Methodology](#)
- [GHG Emissions: Limited Assurance](#)
- [Climate Commitments](#)

<sup>1</sup> Part of our net-zero plan; includes Scope 1 and 2 emissions and Scope 3 emissions from employee business travel. Scotiabank assessed its Scope 3 emissions profile using the World Resources Institute (WRI)/ World Business Council for Sustainable Development (WBCSD) GHG Protocol Scope 3 Evaluator.

<sup>2</sup> For details relating to Scotiabank’s interpretation and application of the GHG Protocol of the WRI and the WBCSD, please refer to [Scotiabank’s GHG methodology](#).

<sup>3</sup> Further to this reduction target, Scotiabank will use renewable energy certificates (RECs) and carbon offsets to become net-zero in our operations by 2030 after taking reasonable measures to reduce operational emissions. Our ability to meet these targets therefore assumes reasonable growth and liquidity of the carbon and REC markets, and the availability of high-quality offsets/RECs in these markets.

<sup>4</sup> Either physically or virtually. Non-emitting sources includes renewable (hydro, solar, wind, geothermal, tidal) and nuclear sources, and may include the use of RECs.



## ENERGY AND ENERGY EFFICIENCY

We supported our investments in energy use reduction and efficiencies with an internal carbon price of \$60 per tonne of CO<sub>2</sub>e in 2022, which will rise to \$65 in 2023. Since its inception in 2017, our internal carbon price has generated \$20.8 million to fund low-carbon investments and the energy efficiency and emissions reductions projects in our operations. In total, the Bank has allocated \$73.5 million in capital investments, including \$60 million to reduce energy consumption and improve energy efficiency across our global footprint since 2018.

We continue to explore opportunities to lower our overall carbon footprint through the design and construction of our buildings by selecting materials with lower embodied carbon, reducing energy consumption and improving the energy efficiency of our buildings.



### EXAMPLES OF ENERGY REDUCTION AND EFFICIENCY INITIATIVES IN 2022

INITIATIVE	2022 UPDATES
<b>Green Globes Certification</b>	<ul style="list-style-type: none"> <li>Completed renovations at two branches, making a total of 58 branches in Canada renovated to meet <u><b>Green Globes Certification</b></u>.</li> </ul>
<b>Lighting retrofit</b>	<ul style="list-style-type: none"> <li>Completed LED lighting retrofit projects at several large Canadian branches, resulting in annual savings of 6,825 MWh, and 1,160 tCO<sub>2</sub>e of GHG emissions.</li> </ul>
<b>Heating, ventilation and air conditioning (HVAC) retrofits</b>	<ul style="list-style-type: none"> <li>In Chile, replaced a combined 29 HVAC systems with higher efficiency equipment, resulting in annual energy savings of 37.6 MWh, and 16.3 tCO<sub>2</sub>e of GHG emissions.</li> <li>In Colombia, replaced several HVAC systems with higher efficiency equipment, resulting in annual energy savings of 478 MWh, and 92 tCO<sub>2</sub>e of GHG emissions.</li> </ul>
<b>Solar panel installations</b>	<ul style="list-style-type: none"> <li>Installed solar panels in the Dominican Republic that will provide an estimated annual energy savings of 167 MWh, and 87 tonnes of CO<sub>2</sub>e.</li> </ul>
<b>Building envelope windows replacement</b>	<ul style="list-style-type: none"> <li>Replaced windows with thermal performance windows at our Toronto headquarters, resulting in annual energy savings of 263 MWh, and 47 tCO<sub>2</sub>e of GHG emissions.</li> </ul>
<b>Electronic vehicle charging stations in Canada</b>	<ul style="list-style-type: none"> <li>Added three more vehicle charging stations in Ontario, reaching a total of 44 stations across 40 branches. These stations are available to the public 24 hours a day, seven days a week.</li> </ul>

In the Dominican Republic, we installed solar panels at Zona Franca Las Americas, generating an estimated

**489,715 kWh** of energy and reducing CO<sub>2</sub>e by an estimated

**288 tonnes.**



## WASTE MANAGEMENT

### REDUCING PAPER USE

By investing in online and app-based banking solutions, we have accelerated the adoption of digital banking among our customers and significantly reduced our paper use. In México, for example, we have saved 4.4 million sheets of paper, 1.8 million account statements and 1.8 million envelopes by shifting clients to digital banking over an eight-month period. We also consider paper composition and strive to use paper that is sourced sustainably.

### REDUCING ELECTRONIC WASTE

We aim to recycle and reuse electronic equipment to the fullest extent possible while ensuring appropriate customer and employee data-wiping protocols. All equipment the Bank can no longer use — from laptops to cables, cell phones, batteries and screens — is assessed for potential to recycle, refurbish for reuse or donate to charitable institutions.

In Chile, we provide new personal banking customers with a welcome kit made of recycled fibres and

**100%**

recyclable materials, all in a compostable bag.

Scotiabank is part of an effort to provide used technology to the Government of Canada's Computers for Schools Plus (CFS+) program. CFS+ refurbishes digital devices from government, private businesses and individuals for use by schools, libraries, non-profit organizations, Indigenous communities and eligible low-income individuals. In 2022, we donated 9,219 electronic items to this program.

Scotiabank has engaged with Rogers Communications to improve the collection of used corporate cellular devices to be re-sold or ensure eco-friendly disposal. With this program, when an employee is eligible for a phone upgrade, a pre-paid return package automatically accompanies the new device to facilitate the return of the old mobile device. In the first three weeks since its launch, 120 devices have been returned that will be diverted from the landfill, reused or recycled.

### SINGLE USE TO REUSABLE PACKAGING

Scotiabank's Food Services team uses creative and practical solutions to reduce single-use plastic containers. At our Toronto headquarters in 2022, we piloted reusable containers that diverted 160 kilograms of waste, avoided 463 kilograms of GHG emissions and saved 22,316 litres of water. The program is being expanded in 2023 to include other corporate offices in Toronto.



## WORKING TO PROTECT BIODIVERSITY

Intertwined with our efforts on climate change action, biodiversity is an emerging and important issue in financial services. We are working to address risks to biodiversity within our sphere of influence and contribute to positive outcomes. This includes efforts with peers to better identify, assess and quantify biodiversity impacts related to finance and investment activities.

The impact of biodiversity and natural resources is considered within the ESG risk definition found in our ESG Risk Management Framework. We also use the Equator Principles risk management framework in partnership with our customers to identify, assess and manage environmental impacts when financing in-scope development projects (see p. [62](#)).

Scotiabank's dedicated Sustainable Finance group assists clients in incorporating sustainability into their financing strategies, including identifying eligible environmental projects for sustainable financing, such as those with biodiversity components. We also provide financing solutions that help companies maximize their impact in line with their ESG and biodiversity goals. Our **Sustainable Bond Framework** has specific categories related to biodiversity: Environmentally Sustainable Management of Living Natural Resources and Land Use, and Terrestrial and Aquatic Biodiversity Conservation.

We prohibit direct financing or project-specific financial or advisory services for activities in the **Arctic National Wildlife Refuge**.

### CMPC

Acting as global coordinator and bookrunner, Scotiabank helped Empresas CMPC execute a \$500 million sustainability-linked loan. CMPC is one of the world's largest pulp and paper companies. The loan's interest rate is tied to CMPC's performance against reducing its carbon footprint and reducing its industrial water use.



## SUPPORTING THE BIODIVERSITY OF OUR LOCAL COMMUNITIES

### Creating Local Habits with Green Roofs

Bee populations are declining in many places across the world. Urban beekeeping can help by boosting pollinators to support sustainability, food security and biodiversity. In Toronto, we have installed green roofs at our Wynford and Scotia Plaza buildings that provide habitat for plants and animals, including bees. The roofs also reduce air pollution and GHG emissions by acting as insulators, reducing the energy required for cooling and heating. We share honey produced by the bees with our staff to raise awareness of the project.

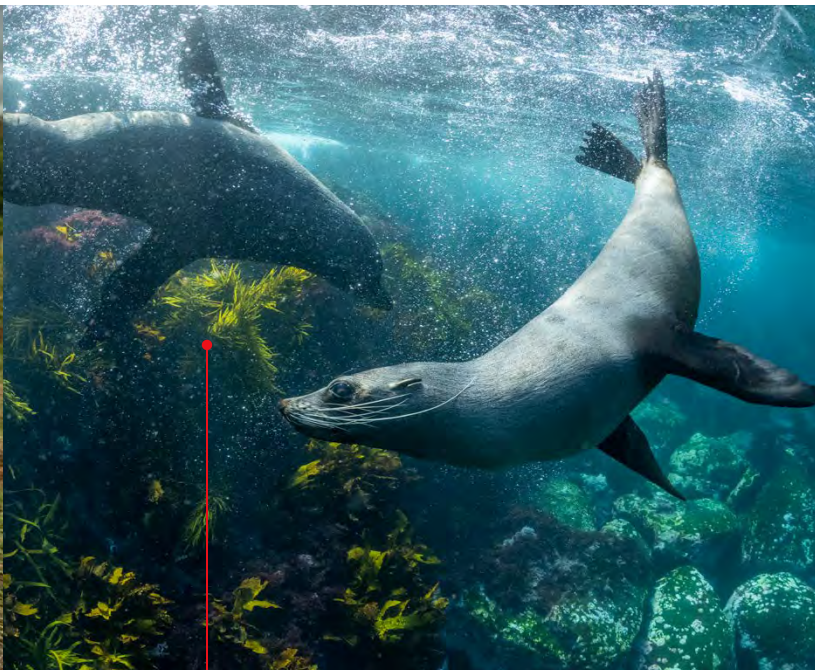
### Encouraging Kitchen Gardening

In Trinidad and Tobago, we supported the distribution of 200,000 vegetable seedlings and fruit trees to households, farmers and homes for children to promote the creation of kitchen gardens and grow boxes. Not only do kitchen gardens provide an ongoing source of nutritious food, but they also help reduce carbon emissions.

### Defending Nature

We are helping Canada protect 30% of its land, freshwater and oceans by 2030 through our support of **Nature Canada's Defend Nature Program**. Nature Canada promotes the benefits of protecting ecosystems, addressing species at risk and cooperating with other nations on cross-border conservation to protect and reconnect fragmented corridors.





#### Planting Future Forests

Scotiabank participates in a reforestation program, called **Print ReLeaf**, that plants trees to offset the paper we consume. The program helps the Bank measure our paper consumption and estimates the volume of trees required to produce that total weight of paper. Through ReLeaf's network, a certified reforestation project partner plants the trees to offset our consumption.

Through the Saving Amazon Foundation, **Scotiabank Colpatría** provided 1,328 trees to customers, which were planted by Indigenous communities in the Amazon. This helps avoid the development of activities that generate deforestation, conserving plant cover and promoting a circular economy, which supports more than 260 families in the region.

1,328  
trees were planted by  
Indigenous communities  
in the Amazon.

#### Investing in Blue

In 2022, Scotiabank invested \$300,000 over three years in the World Wildlife Fund Canada's Blue Carbon project. Blue carbon is carbon absorbed and stored in the plants, algae and sediments of coastal ecosystems. Experts believe that some underwater ecosystems can absorb more carbon than tropical forests. But, their planet-cooling function is threatened by marine pollution, resource extraction and coastal development. This project is examining the state of blue carbon in Canada to develop recommendations for nature-based solutions to help reduce CO<sub>2</sub> emissions and regenerate ecosystems.

\$300,000  
invested in the World  
Wildlife Fund's Blue  
Carbon project.

\$40,000  
contributed to the World  
Wildlife Fund Colombia  
to support research.

#### Protecting Ecosystems Through Research

Scotiabank contributed USD\$40,000 to the **World Wildlife Fund Colombia** for the creation of an environmental classroom to support research on biological diversity and economic alternatives to help conserve the Sumapaz Páramo, a biodiversity hotspot considered the largest ecosystem (alpine tundra) of its kind in the world.





# Social

Connected to our purpose — *for every future* — Scotiabank strives to advance an inclusive culture where every person is empowered to thrive, reach their fullest potential and belong. Through our community investments, partnerships and programs, we support more inclusive, equitable communities and foster economic resilience.

## IN THIS SECTION:

- 69 EMBEDDING A CULTURE OF DIVERSITY, EQUITY AND INCLUSION
- 81 SUPPORTING RESILIENT COMMUNITIES
- 87 ENABLING ECONOMIC RESILIENCE THROUGH SCOTIARISE
- 90 EMPOWERING OUR CUSTOMERS
- 95 SUPPORTING OUR CUSTOMERS

# Embedding a Culture of Diversity, Equity and Inclusion

## WHY IT MATTERS

One of our most important investments is the one we make in our people. By advancing diversity, equity and inclusion and implementing equitable and bias-free practices, we unlock our employees' potential to succeed. By building our leadership teams and maintaining a pipeline of diverse talent, we support individual growth and elevate our collective performance potential.

We have pledged to advance an inclusive workplace culture that exemplifies our core values of respect, integrity, accountability and passion. Scotiabank strives to be an employer of choice within the diverse communities we serve and embed equitable treatment into systems, practices and processes. We are committed to fostering a culture of belonging and equity, which celebrates diversity and inclusion. While we are proud of the progress we have made, we know there is more work to do to achieve our goals.

Our global Diversity, Equity and Inclusion (DEI) strategy guides our efforts to:

1. Advance diversity and equity within our workforce and recruiting channels.
2. Build an inclusive culture.
3. Drive strategies and formal employment equity plans to attract, retain and promote diverse talent.
4. Listen to our employees to better understand their lived experiences and existing barriers and reflect this in our programs to remove barriers to equity, inclusion and belonging.

The Human Capital & Compensation Committee of our Board of Directors oversees the Bank's global DEI efforts. At the management level, our Global Inclusion Council is responsible for our global DEI strategy. The Council's Executive Sponsor is Scotiabank's CEO; our Chief Human Resources Officer and Senior Vice President of Total Rewards serve as co-chairs. The Council brings together diverse representation from across the Bank and meets six times a year.

Each business line has an Inclusion Council responsible for implementation of the strategy and sharing practices across the Bank. Employees can also share ideas and discuss concerns with local councils. Our Employment Equity Committee is an employee-led committee composed of representatives from different **equity-deserving groups**. During quarterly meetings, it consults with our Global Human Resources team to support the implementation of Scotiabank's Employment Equity Plans and provide input into strategies to remove barriers to equity, inclusion and belonging.

### RELEVANT LINKS

[Diversity, Equity and Inclusion at Scotiabank](#)

[Allyship for every future](#)

[Scotiabank's Actions to Support Reconciliation](#)

[Employee Resource Groups](#)

[2021 Employment Equity Narrative Report \(Canada\)](#)



**“Diverse and inclusive teams perform better, are more engaged, more creative and lead to better decision-making. We continue to invest in building a strong pipeline of diverse talent, as we strive to be the employer of choice amongst the diverse communities that we serve.”**

– DAVID NOEL, SENIOR VICE PRESIDENT,  
GLOBAL HR SERVICES

## PRINCIPLES OF OUR DIVERSITY, EQUITY AND INCLUSION APPROACH

### Value Every Voice

Respecting and valuing our differences by committing to the inclusion of equity-deserving groups.

### Do the Right Thing

Investing in diversity, equity and inclusion and acting with integrity.

### Make It Happen

Holding ourselves accountable to embed equitable treatment into our systems, supports and processes.

### Be Committed

Bringing passion to our goal of becoming an employer of choice where everyone feels welcome and empowered to bring their whole selves to work.

### For Every Future

Listening, educating, acting and sustaining an inclusive culture in all countries where we operate.

## LISTENING TO OUR EMPLOYEES

We engage employees from equity-deserving groups in our work as we develop programs and plans designed to support them. Moreover, we have taken the initiative to segment equity-deserving groups' **ScotiaPulse** results to inform the development of our Employment Equity Plans and strategies to advance inclusion for equity-deserving employees.

## SURVEYING OUR GLOBAL DIVERSITY

Through an annual diversity survey in Canada, we ask employees to voluntarily self-identify as a member of an equity-deserving group to better understand the makeup of our employee population. This helps us design targeted initiatives to attract, develop and retain diverse talent. We recognize that countries have different compositions and approaches for equity-deserving people, and we are working to expand our diversity surveys to other countries. In 2022, we expanded our efforts and deployed our first global diversity survey for our employees in the United States, United Kingdom and Ireland, and will extend to Chile, Colombia, México and Peru in 2023.

## PLANNING FOR EMPLOYMENT EQUITY

Employment Equity Plans outline the policies and practices we use to proactively improve the hiring, development, promotion and retention of people from equity-deserving groups. These include approaches designed to remove barriers to employment and annual plans for increasing representation where we have identified that an equity-deserving group is underrepresented.

## PROGRESSING OUR REPRESENTATION GOALS

An inclusive workplace enables equitable access to opportunity for all employees. Scotiabank's **DEI goals** aim to increase the diversity of our employee population by 2025. These goals focus on advancing employees who identify as Black people, Indigenous Peoples, People of Colour, People with Disabilities and women. In 2022, **we added a new goal** to increase representation of employees in Canada who identify as lesbian, gay, bisexual or another diverse sexual orientation (LGBT+). By building an inclusive and diverse workforce where people feel they can be their authentic selves, belong and thrive at work, we build a winning team to better serve our customers and communities.

For more details about our activities in Canada, see our **annual employee equity narrative reports**.



Our enterprise-wide DEI strategy aligns with a Listen, Educate, Act, Sustain framework.

- 1. Listen:** Engage with employees in a trusted environment where employees feel comfortable about speaking up.
- 2. Educate:** Foster an inclusive culture by increasing awareness and breaking down barriers.

**3. Act:** Take action to attract diverse candidates and foster an inclusive culture that allows employees to perform to their highest potential and bring their whole selves to work.

**4. Sustain:** We are all accountable for sustaining a culture of inclusion and belonging through incorporating a lens of equity and inclusion into everything we do.



## GLOBAL WORKFORCE REPRESENTATION<sup>1</sup>

### BY REGION (TOTAL)



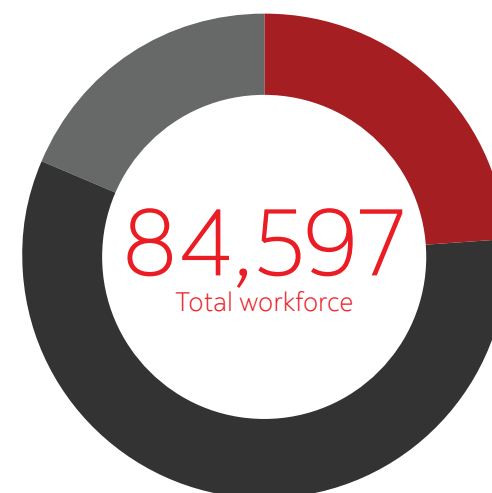
● Canada	42,502
● International	42,095

### BY GENDER (PERCENTAGE OF TOTAL)



● Women	54%
● Men	45%
● Diverse gender identities	1%
● Did not disclose	0.4%

### BY AGE (PERCENTAGE OF TOTAL)



● Under 30 years	24%
● 30 to 50 years	57%
● Over 50 years	18%

### DIVERSITY AT THE TOP

We believe the best boards of directors include a diverse mix of experience, expertise, perspectives, gender, gender identity and expression, age, sexual orientation, ethnicity, geographic background, personal skills and qualities. On our Board, 50% of our directors have self-identified as Black people, Indigenous Peoples, LGBT+ people, People of Colour, People with Disabilities and women. Women make up 36% of our Board (five directors), above our Board composition goal of at least 30%. Women have composed more than 25% of our Board since 2012 and we aspire to achieve gender parity on the Board. While it is not a new priority of our Board, we remain committed to increasing the representation of designated groups within it. Scotiabank is a signatory to the [Catalyst Accord](#), the [30% Club](#), the [BlackNorth Initiative](#) and other organizations dedicated to increasing the representation of women and other designated groups in business leadership.

For more information, see our [2023 Management Proxy Circular](#).



<sup>1</sup> The number of employees in Scotiabank's [2022 Annual Report](#) (p. 130) is presented on a full-time equivalent (FTE) basis. Unless otherwise stated, employee data in the 2022 ESG Report is provided on a headcount basis, excluding casual staff, students, interns, employees on leave, contingent workers, affiliates and subsidiaries where breakdowns are not available due to different reporting systems.



EMPLOYEE DIVERSITY – CANADA <sup>1</sup>		LABOUR MARKET AVAILABILITY (LMA)	
	TARGET		2022
SENIOR LEADERSHIP DIVERSITY (VP+ ROLES)			
Black People	3.5% by 2025 (BlackNorth Initiative Pledge)	1.0%	2.8%
Diverse Sexual Orientations			4.4%
Indigenous Peoples		3.2%	0.2%
People of Colour	30% or greater by 2025	11.5%	28.8%
People with Disabilities		5.0%	6.4%
Veterans			1.4%
WORKFORCE DIVERSITY (EMPLOYEE REPRESENTATION AS A % OF CANADIAN WORKFORCE)			
Black People		3.3%	5.2%
Black Student Workforce	5% or greater by 2025 (BlackNorth Initiative Pledge)		6.1%
Diverse Gender Identities			1.4%
Diverse Sexual Orientations	New goal: 7% or greater by 2025		4.6%
Indigenous Peoples	Double by 2025 compared to 2020	2.3%	1.2%
People of Colour		27.7%	40.5%
People with Disabilities	20% increase by 2025 compared to 2020	9.5%	7.9%
Veterans			0.8%

<sup>1</sup> Representation data is presented as at October 31, 2022, disclosed on a voluntary survey basis and is reflective of Canadian-based employee population responses only. DEI targets are set broadly in line with **Labour Market Availability (LMA)**. Statistics Canada calculates LMA for each designated group. See Leadership and Workforce Diversity data table in the **ESG Data Pack** for detailed table footnotes. Scotiabank continues to make efforts to enhance the availability and completeness of diversity and representation data.

## BLACK EMPLOYEES AND BLACK STUDENT WORKFORCE

- Black employees participated in McKinsey’s Black Executive Leadership and Management Accelerator Programs to develop Black professionals and hone their leadership skills.
- Partnered with **Accelerate Her Future™** to connect with women of colour at diversity-focused campus events.
- Attended campus events at several Canadian universities and partnered with Toronto Finance International to engage and attract Black students to the banking industry.

## INDIGENOUS PEOPLES

- Enhanced relationships with Scotiabank’s five **national Indigenous community partnerships**.
- Identified strategies and initiatives within our Indigenous Peoples Employment Equity Plan to increase hiring, development and retention of Indigenous employees.
- Established an iLEAD mentoring program for high-potential Indigenous employees to accelerate their development from middle management to leadership roles.

## LGBT+

- Announced our goal to grow diverse sexual orientation employee representation to 7% or greater by 2025.
- Broadened LGBT+ sponsorship program to retain and develop high-performing LGBT+ talent for future leadership roles.

## PEOPLE OF COLOUR

- Our Employee Resource Groups (ERGs) hosted several programs: New Hire Buddy Program by the Black Employee Network and a mentorship program by the South Asian Network.
- In March 2022, launched a sponsorship program with the goal to develop the next generation of diverse talent and increase retention by removing barriers to leadership advancement.

## PEOPLE WITH DISABILITIES

- Designed Bank-wide practices to increase inclusion and accessibility for People with Disabilities to support belonging and career development.
- Identified strategies within our Employment Equity Plan to increase hiring, development and retention of People with Disabilities.

## WOMEN

- Launched Elevate 2.0 program, supporting women’s growth and development in financial investment services, where they are underrepresented.
- Participated in the **UNGC’s Target Gender Equality** accelerator program.

## HIRING AND RECRUITING DIVERSE TALENT

DEI plays an important role in our approach to talent attraction, with a range of strategies to increase the recruitment of equity-deserving groups. We continue to review our policies, practices and HR systems, with a focus on the inclusion of people identifying as Black people, Indigenous Peoples, LGBTQ+ people, People of Colour, People with Disabilities and women to help ensure our employment systems support fair and equitable hiring. Our recruiting strategies are reinforced by the engagement and participation of our **ERGs**, which are core to the Bank's ability to be an employer of choice for diverse talent. The Bank has several dedicated **talent attraction programs** focusing on candidates from equity-deserving groups.

We have held six Inclusive Hiring and Unconscious Bias training sessions in 2022, to ensure HR professionals and the Bank's Talent Acquisition team are equipped to deliver more inclusive and equitable recruitment and hiring experiences. We employ technology to support consistent processes at a systems level. For example, to compose gender-neutral job postings for all roles posted by our Bank, we use a job analyzer tool that highlights potentially non-inclusive words or phrases. Following a successful pilot that helped to increase the hiring of students from equity-deserving groups, we scaled up our **"résumé-less" screening process** for campus hiring using talent acquisition assessment technology. All student and new graduate program roles in Canada, across all business lines, follow a résumé-less recruitment process.

To be more purposeful and inclusive in our hiring practices, our Talent Acquisition team works closely with **ScotiaRISE** to find candidates seeking employment. These innovative recruiting programs align job opportunities at Scotiabank with ScotiaRISE charities that employ equity-deserving groups. We have partnered with **The 519** to deliver career readiness workshops supporting LGBTQ+ newcomers and advanced efforts to recruit people displaced due to war (refugees) through our new partnership with **TalentLift Canada**.

Through our graduate leadership program, we are expanding our reach to diverse candidates with **Talent Incubators for Leaders of Tomorrow (TILT)** (see p. **32**). In 2022, 88% of the graduates we hired through **Ignition**, one of the rotational programs available through TILT, identified as women. In addition, we fund a **Scotiability Scholarship** at George Brown College to help students with a disability and an interest in banking defray the costs of their education.

**In 2022, 88% of the graduates we hired through Ignition, one of the rotational programs available through TILT, identified as women.**

## INCREASING RECRUITMENT OF INDIGENOUS PEOPLES

Indigenous Peoples account for 1.2% of our Canadian workforce. While this is an increase over 2021, it is still below the 2.3% labour market availability in Canada. Our Indigenous Employment Equity Plan strives to improve inclusion for Indigenous Peoples through activities such as targeted recruitment campaigns, candidate readiness initiatives, an Indigenous mentorship program and a professional development series for internal Indigenous talent. We are building stronger relationships and partnerships with Indigenous community partners and post-secondary institutions that have high representation of, and relationships with, Indigenous Peoples.

With our Indigenous Peoples Network ERG, we co-created an Indigenous professional development series focusing on topics of interest to Indigenous team members. The series supports the development of professional capabilities

and cultivates a sense of belonging by boosting confidence and connections. Indigenous employees who completed the sessions received credit through the Bank's learning management system to ensure we recognize the value of Indigenous perspectives and Indigenous learning and that it is included in the Bank's employee development programming.

We recognize the important contributions and perspectives that Indigenous Peoples provide our society and are committed to removing the systematic barriers they face in obtaining meaningful careers in banking. To advance our progress, we are introducing SOAR, a 12–24-month rotational development program. It is designed for Indigenous students completing post-secondary education, providing coach-supported opportunities to learn, practice and apply the skills required to succeed at Scotiabank.

## RETAINING TALENTED PEOPLE

We closely monitor turnover across our global footprint. Like many other businesses, we are experiencing tightness of labour markets. In 2022, we had a voluntary turnover rate of 14% and a total turnover rate of 23%. We have an active program of employee development, advancement and promotion of internal opportunities to retain our team members. In Canada, 42% of open positions were filled by an internal candidate. We continuously seek to improve our employees' career journeys and to inform our approach for retaining our employees. We gather feedback from them at important transition moments, such as when they join Scotiabank, at the time they move into a new role (including promotions or lateral moves) and if they decide to leave Scotiabank.



## SUPPORTING CAREER ADVANCEMENT

We invest in programs that support development and increase advancement and retention of diverse, high-performing employees. Our Scotia Inspire Program is designed to develop diverse high-potential directors and VP+ talent across the Bank, with a focus on Black people, Indigenous Peoples and People of Colour.

Following recommendations from employee listening sessions and other feedback mechanisms, Global Wealth Management piloted a nine-month Global DEI Sponsorship Program in partnership with the enterprise Diversity, Equity and Inclusion team. The program was established to develop the next generation of leaders by advancing high-performing individuals across diverse employee groups. Leveraging a data-driven and equitable approach, protégés had the opportunity to expand their professional network, build a relationship with their sponsor, and develop strategic influencing and presentation skills.

Based on feedback from the pilot, a Sponsorship Playbook has been designed to launch the program across the Bank in 2023. As part of program sustainment, we are tracking career advancement, including lateral moves and promotions, of protégé graduates for 18–24 months after the program's completion.

## STRENGTHENING OUR INCLUSIVE WORKPLACE

### EMPLOYEE RESOURCE GROUPS (ERGs)

Critical to our inclusion efforts are our **15 ERGs** and 105 national and global chapters. These voluntary, grassroot and collaborative groups span diverse gender identities, ages, abilities, sexual orientations, races, ethnicities, veterans and allies. Our global ERG Framework will support local DEI strategies and governance while advancing the Bank's global DEI strategy. Our global ERG Council of Chairs includes 88 members representing Canada, Chile, Colombia, Ireland, México, Peru, the United Kingdom and the United States. We relaunched our Global Women Council of Chairs, linking members from our 20 global women ERGs to strengthen inclusion for people who identify as women in our marketplace and workplace.

During our most recent employee ScotiaPulse, **94%** of respondents said they feel the Bank is committed to building an inclusive workplace.



## BUILDING A CULTURE OF ALLYSHIP

Everyone can be an ally, and everyone can benefit from allyship. An ally is any person who actively promotes and aspires to advance a culture of inclusion to create affirming and welcoming environments for everyone. However, we know from research that not everyone knows *how* to be an effective ally.

In 2022, Scotiabank launched a year-round allyship campaign, kicked off with a global virtual Allyship Summit for Change, which was the highest attended virtual event the Bank has held to date. Eight thousand two hundred employees participated in sessions about why allyship matters, unconscious bias and privilege, inclusive hiring and allyship practices. Ninety-two percent of summit attendees reported they were satisfied with the experience and gained value from attending the sessions. Throughout the year, we continued our communications and held special events to mark cultural moments and important milestone dates.

**Men Advocating for Real Change (MARC)** is just one example of how Scotiabank employees are stepping up as allies. Developed with **Catalyst**, MARC brings together men to advocate for women's equity. A team of 25 men from our Information Technology and Security department were the first to participate in the program at Scotiabank with 100% finding the experience relevant in a post-event survey.

### At Scotiabank, effective allies:



**Actively promote and advance a culture of inclusion.**



**Listen and educate themselves to take the right actions.**



**Consciously and intentionally challenge bias, confront discrimination and value every voice.**



**Are empowered to reach their fullest potential by leaders who value the power of diverse thoughts, experiences and perspectives and who treat everyone equitably.**



**“At Scotiabank, allyship isn’t about a day, a week or a month. Effective allyship involves actively pursuing inclusion 365 days a year. Because when we advocate for each other, we rise together.”**

– BARBARA MASON, GROUP HEAD & CHIEF HUMAN RESOURCES OFFICER, SCOTIABANK

#### RELEVANT LINKS

[Allyship for every future](#)

Check out our [Perspectives podcast: Leadership Series — The power of allyship in the workplace.](#)



## SUPPORTING BLACK PEOPLE AND PEOPLE OF COLOUR

We support the advancement and inclusion of Black people, People of Colour and their intersectional identities through our global DEI strategies and events focused on employee attraction, development and retention. Internally, we have six ERGs that support Black people and People of Colour.

Our Employment Equity Plan for People of Colour (including Black people) addresses representation gaps and barriers, identified with the support of employees that identify as Black people and People of Colour. The plan outlines systemic actions that will support employees of colour and Black employees across our footprint. We are proud to continue our engagement with the **McKinsey Black Leadership Academy**. This year, 20 Black employees in Canada attended McKinsey's Black Management Accelerator Program and the Black Executive Leadership Program.

**"I learned how to help myself stand out, while making a mark in my own way. It's been a fantastic experience and I feel the career options are endless when you work for a bank."**

– AYA SAEED, CUSTOMER CARE ADVISOR, SCOTIABANK

3 Cohorts      45 Graduates  
15  
Hired by Scotiabank

20

Black employees in Canada attended McKinsey's Black Management Accelerator Program and the Black Executive Leadership Program.



## ELEVATING DIVERSE TALENT FOR CUSTOMER CARE ROLES

To meet the growing demand for customer service professionals and support our DEI goals, we announced a three-year, fully funded Customer Care training program with **Elevate Talent**. The program trains and matches individuals from equity-deserving communities with companies in Canada's business and technology sectors. To date, there have been three cohorts and 45 graduates of the program, 15 of whom have been hired by Scotiabank. More than 900 participants are expected to complete the five-week program.

"What set the bar higher for me in this program was the chance at an interview to show what I can bring to the table," says Aya Saeed, Customer Care Advisor at Scotiabank, one of the first Customer Care training program graduates and new team member at the Bank's Toronto contact centre. "I learned how to help myself stand out, while making a mark in my own way. It's been a fantastic experience and I feel the career options are endless when you work for a bank."



## PROGRESSING LGBT+ INCLUSION

We support a culture that is inclusive of diverse sexual orientations, gender identities and gender expressions in which our employees and customers from LGBT+ communities and their allies can feel safe, valued and respected. We **set a new goal** to increase representation of people who identify as lesbian, gay, bisexual or another diverse sexual orientation (LGBT+) to reach 7% of our Canadian workforce by 2025. Our **Human Rights Statement** explicitly states this commitment to advancing human rights of LGBT+ people.

We are a founding member of **Partnership for Global LGBTIQ+ Equality (PGLE)** and the first Canadian bank to adopt the UN Global **LGBTI Standards of Conduct for Business**. We used the PGLE LGBTIQ+ Standards Gap Analysis Tool to inform our three-year LGBT+ inclusion roadmap, which aims to coordinate our efforts globally to advance belonging for LGBT+ people.

We recognize employees' pronouns, which are integrated in our employee directory, HR systems and email signatures. Our benefits coverage includes

support for gender-affirming procedures for employees in Canada and the United States, as well as their dependents (see p. **34**). Scotiabank provides health care benefits to same-sex partners of employees, and we have extended this coverage to partners of our employees in Barbados and Trinidad and Tobago. The Bank has expanded its health care benefits to include the same-sex partners of employees in Trinidad and Tobago, joining Canada, the United States, Brazil, Chile, Colombia, Costa Rica, México, Panama, Peru and Uruguay.

As part of our efforts to build allyship across the Bank, we offer a global LGBT+ Ally certification program, which includes learning modules on advancing the inclusion of people with diverse sexual orientations, gender identities or gender expression. To date, 8,400 employees have completed the program. In Chile and Peru, we held our first regional LGBT+ panel, "You Belong Here: Let's live our diversity with pride," to reinforce our culture of inclusion and belonging and learn from our employees, their family members and allies of the LGBT+ communities. More than 1,240 people attended via webcast.



## HELPING LGBT+ LEADERS THRIVE

Following a successful pilot in 2021, we expanded our LGBT+ sponsorship program to support the development and advancement of high-performing talent from the LGBT+ communities into future leadership roles. As of October 31, 2022, 40% of participants have been promoted, 100% remain at the Bank and 50% participate or lead an enterprise-wide initiative such as an ERG. Four participants also completed the Pride at Work Canada's THRIVE 2022 Leadership Program, a three-month virtual program that provides development support to the next generation of LGBT+ people managers.

# 100% score

achieved by Scotiabank in the United States, México and Chile on the HRC's most recent Corporate Equality Index. Scotiabank was named one of the Best Places to Work for LGBTQ+ Equality and recognized as a **Triple Winner** by the **Human Rights Campaign (HRC)** Foundation.

## ADVANCING THE INCLUSION OF INDIGENOUS PEOPLES

We are working towards reconciliation through thoughtful partnership with Indigenous Peoples, listening to Indigenous voices, educating ourselves about truth and reconciliation of the past and learning about Indigenous cultures. We are working alongside Indigenous employees to review our employee benefits, policies and wellness strategies with Indigenous perspectives in mind to provide culturally appropriate support. In September 2022, we updated our Traditional Indigenous Practices Leave Policy. It provides five paid days off for Indigenous employees to participate in Indigenous cultural practices and events. The Scotiabank Indigenous Peoples Network ERG is a growing group of Indigenous employees and allies within the Bank who share and celebrate their Indigenous identity and offer community and connection for new employees. Over the past year, we held seven recruitment, cultural awareness and candidate readiness sessions and four professional development workshops for internal Indigenous talent.

Our Indigenous Cultural Competency training, developed together with members of our Indigenous ERG, continues to be mandatory for all Scotiabank employees in Canada and global employees serving Canadian customers. The training is designed to help Scotiabank employees be better partners and allies to Indigenous colleagues, communities and customers. Externally, Scotiabank provides tailored financial fitness programs upon request, which can be directed towards youth, young adults and adults and consider the unique legislation that impacts the financial affairs of Indigenous Peoples.

## ORANGE SHIRT DAY AND THE NATIONAL DAY FOR TRUTH AND RECONCILIATION

As part of Scotiabank's 2022 [observance of Orange Shirt Day](#) and the National Day for Truth and Reconciliation in Canada, employees learned about the experiences of Survivors of residential schools, the intergenerational trauma the schools continue to cause and steps they can take towards reconciliation. For several years, Scotiabank's Orange Shirt Day/ National Day for Truth and Reconciliation has featured prominent guest speakers from the Indigenous community as well as fireside chats between Indigenous Scotiabank employees and members of the Bank's senior executive. Our National Day of Truth and Reconciliation [website](#) provides information on how we support our communities, employees and customers, as well as advancing the attraction, retention and development of Indigenous talent.

## BUILDING AN INCLUSIVE ENVIRONMENT FOR PEOPLE WITH DISABILITIES

Scotiabank champions accessible and inclusive practices for employees, exploring how we can remove barriers and enhance our efforts to attract, retain and develop people with visible and non-visible disabilities. We develop tailored workplace accommodation plans to address the diverse needs of colleagues living with a disability, including the provision of modified workstations and adaptive technologies and training.

In 2022, our DiversABILITY ERG hosted our first International Day for Persons with Disabilities webcast, offered in four languages (English, French, Spanish and American Sign Language) with live captioning. We explored how we invest in programs to support greater inclusion, including a [talent recruitment program](#) for People with Disabilities. In 2022, we reviewed our accessibility policies, plans and processes across our business lines as part of our three-year [Accessibility Plan](#) and Employment Equity Plan. We also launched "Rethinking Accessibility," a global mandatory training course for employees to recognize, support and accommodate the diverse needs of our colleagues and customers.

## SUPPORTING VETERANS

Scotiabank's long-established Veteran's Network continues to support the inclusion of employees and candidates who are military veterans and reservists. The network continues to grow, expanding its membership by 6% in 2022. The network supports awareness of the Bank as a destination for military talent, connecting with innovative programs like [Coding for Veterans](#) and co-hosting events with other ERGs and Veterans Affairs Canada. Supporting current and transitioning veterans, the network also pairs veterans with mentors at the Bank to support their career development.



Scotiabank's Indigenous Peoples Network ERG received the [Workplace Culture Impact Award](#) for 2022 at the Seramount ERG Impact Awards celebration. The ERG meets monthly to share and celebrate Indigenous identity, mentor new employees and host events for all Bank employees to learn about Indigenous cultures.

### RELEVANT LINKS

[Scotiabank's Actions to Support Reconciliation](#)



## PAYING EQUITABLY

We annually review and analyze compensation information in several countries as it relates to gender. Within Canada, we have expanded our compensation analysis to include additional equity-deserving groups such as People of Colour and People with Disabilities. While we undertake a similar review for Indigenous Peoples, the small population sizes make meaningful interpretation of the data difficult. We apply our compensation policies and programs consistently across all equity-deserving groups and have specific action plans for advancing the representation of Indigenous Peoples.

We conduct a like-for-like comparison, reviewing median remuneration by designated group for roles at the same level and similar compensation structure. While the objective of our equal pay program is to eliminate wage gaps, we acknowledge there may be modest variances (both positive and negative) as a result of differences in performance, experience, scope of the role and the external value and/or demand of skills in each market.

## MEDIAN TOTAL COMPENSATION (CANADA)<sup>1</sup>

ROLE	WOMEN RELATIVE TO MEN	PEOPLE OF COLOUR RELATIVE TO ALL OTHER EMPLOYEES	PEOPLE WITH DISABILITIES RELATIVE TO ALL OTHER EMPLOYEES
Vice President, Senior Vice President	95% <sup>2</sup>	99%	99%
Management-Seasoned Professional	97%	100%	98%
Professional, Administrative and Operational	100%	99%	99%
All job levels	98%	100%	98%

Overall, our wage gap analysis conducted in 2022 showed that:

- **People of Colour:** We have achieved equal pay within the management-seasoned professional level. At the junior and executive levels, we have a variance of less than 1%.
- **People with Disabilities:** Overall we observe a variance of less than 2% in remuneration across job levels.
- **Women:** We realized modest improvements year-over-year; however, these were not enough to materially reduce all wage gaps. As such, our position remained broadly flat year on year. We maintain equal pay within our junior roles and continue to observe a variance of less than 3% at the management-seasoned professional level. There is a slightly wider (5%) variance at the executive level, which is largely driven by role and demographic differences.

With respect to wage differentials at the management and executive levels, we recognize some areas within the Bank are less balanced between women and men than others. We continue to focus on actions to close these gaps and remain committed to ensuring remuneration design and decision-making is fair, transparent and performance based.

Our compensation policies and programs are gender neutral and bias free by design and are rooted in our robust job evaluation process. These are guided by a pay-for-performance philosophy that supports our strategy for enabling winning teams, encouraging strong corporate performance and helping the Bank create and sustain shareholder value. All employees within the same role and/or industry have the same opportunity to earn compensation based on performance or other established criteria. Furthermore, we have several programs in place, including recruitment initiatives, to increase diversity and inclusion across the Bank. By strengthening our talent pipeline and striving to ensure 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.

The Board's Human Capital & Compensation Committee oversees human capital and compensation strategies related to DEI, employee health, safety and wellbeing, and other ESG policies and practices. For more information, see our [2022 Annual Report](#), p. 108.

<sup>1</sup> Total remuneration includes base salary, short-term incentives and long-term incentives (where applicable). To ensure a like-for-like comparison, all employees in full-time roles within Canada were included, excluding those in frontline sales or participating in a specialized incentive plan.

<sup>2</sup> Wage gaps are largely driven by demographic and role differences. Please refer to full commentary in this section.



## EMPOWERING WOMEN'S DEVELOPMENT AND ADVANCEMENT IN THE WORKPLACE

We support the ability of women employees to succeed and reach their fullest potential in every country in which we operate.

- Together with our long-time partner **Catalyst**, we hosted advancement opportunities awareness events for women in Chile, Colombia, México and Peru. Jointly, these countries launched a virtual training program to promote career advancement called "Empowering Women." The training program helped 40 participants strengthen their leadership and networking skills, as well as foster a connected regional network of women.
- In México, 470 women participated in our "Mujeres Win" learning program in 2022. Through the program, women accessed monthly training sessions on leadership and communication skills and attended networking sessions with senior leaders. Twenty-two women who participated have been promoted to new roles. One of these women is Helena Trinidad, a 10-year employee recently appointed as Vice President Commercial Credit, Scotiabank México. "My career advancement is not only thanks to my own efforts, but also thanks to the teams I have been collaborating with, the leaders and the Bank's support," shares Helena.

- Based on data showing a higher number of women leaving financial services at the mid-point in their careers, we customized our six-month Elevate development program in Canada for women at the associate director and director level in our Global Banking and Markets business line. The program incorporates development-focused sessions, mentorship meetings and networking for participants to increase their exposure to senior leaders. More than 350 associate directors completed the six-month program, and 95% remain with Scotiabank two years later.
- Launched Elevate 2.0 program, supporting women's growth and development in financial investment services, where they are underrepresented.
- Participated in the **UNGC's Target Gender Equality** accelerator program.

Beyond our own programs, we participate in **UNGC Canada's Blueprint for Gender Equality**. We deepened our partnership with Catalyst by becoming a Global Expert Community Supporter, allowing us to support Catalyst research and share practices with other supporters.

For more information, see Scotiabank's annual **Employment Equity Narrative Report**.



In 2022, women held

**38% of VP+ roles**

and we continue to progress towards our global target of 40%.

**42% of promotional appointments** are women moving into VP and SVP roles.

Scotiabank made the 2022 **Bloomberg Gender-Equality Index** for a fifth consecutive year.

### RELEVANT LINKS

See **ESG Data Pack** for more data about women in leadership and our workforce.

# Supporting Resilient Communities

## WHY IT MATTERS

In a world where the only constant is change, building the resiliency of societies around us is vital. We invest *for every future* by working to advance financial inclusion, community and economic resilience to contribute to healthy, vibrant communities. Our Bank and our communities are intrinsically linked, and it is by rising together that we achieve the greatest success.

## COMMUNITY INVESTMENTS

Scotiabank gives back to the communities in which we live and work. In 2022, our commitment was stronger than ever. Our global Community Investment Strategy connects our purpose — *for every future* — with our business, employees, community engagement strategies and approach to community investment connections. The Bank’s Vice President and Global Head of Social Impact and the Chair of our Community Investment Committee have joint responsibility of our community investment program and present regular updates to our investment committee. The CEO and Board oversee significant investments and signature initiatives, including ScotiaRISE.

## 2022 GLOBAL COMMUNITY INVESTMENTS

CONTRIBUTION BY TYPE	CONTRIBUTION
Cash	\$84.1 million
Time <sup>1</sup>	\$1.2 million
Management costs <sup>2</sup>	\$5.7 million
<b>Total</b>	<b>\$91.0 million</b>

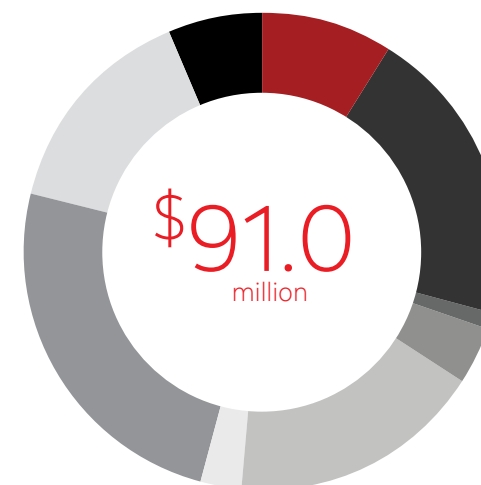
Total community investment contribution for the 2022 fiscal year was independently verified by the London Benchmarking Group (LBG) Canada. LBG is recognized as the global standard for managing, measuring and reporting community investment.

As an **Imagine Canada Caring Company**, Scotiabank gives 1% of domestic pre-tax profits to support charitable and non-profit organizations in the communities where our employees live and work in Canada.

For profiles of organizations we support, explore our **Perspectives: Impact stories**.



## COMMUNITY INVESTMENT (\$ MILLIONS)



Arts/Culture/Humanities	\$8.3
Education	\$18.3
Employee Volunteering	\$1.2
Environment	\$3.3
Health	\$15.7
Other <sup>3</sup>	\$2.5
Social Services	\$22.5
Sports & Recreation	\$13.5
Management costs <sup>2</sup>	\$5.7



**“Building economic resilience is crucial to ensuring that communities across our footprint can thrive. We are investing in innovative organizations and life-changing initiatives to break down barriers that keep people from reaching their full potential.”**

– MARIA SAROS, VICE PRESIDENT & GLOBAL HEAD, SOCIAL IMPACT

## RELEVANT LINKS

[ScotiaRISE](#)

[2022 Community Investment Verification Statement \(LBG Canada\)](#)

<sup>1</sup> Monetary value of volunteer time is calculated using hourly wage rate and working hours per the LBG Canada model.

<sup>2</sup> Management costs include eligible expenses such as salaries of community investment staff, information technology and consulting fees, promotion costs and reporting expenditures.

<sup>3</sup> Other category includes human and civil rights, animal welfare and other community investments not easily classified into existing categories.



### COLLABORATING ON EDUCATION

We develop relationships with research and academic institutions to support economic resilience, advance sustainability and accelerate digital and innovation transformation. In 2022, our academic partnerships represented \$18.3 million, including:

- Aligned with our ScotiARISE goals, we provided \$2 million to support **McGill SCS Experiential Empowerment & Development (SEED) Initiative**, a unique 360° experiential training and professional certification program providing critical training specifically for newcomers targeted at interrupting the cycle of poverty for newcomers and disadvantaged communities. By building critical career skills, SEED will help newcomers and equity-seeking populations meaningfully contribute to the labour market and economy.

- Donated \$1.4 million to Concordia University, for two ScotiARISE-related programs. Kaié:ri Nikawerà:ke (an Indigenous Bridging Program) helps members of Indigenous (remote, First Nations, Métis and Inuit) communities to obtain prerequisites and gain important skills and insight before they undertake university studies. The other, Career Roadmap for International Student Excellence at the John Molson School of Business, increases the employability of international students through job and internship search strategies, industry intelligence tools and facilitating networking connections with professionals in industry.
- Our \$800,000 investment in the **NEXT program** supporting high-impact social and sustainability ventures facing roadblocks to launch and scale. The program seeks to increase the chances of success and impact for ventures by providing entrepreneurs access to specialized mentors and advisors (including Scotiabank employees), additional funding opportunities, networking events and specialized lectures and workshops.



### SCOTIABANK CENTRE FOR DIGITAL TRANSFORMATION

In collaboration with the Santa Maria Technical University in Chile, we established a Digital Transformation Solutions Lab and Scotiabank internship program for women in computing. The \$1.25 million initiative offers participants hands-on training in software development, human-centred computing, cybersecurity, AI and data science, as well as other skills such as effective communication.





## SUPPORTING HEALTHY COMMUNITIES

In 2022, we contributed to the health and safety of people in our communities by investing \$15.7 million in health care-related initiatives and organizations such as:

- The **DocTocToc Mobile Clinic**, which will receive funding from our ScotiaRISE initiative to give disadvantaged kids an equal chance at a healthy life. Supported by a four-year, \$1 million donation to The Montreal Children's Hospital Foundation, the DocTocToc pediatric bus clinic offers close-to-home medical care and psycho-social pediatric services in Montreal's northern boroughs to vulnerable children and families with children zero to five years old.
- The **BC Children's Hospital Foundation**, which seeks to harness the power of technology to create a virtual education platform providing children and families with equal access to life-saving diabetes resources, training and peer support

networks. Through a five-year, \$750,000 grant from Scotiabank, the Foundation will build expert knowledge and skills among health care providers across British Colombia and help grow a province-wide registry to advance diabetes research discoveries in the patient care setting.

- The **Princess Elizabeth Home for Handicapped Children (PEHHC)** in Trinidad and Tobago, which supports thousands of physically challenged children from lower-income households. By providing surgical treatment, rehabilitation, therapy and education, PEHHC seeks to ensure all children will lead productive lives. Scotiabank donated TTD\$1 million (CAD\$200,000) towards the Home's new orthopaedic wing to help more children gain access to the care they need.



## CONTRIBUTING TO DISASTER RELIEF

Scotiabank supports humanitarian and emergency relief appeals in Canada and internationally to help those affected by natural and human-caused disasters and crises. Across our global footprint, we provided \$1 million in 2022. Examples include:

- **Relief Efforts for Ukraine:** In the wake of the humanitarian crisis caused by Russia's war against Ukraine, collectively we ensured **more than \$1 million** in aid to support humanitarian and resettlement efforts in Eastern Europe, making it easier for our customers to get financial support to the Ukrainian people and their families. **Scotiabank stands with Ukraine** supported the Canadian Red Cross' Ukraine Humanitarian Crisis Appeal and UNICEF Canada's Hope, Help and Healing Appeal, with our employees giving more than \$70,000.

- **Floods in Pakistan:** Contributed \$50,000 to the Canadian Red Cross to support immediate and ongoing relief, recovery and resiliency efforts.
- **Hurricane Fiona:** Contributed \$250,000 to the Canadian Red Cross to get urgent relief to those in **Eastern Canada affected by the hurricane** and support long-term recovery and resiliency efforts. In addition, Scotiabank branches in Canada accepted donations to the Canadian Red Cross' Hurricane Fiona Appeal and worked with affected customers to provide assistance such as deferrals on payments, fee reimbursements and easier access to funds.



## INCREASING WAYS FOR EMPLOYEES TO GIVE BACK

For 100 years, “Service” has been one of our core values, brought to life by thousands of Scotiabank employees around the world who volunteer their time and raise funds for causes they value.

In 2022,  
**35,000 employees**  
dedicated 86,000  
volunteer hours in their  
local communities.<sup>1</sup>

Scotiabank donated  
**\$1.5 million**  
through employee  
community programs.

## COMMUNITY ENGAGEMENT REIMAGINED THROUGH SPARK

Spark is our new community engagement platform, launched in 2022. It empowers team members to give by easily finding volunteer opportunities and participating in our corporate donation matching programs. Employees can apply for corporate donation matching<sup>2</sup> through Spark, allowing them to give back whenever and however they prefer. In addition, employees can receive volunteer reward dollars for every hour they give back to the community, up to \$1,000 annually. Spark offers a variety of engagement opportunities with more than two million charities and non-profits worldwide.

The first seven months of our Spark Community Engagement platform demonstrated an enthusiastic response from our employees globally:

- **3,700** charities and non-profits received support
- **Over 1.1 million** charity page views

Scotiabank employees raised millions for numerous causes and organizations in 2022, including a record \$10.8 million in our Employee Giving Campaign, an annual giving drive in Canada.



Scotiabank supports employee volunteering through two programs, raising a total of \$1.5 million in 2022.

- **Scotiabank Employee Volunteer Program (SEVP):**  
With Spark, employees can track all volunteer hours and earn dollar rewards to donate to their charities of choice.

- **Scotiabank Team Community Program (STCP):**  
Employees can work together to raise funds in the community, driving both social impact and relationship building. In 2022, 2,396 STCP volunteers supported their communities.

<sup>1</sup> As a result of the launch of the new volunteer platform, Spark, employees were eligible to log volunteer hours up to the end of the calendar year. Hence, data is reported as of December 31, 2022.

<sup>2</sup> The Bank offers corporate matching when two or more employees raise funds for a qualifying community organization.





We have hosted more than 16,000 girls at [Scotiabank Girls HockeyFest](#) events across Canada since 2006.

## CHAMPIONING ACCESS TO SPORTS

Helping more youth participate in sports across the Americas not only supports the health of communities, it builds life skills and values such as leadership, respect, integrity, teamwork, discipline and responsibility. It also is another way we seek to combat racism, support newcomers and advance diversity, equity and inclusion.

## HOCKEY FOR ALL

As Canada's "Hockey Bank," we are committed to helping deliver positive change by working to ensure that the sport is safe, inclusive and accessible. Now in its second year, our [hockey for all](#) initiative works with youth and organizations committed to supporting an inclusive hockey culture and provides financial assistance to increase accessibility of the sport for underrepresented community teams, leagues and organizations. In 2022, we made progress towards our ambition of positively impacting the lives of 250,000 youth throughout Canada. We also continued to serve as title sponsor of Scotiabank Hockey Day in Canada for the 12th year.

In 2022, across the *hockey for all* initiative, we invested \$2.95 million in organizations that help to make hockey more accessible, benefiting over 290,000 people over the hockey season.

Watch our [video](#) to learn why Scotiabank is on a mission to make hockey more diverse, more inclusive and more accessible for all.



## BRINGING AWARENESS TO THE BIG SCREEN

Scotiabank joined athlete empowerment brand [UNINTERRUPTED Canada](#) to sponsor its original documentary feature, *Black Ice*. The full-length film, which made its international premiere at the Toronto International Film Festival in September, explores the journey of Black hockey players from the creation of The Colored Hockey League of the Maritimes to the modern-day National Hockey League, highlighting their often-overlooked contributions to the game.



## SOCCER

Soccer is not only a sport but a way of life for many kids and adults. The **Scotiabank Fútbol Club (SFC)** community soccer platform supports inclusive and equitable programming for youth in socio-economically marginalized communities and for at-risk populations across Latin America. Partnerships with organizations such as **Special Olympics LatAm**, the **FC Barcelona Foundation** and She Wins, among others, have helped SFC provide access to the sport for 15,000 children and youth with physical and mental disabilities, as well as those in underserved and at-risk populations.

After a two-year pandemic hiatus, SFC resumed in-person programs in 2022 and expanded with new programs in the Dominican Republic and Canada. We also restarted our Community Fields Program, donating and installing five new community soccer pitches, including our first Canadian pitch in the Snaw-Naw-As Indigenous community in British Columbia, Canada. The mini pitches have the potential to benefit over 1,000 Indigenous children and youth annually.

Our flagship program, the National Youth SFC Championships, took place in seven countries in 2022, reaching 8,200 children — 38% of whom were girls.

Since 2014, the SFC's inclusive, free programs have provided equipment, uniforms and experiences to over half a million children and youth.

**“My motivation has always been to be able to play soccer with other girls. Thanks to this opportunity, I can continue my career as a soccer player and continue seeing many more girls... all girls should play without fear because soccer has no gender.”**

– TIFANIA GARZA FROM MÉXICO



The Girls Youth Championship in Colombia (pictured above) is an example of the national competitions we organize that give schools and community teams opportunities to participate in top-level championships.










Scotiabank's "Everyone on the Field" campaign celebrates how the Bank is using soccer as way to help empower youth and support more inclusive access to sports.

# Enabling Economic Resilience Through ScotiaRISE

Launched in 2021, ScotiaRISE is a 10-year, \$500 million community investment commitment to strengthening economic resilience among disadvantaged<sup>1</sup> people and groups.

ScotiaRISE has seven program themes that are common to all focus areas. We factor and track our activity related to these themes in our approach to measuring social impact:

-  Access to Credit
-  Allyship
-  Financial Literacy
-  Job Search
-  Mentoring/Network
-  Skilling/Tutoring
-  Supporting Costs

<sup>1</sup> Disadvantaged: A person (or group) in unfavourable circumstances with regards to financial or social opportunities.

## SOCIAL CHANGE GOAL

Helping disadvantaged individuals, families and communities become economically resilient by helping them adapt to change, overcome barriers and fully participate in the economy.

ScotiaRISE will invest in three focus areas across the geographies where Scotiabank operates:

## \$60 million

distributed in our first two years



Increasing high school graduation and post-secondary participation



Removing barriers to career advancement for disadvantaged groups



Helping newcomers feel at home faster

## PROGRAMS

### High School:

- Academic tutoring
- Financial and technology support
- Anti-bias and inclusion programs for students and teachers; culturally relevant curriculum

### Post-Secondary Education:

- Mentoring
- Supporting costs
- Preparation programs for post-secondary success
- Financial literacy

- Build career-relevant knowledge, skills and competencies (work or entrepreneurial)
- Mentorship & coaching; access to a professional network

- Access to capital (entrepreneurs)
- Internships (career entry)
- Financial literacy

- Job search support
- Mentoring within professional field
- New work/trade skills to improve employability
- Ancillary needs to help newcomers succeed in the workplace

- Access to credit to enable business start up or reaccreditation
- Financial literacy
- Social or professional life skills (financial, language, cultural, etc.) to improve chances of employability
- Workplace inclusion programs

## EXPECTED OUTCOMES

- Improved attitude to, and engagement in, school
- Increased high school graduation (or reduced dropout rate)
- Increased post-secondary participation

- Improved work-readiness for those entering the workforce or launching a business
- Increased employment and business start-up opportunities
- Increased career advancement opportunities

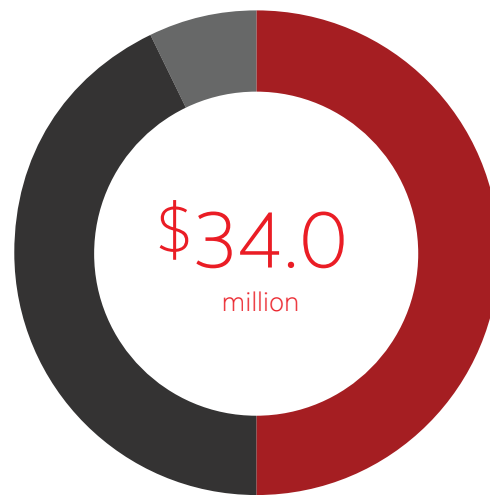
- Reduced time to secure a job
- Better able to navigate financial and social issues which may positively impact economic inclusion

## REPORTING ON PROGRESS: YEAR TWO

In our second year, ScotiaRISE supported more than 200 community partners with \$34 million in community investments globally. Key highlights included:

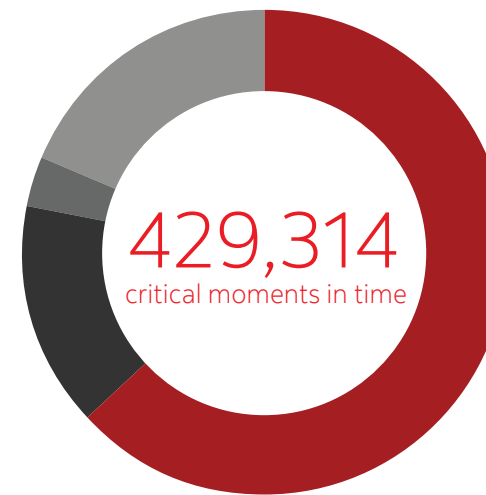
- Increased year-over-year investment as the overall Scotiabank community investment portfolio evolves with greater focus on economic resilience.
- Strengthened reporting by charitable partners as more program cycles were completed in year two, increasing our total reportable investments by 64%.
- Continued investment in thought leadership to understand current and emerging issues as well as root causes of inequity to maintain a relevant approach to community investment.
- Scotiabank received *The Banker* magazine's global **Banking in the Community 2022 Award** recognizing ScotiaRISE and its impact on the community.

## SCOTIARISE INVESTMENT



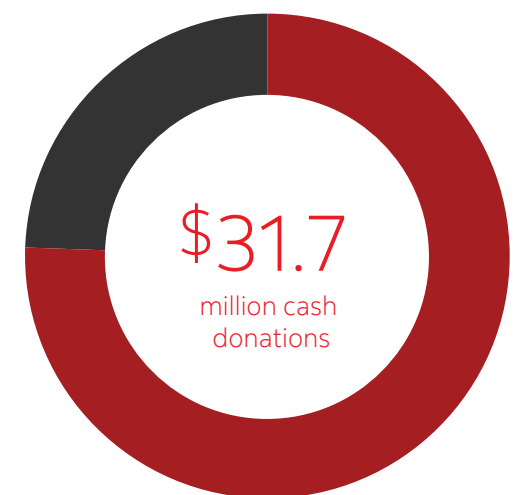
- Total reportable investments<sup>1</sup> **\$16.9**
- Total non-reportable investments<sup>2</sup> **\$14.8**
- Employee volunteerism and management expenses **\$2.3**

## HELP PROVIDED BY SCOTIARISE



- Education **271,753**
- Employment **64,131**
- Newcomer support **14,269**
- Supporting programs **79,161**

## GEOGRAPHICAL BREAKDOWN



- Canada **\$24.3**
- International **\$7.4**

Our methodology is based on a Social Impact Framework that guides our decision-making towards credible and strategic investments. This lays a foundation for social impact metrics and key performance indicators (KPIs) to measure and evaluate results and progress.

<sup>1</sup> Includes programs that received funds, were in operation or completed for the reporting year, and that submitted a reporting response.

<sup>2</sup> Includes programs where Scotiabank did not request reporting or where a reporting response was not received.

<sup>3</sup> Critical moments in time are instances where an individual or group received support, training and/or resources through a program enabled by a ScotiaRISE investment.

## IMPACT BY PROGRAM AREA THEME (CRITICAL MOMENTS IN TIME<sup>3</sup>)

	Access to Credit	1,272		Mentoring/Network	88,727
	Allyship	70,330		Skill/Tutoring	65,923
	Financial Literacy	73,390		Supporting Costs	44,439
	Job Search	7,328			



## SCOTIARISE — 2022 PARTNERSHIP HIGHLIGHTS

### INCREASING HIGH SCHOOL GRADUATION AND POST-SECONDARY PARTICIPATION

- With a three-year investment of \$750,000, Scotiabank renewed its partnership with **Teach For Canada**, an Indigenous-led, non-profit organization that works with northern First Nations to recruit, prepare and support teachers. Scotiabank will support the organization's recruitment and retention efforts in remote First Nations schools as it expands nationally, increasing its First Nations partnerships from 20 to 35. The project seeks to improve education and learning outcomes for 6,000+ northern First Nations students and strengthen Teach For Canada's professional development programming to build the capacity of local educators.
- We renewed a \$900,000 community partnership with **Pathways to Education** to support newcomer and immigrant youth by removing barriers to high school graduation and providing critical support to help students access educational opportunities and successfully plan for their futures. Approximately 9% of youth in Canada do not earn a high school diploma. That number can be as high as 50% in low-income communities where newcomer and immigrant youth often face amplified barriers to high school graduation. The Pathways to Education program provides newcomer and immigrant youth in Canada with resources, opportunities and guidance to build a foundation for a successful future.

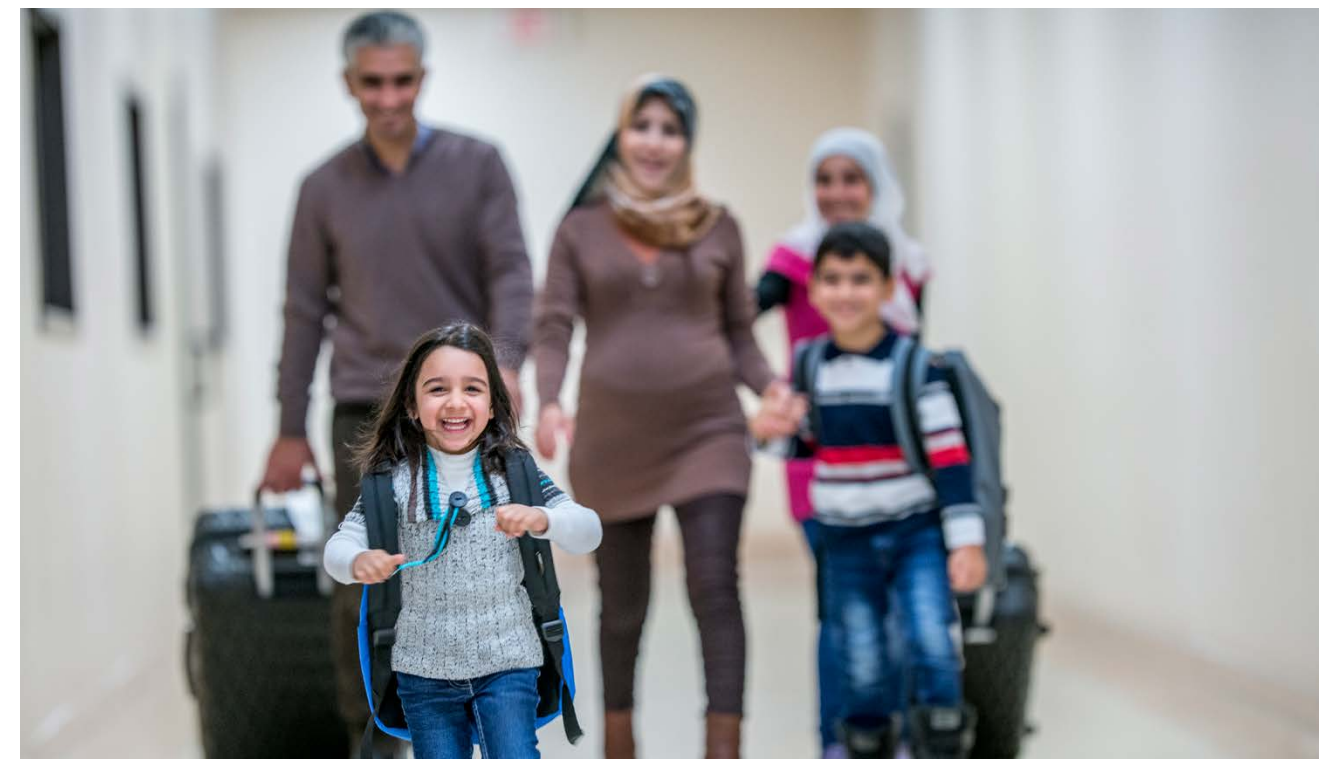
- We are strengthening education with **Save the Children Colombia** with a commitment of USD\$220,000 over two years to reduce school dropout rates in the communities of Pamplona, Norte de Santander and Tumaco, Nariño.

### REMOVING BARRIERS TO CAREER ADVANCEMENT FOR DISADVANTAGED GROUPS

- ScotiARISE pledged \$900,000 to Habitat for Humanity Canada's "**Every Youth Initiative**," for young people to gain experience in skilled trades through volunteer, education and skill-building activities. Through our national partnership, Scotiabank supports Habitat for Humanity Canada in reaching diverse young people, including at-risk and Indigenous youth, in communities across the country. This will help build stronger communities by equipping young Canadians with in-demand job skills and increasing the supply of affordable homes.

**“Youth will not only have the opportunity to learn trades but also gain skills in areas such as teamwork, communication and time management — skills that will prepare them to be more successful in life.”**

– JULIA DEANS, PRESIDENT & CEO, HABITAT FOR HUMANITY CANADA



### HELPING NEWCOMERS FEEL AT HOME FASTER

- As part of the Bank's **\$1 million commitment towards supporting Ukraine humanitarian and resettlement efforts**, Scotiabank partnered with **TalentLift Canada**, a non-profit talent agency that supports job seekers living as refugees to access employment in and relocation opportunities to Canada. The program supports displaced job seekers by connecting them to Canadian hiring teams and helping submit visa applications, relocate alongside their families and settle into their new communities. By investing in programs such as this, Scotiabank helps newly arrived people navigate some of the most pressing barriers, such as lack of employment and family separation, and successfully build a new life in Canada.

- Many LGBT+ people across the world face systemic, state-enabled homophobia and transphobia, which can displace them from their own country or prevent them from escaping harm. We are partnering with the international LGBTQI+ rights organization **Rainbow Railroad** in a three-year, \$495,000 commitment that will provide direct support to LGBT+ people fleeing persecution in countries of origin and post-evacuation support in Canada, the United Kingdom and the United States. It will also help strengthen Rainbow Railroad's ecosystem of partner organizations around the world that defend the human rights of LGBT+ people.

# Empowering Our Customers

## WHY IT MATTERS

Unleashing people's economic potential starts with connecting them to the vital networks that link the modern economy. Access to, and integration into, these networks increases productivity and results in economic resilience and sustainable growth. At Scotiabank, we connect people to secure ways of receiving, storing and managing their finances, leveraging our assets and competencies in the form of data insights, capital, expertise and technology. Through our services, products and expertise, we help more people access financial services and thrive — *for every future.*

## ECONOMIC INCLUSION: ENABLING ACCESS THROUGH LOW- AND NO-FEE BANKING

The economic uncertainty that has defined the past several years has only intensified our focus on delivering value and advice to our customers, as we rolled out new services, products and tools to help them manage the challenges they are facing.

The benefits of banking and access to finance should be within everyone's reach. Banking fees limit the ability of many people to access financial services. Scotiabank removes these barriers by offering a range of no-fee and low-fee banking services and products.

These are designed to increase access for underserved and underbanked people and address a wide range of economic circumstances. We help through our product offerings, services and programs by:

- Providing low-fee banking through Scotiabank's **Basic Bank Account**. It offers a low-cost bank account for customers with minimum monthly transactions.
- Supporting savings in the **Momentum<sup>PLUS</sup> Savings Account**. It has no monthly fees or minimum balance requirements so that customers earn interest from the first dollar saved.
- Helping customers improve their savings habits while making everyday debit purchases with the **Bank The Rest<sup>®</sup> Savings Program** in Canada.
- Waiving monthly fees for basic bank accounts for beneficiaries of a Registered Disability Savings Plan and customers who are 60+ in our **seniors' discount program**. We offer the **Student Banking Advantage Plan** offering a tailored no-fee banking package including unlimited debit transactions for full-time post-secondary students in Canada and the United States (see **Access to Financial Services**).
- Offering several **no-fee/low-fee credit card options**. **Scotia SelectPay** turns credit card purchases into more flexible installment payment plans, with no interest rates or cancellation charges, and low fees.



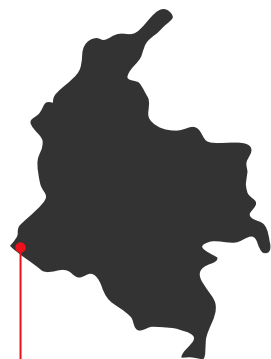
- Assisting newcomers to Canada through our **StartRight<sup>®</sup> Program**, which has unlimited no-fee international money transfers and grants access to credit to customers with no credit history.
- If someone is facing financial hardship, it can affect their ability to meet their financial obligations. As every situation is different, Scotiabank advisors can work with customers on a case-by-case basis to offer advice and potential assistance with options for relief that may include temporary deferrals or other forms of support.

- Supporting survivors of human trafficking by offering a free chequing account, a savings account, credit products and personalized financial literacy instruction through Scotiabank's **Financial Access Program** (see p. **26**).

### RELEVANT LINKS

**[Access to Finance](#)**

## ENABLING ACCESS THROUGH LOW- AND NO-FEE BANKING



### COLOMBIA

Our Colpatría Zero-Fee (**Cuenta Cero**) account eliminates traditional transaction fees. A total of 1.6 million Zero-Fee accounts have been opened since the product launched in 2016.

For over two decades, we have offered **Credito Fácil Codensa** to help low-income, underserved and unbanked customers who cannot access formal credit. Through this program, customers can leverage their utility bill repayments to energy provider Codensa in Bogotá to access credit to purchase products from participating businesses. This program is the first formal credit experience for 75% of users, helping more than 1.5 million customers to date.

1.5 million  
accounts opened



### JAMAICA

We expanded our **Payroll Account** service to any customer with a monthly income less than JMD\$100,000 (CAD\$833). To date, 78,000 deposit accounts have been opened via their employers, helping low-income customers, including many who were previously unbanked. The accounts have no minimum balance requirement and no fees for Scotiabank ATM or in-branch transactions.

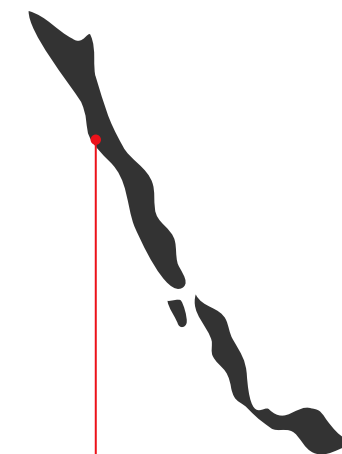
78,000  
accounts opened



### MÉXICO

The Single Digital Account (**Cuenta Única Digital**) is a 100% digital banking account for adult students and/or low-income customers set up on a personal mobile device. It has no-fee transactions in the ScotiaMovil app and network of ATMs. Customers opened 172,000 accounts since its launch last year.

172,000  
accounts opened



### CHILE

**ScotiaZero** was launched, the first free, 100% digital chequing account in the market. In addition to ScotiaZero, we offer **ScotiaFull**, which includes medium and light low- or no-cost banking accounts tailored to students and seniors. This year, 85,000 ScotiaFull accounts have been opened.

85,000  
accounts opened



## BREAKING DOWN BARRIERS FOR WOMEN

We launched **The Scotiabank Women Initiative® (SWI)** in 2018 to support women with unbiased access to capital, capital and tailored solutions, bespoke specialized education, holistic advisory services and mentorship. We support clients who identify as women or non-binary gender identities to break down barriers and empower them to succeed on their own terms. The program was initially launched for small and commercial businesses but has since expanded to support corporate and wealth clients across Global Banking and Markets and Global Wealth Management. In 2022, we also expanded the program to International Banking.

## 2022 HIGHLIGHTS

### \$10 billion by 2025

New target set for capital mobilized for women-owned and women-led businesses in Canada. We achieved our initial, three-year, \$3 billion capital commitment in 2021.

### \$5.6 billion deployed to date

in capital for women-led and women-owned businesses in Canada.

### 2,400+ Wealth clients and their families

attended educational sessions addressing wealth management during major life transitions, such as sessions on retirement and estate planning.

### 70+ women

across six cohorts participated in our Good Corporate Governance program to support women to pursue their best professional futures and paths to expanded board participation.

## ADVANCING WOMEN-LED BUSINESSES IN JAMAICA

According to the World Bank, in 2021 only 10% of women in Jamaica borrowed money from a financial institution, whereas 19% of females borrowed from friends and family.<sup>1</sup> The expansion of The Scotiabank Women Initiative to Jamaica will aim to address this gap — by offering unbiased access to capital to women-owned and women-led business leaders.

In January 2022, **Jamaica** was the first country to launch The Scotiabank Women Initiative outside of Canada. Specially curated offers of the program during 2022 included:

- A JMD\$3 billion loan fund over three years, where eligible business owners can access up to \$100 million at a launch rate of 7%,<sup>2</sup> with waivers on some applicable fees.
- Bespoke education webinars and workshops on managing finances and digital technology.
- Advisory workshop on supporting women business owners in managing their Boards.

The program helps to bring in new clients, increase lending and position Scotiabank in the market as a bank of choice for women in Jamaica.



## 2018

Launched in Canada, supporting women-owned and women-led businesses



## 2019

Expanded to Global Banking and Markets, supporting women to pursue their best professional futures



## 2020

Expanded to Global Wealth Management, supporting women to manage their wealth through major life transitions such as retirement and estate planning



## 2021

Executed a full enterprise-wide program in Canada and began international expansion



## 2022

Launched in **Jamaica** with a JMD\$3 billion fund for women-owned businesses. We expanded the program across International Banking, including **Chile** and **Costa Rica**, with more planned for 2023

<sup>1</sup> **Global Financial Inclusion – DataBank** (worldbank.org).

<sup>2</sup> Up to December 31, 2022.

## ADDRESSING HOUSING AFFORDABILITY

Canada's housing markets face a chronic insufficiency of supply, having the lowest number of housing units per 1,000 residents of any G7 country.<sup>1</sup> Access to affordable housing is a foundational requirement for people to meet their needs and support their capacity to attain economic resilience. Scotiabank has **pledged to mobilize \$10 billion** by 2030 to develop innovative lending, investing and underwriting solutions for retail, commercial and corporate clients who support this important housing objective in Canada.

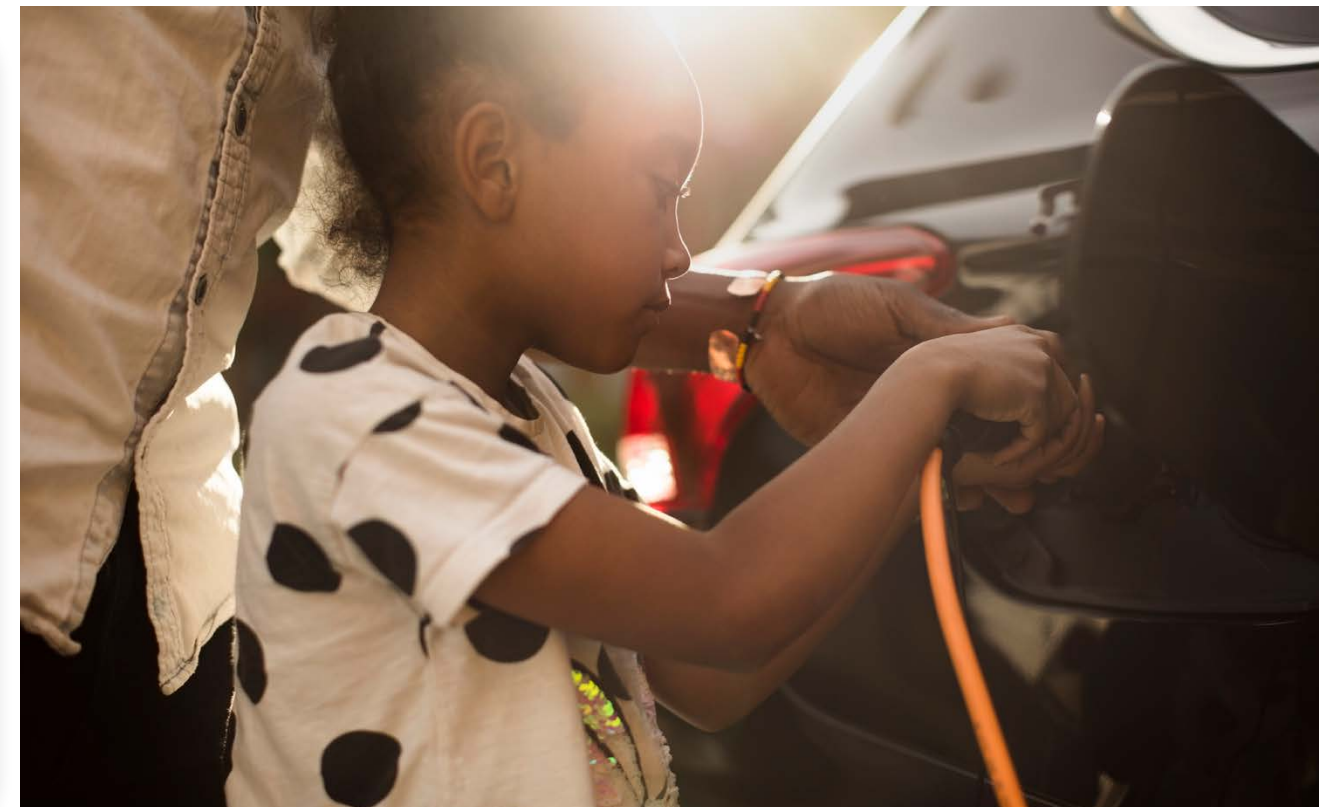
In Peru, our sustainable housing loan offers reduced fees for clients purchasing green and sustainable homes certified by the **Mivivienda Fund**. Mivivienda is a program of the Peruvian government that works with financial institutions, developers and the real estate sector to support access to adequate housing and reduce housing debt for families.

Through this program, Scotiabank facilitated the purchase of 312 green and sustainable homes in 2022, up from 292 in 2021.

Scotiabank has aligned with the Canada Mortgage and Housing Corporation (CMHC) **to transform housing affordability across the country**. As Canada's authority on housing, CMHC is delivering the National Housing Strategy — a \$70+ billion, 10-year federal investment in housing with additional funding committed by the provinces and territories.

## SUPPORTING CUSTOMERS MAKING GREENER PURCHASES

According to the U.S. Environmental Protection Agency,<sup>2</sup> a typical gasoline-based passenger vehicle emits 4.6 metric tonnes of carbon dioxide per year. Scotiabank provides financial products for carbon-conscious customers seeking financing to make greener vehicle purchasing decisions. As a trusted banking partner for manufacturers and purchasers of electric vehicles (EVs), Scotiabank serves eco-conscious customers across Canada. In 2022, we facilitated over 20,000 transactions for hybrid and electric vehicles, valued at over \$1 billion.



Across the English Caribbean region, we introduced EV financing for full electric and hybrid vehicles to our retail and small business customers.

In Uruguay, we offer a credit plan at a 0% rate to support purchases of electric or hybrid vehicles and encourage customers to finance solar panel installations for their homes.

In México, we offer an incentivized credit plan to purchase an electric or hybrid vehicle through **CrediAuto's** Green Credit Program. In the past five years, we have financed more than 1,300 vehicles through CrediAuto.

In Barbados, we hosted a campaign encouraging customers to finance solar panel installations at their homes and businesses, offering attractive rates to facilitate the purchase of low-carbon energy sources.

<sup>1</sup> **Estimating the Structural Housing Shortage in Canada.**

<sup>2</sup> **U.S. EPA: Greenhouse Gas Emissions from a Typical Passenger Vehicle.**

## GROWING SMALL AND MEDIUM BUSINESSES

Successful small- and medium-sized businesses are the foundation of a vibrant economy. They create local jobs, increase the tax base and often become an integral part of their communities. Their ability to access financing is key to their creation, growth and productivity. While the business community expressed optimism with the waning of the COVID-19 pandemic in 2022, uncertain markets, social unrest, ongoing supply chain and labour shortages, and shifting public health guidance continued to pose challenges for businesses looking to chart a course to full recovery.

We support small- and medium-sized business customers with resources, loans and lending solutions and proactive outreach tailored to their needs. We have improved our processes for small businesses, making account opening and credit applications more efficient through our branch and digital channels. These improvements have reduced the time to complete a Scotiabank application for credit by over 60% — from 60 minutes to just 20.

Scotiabank's virtual Advice+ team helps small- and medium-sized businesses adapt and thrive in today's digital world. In 2022, we added new resources to our **Advice+ Centre for Business**, including our second annual **Path to Impact Report**. The Centre also offers **interactive tools** to help small and medium businesses launch, maintain and grow. Aspiring entrepreneurs used our Business Plan Writer Tool — one of the six tools available on the site — to develop an average of 1,200 business plans each month. Other ways we helped small businesses included:

- Canada: Launching a new **Black-Led Business Financing Program** to remove barriers and provide equitable and inclusive lending solutions. For businesses with at least 50% Black ownership, the program provides \$100 million in capital via term financing for both start-ups and established Black-led businesses.
- Canada: **Partnering with Intuit** to offer customers digital tools to simplify the management, control and protection of their financial data when using key online business tools, including TurboTax and QuickBooks.<sup>1</sup>
- Caribbean: Assisting customers with training, financial assistance, mentorship and support to identify new overseas market opportunities. In the past two years, more than 800 customers from our North Caribbean region attended webinars to build their competencies in driving business growth. We also hosted a digital transformation campaign targeting small and medium enterprises to raise awareness of the power of online banking. More than 400 business customers signed up for online banking services through the initiative.
- Chile: Launching **Emprendedoras Conectadas + Finanzas**, in partnership with Fundación Kodea, which offers up to 150 women microentrepreneurs technology training in online sales and finance and a wide range of digital tools.



- Dominican Republic: Introducing **ScotiaLine Empresarial** to provide easy access to credit and help enhance the productive capacities and business growth of small- and medium-sized business clients. The availability of funds increases with each payment made.
- México: Delivering **PyME Talks** through streaming and face-to-face training programs to more than 2,000 small- and medium-sized business clients across the country.

### A DECADE OF IMPACT

For the 11th consecutive year, Scotiabank Chile presented the “Entrepreneur Award,” an initiative which recognizes female talent and the management of women in business with a focus on small and medium businesses.

#### IMPACT:

- Attracted 1,200 entrepreneurs in 2022, 33,000 since inception.
- Eighty-one women received the Entrepreneur Award in 2022.

<sup>1</sup> This service requires a customer's explicit consent to enable data sharing with customer account(s) on Intuit's technology platforms.



# Supporting Our Customers

## WHY IT MATTERS

Financial institutions have a vital role facilitating economic stability, financial inclusion and equity to enable a better future for everyone. We strive to remove bias from our processes so that our product and service offerings, marketing and procurement practices support and reflect the full breadth of the diverse communities and cultures we serve.

## PROVIDING QUALITY CUSTOMER EXPERIENCE

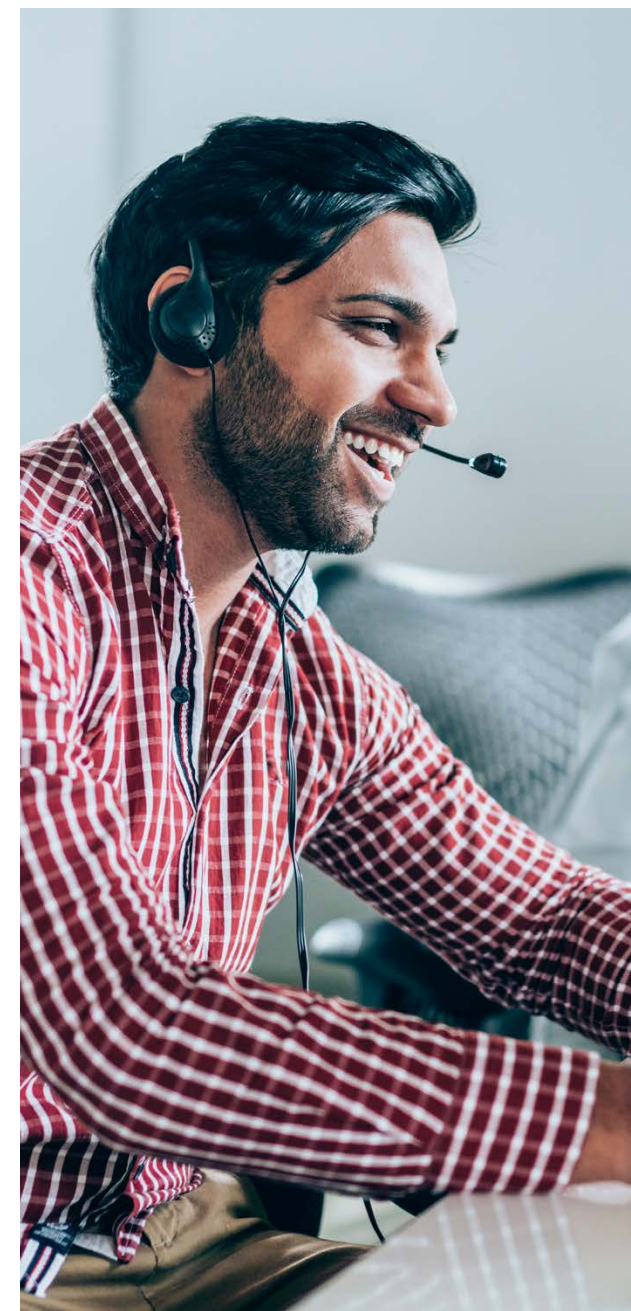
By taking a customer-centric approach, we improve access to essential financial services and ensure safe, secure transactions and professional expertise to help our customers build financial resilience and achieve their goals. Putting customers first — whether in retail or commercial banking — is more than what we say, it's a mindset for who we are and how we thrive as a business.

Scotiabank uses a number of research and survey vehicles (both primary and secondary) to gather customers' views and consult on its products and services. This research helps identify areas of improvement for existing products and services, including the channels used to provide those products and services. This research also provides valuable insights that help guide customer experience, segmentation and product strategy including guiding enhancements and development of new products and services to meet our customers' needs.

To gather consistent, real-time, actionable customer feedback across our operations, we measure customer satisfaction through The Pulse. The Pulse is a tool to measure transactional and relationship metrics across key business lines in the Bank and priority segments, such as small business and high-value customers, using the Net Promoter Score (NPS) as the primary metric for customer sentiment. In 2022, we increased our outreach to customers through The Pulse, distributing approximately 14.9 million survey invitations to retail customers and 81,400 invitations to commercial customers across our footprint. We followed up with calls to 535,553 retail and 7,336 commercial customers for additional feedback on their banking experiences with us.

In 2022, our customer experience scores improved for the majority of our retail branches, contact centres and digital portals across 11 countries, meeting or exceeding their targets. We attribute these positive results to improvements in employee training, enhancements and new functions offered through our digital platforms, and our focus on improving customer experiences at every stage of a customer's interactions with Scotiabank.

The Bank's NPS in Canadian branches was up 2% in 2022 and, internationally, we saw an improvement of 3% in the Pacific Alliance markets of Chile, Colombia, México and Peru. We have maintained our competitive NPS ranking to tie for second place in Canada and have moved to occupy a leading competitive NPS position in Colombia.



## WE SUPPORT OUR CUSTOMERS BY:

- Addressing consumer complaints within 56 hours.
- Restricting liability for unauthorized charges occurring after a credit card is reported lost or stolen.
- Providing written banking information in plain, simple language.
- Providing automatic banking alerts for low account balances or potentially fraudulent activity.

We adhere to several [Voluntary Codes of Conduct and Public Commitments](#) designed to protect consumer interests, including plain language mortgage documents, customer security, protection in online transactions and voluntary principles in delivering banking services.

## RELEVANT LINKS

[Scotiabank Accessibility Services](#)

[2021–2023 Accessibility Plan](#)

[Customer Accessibility Policy](#)

## REFLECTING OUR CUSTOMERS IN OUR MARKETING

In 2020, we established our Inclusion by Design initiative to better reflect the diverse communities in which we operate in our advertising and marketing. Since then, we have:

- Formalized an Inclusion by Design Committee to help embed the program's principles across our marketing teams.
- Worked with our suppliers to increase access to more inclusive images.
- Automated audits of marketing images using machine learning to help identify potential bias and areas we can improve representation of diverse communities.
- Joined [SeeHer](#), an initiative led by the Association of National Advertisers and [The Female Quotient](#), to increase the accurate portrayal of women and girls in marketing. Through SeeHer, we completed Gender Equality Measure studies for Scotiabank marketing campaigns to help ensure our advertising is free of gender bias.
- Updated illustration styles within our Global Brand Guidelines to add more skin tones and facial features options.

## IMPROVING ACCESS TO FINANCIAL SERVICES FOR DIVERSE CUSTOMERS

Scotiabank is committed to increasing access for traditionally underserved populations. We do this by working to remove social and physical barriers, including offering low- and no-fee banking products and providing accessible or alternate document formats (braille, for example) at a customer's request. We support and provide financial literacy education and design specialized programs for customers who may be vulnerable or need additional support.

### INDIGENOUS PEOPLES

Scotiabank's Indigenous Financial Services team understands the nuances associated with legislation and regulations that make it difficult for Indigenous nations, businesses and individuals to access capital. As a result, the financial products and services we generate are tailored to the specific needs of the Indigenous nations, organizations, businesses and Peoples we work with. Such financial solutions are often aimed at ensuring communities attain greater interests in the projects that impact their lands and traditional rights as well as control over the wealth that communities generate.

Our Indigenous Financial Services team is Indigenous-led and comprised of experts in land development both on and off reserve and experienced with major projects involving Indigenous communities and businesses. To better understand and serve our Indigenous customers, we require all employees in Canada and those outside the country who engage with Canadian customers to complete Indigenous cultural competency training. Additionally, we promote economic wellbeing initiatives with the Canadian Chamber of Commerce Task Force on

Corporate and Indigenous Engagement, the Boreal Champions for Environmental Stewardship and the Tkaronto Prosperity Allies Table.

As part of our efforts to raise awareness of the history of Indigenous Peoples in Canada, Scotiabank is the first financial institution to house three [Gord Downie & Chanie Wenjack Legacy Spaces](#), including two open to the public in Toronto, Ontario, and Yellowknife, Northwest Territories. Developed with guidance from Indigenous communities, these spaces provide education about the intergenerational trauma caused by the residential school system in Canada and a solemn space to reflect.



In June, the Downie Wenjack Fund partnered with Scotiabank and Maple Leaf Sports & Entertainment to host a [National Indigenous Peoples Day](#) celebration of Indigenous cultures, histories, traditions and languages with a record attendance of 1,200 students and educators at Scotiabank Arena in Toronto, Ontario. (Photo credit: Tom Pandi)

Scotiabank holds gold-level certification from the [Canadian Council for Aboriginal Business for Progressive Aboriginal Relations](#), reflecting our efforts to build strong relationships with Indigenous Peoples in the communities we serve. The Bank is one of only 10 public companies listed on the Toronto Stock Exchange with this level of certification. Through our work with the Canadian Council for Aboriginal Business, Scotiabank has appointed an Aboriginal Procurement Champion.

Learn more: [Indigenous Financial Services](#)



## NEWCOMERS AND IMMIGRANTS

**Research conducted by Scotiabank** in 2022 shows that newcomers to Canada have unique banking needs, with many surveyed reporting they feel worried, overwhelmed and even confused by their finances and navigating the Canadian banking system. This lack of knowledge may put immigrants at risk of financial fraud or as a potential target for internet and phone scams.

As the number of immigrants to Canada continues to increase, Scotiabank is there to ease the transition to a new country. In 2022, we launched a customized edition of the **Advice Matters** magazine to help newcomers settle in Canada and learn about financial basics. We also launched a **“First Day”** campaign featuring advice from newcomers to other newcomers to Canada, related to our **StartRight® Program**.

Our **StartRight® Program** helps newcomers become more knowledgeable about accessing credit and establishing their financial lives in a new country. It offers pre-arrival account openings to ease their transition to Canada, as well as multilingual services, financial advisors and more (see box on the right for more details). We created new pathways to help refugees open accounts and access financial support while their permanent residency, foreign worker or international student status was formalized. For example, to help Ukrainians fleeing their homeland, we offered no-fee banking products and access to credit and Ukrainian-speaking financial advisors.

## PEOPLE LIVING WITH A DISABILITY

Scotiabank’s enterprise-wide Accessibility Centre of Excellence advises on products, services and facilities to identify, prevent and remove barriers to accessing financial services for People with Disabilities. It champions a human-centred, inclusive design approach to developing policies, products, technology, services and facilities to enhance accessibility.

Our **2021–2023 Accessibility Plan**<sup>1</sup> guides our action and delivery of a range of **accessibility services** that remove barriers and address the needs of people living with a disability to better access our products and services. In 2022, we launched A11yBoost, a roles-based digital accessibility training curriculum, and an Accessibility Ambassador program. These programs help our employees in Canada design, build and improve our digital products, such as our mobile app, to be accessible to customers with visual, motor, hearing and cognitive disabilities.

We work to ensure that all new and renovated Scotiabank branches and facilities in Canada meet or exceed the **Canadian Standards Association (CSA)** accessibility guidelines. In 2022, based on a review of our branches, accessibility was determined to be above 98% in all public areas. Our goal is to reach 100% accessibility. Internationally, we also apply CSA standards in all new branches and in significant renovations.

Further examples of how we support People with Disabilities include:

### VISION SUPPORT

- Offer documents in alternative formats including braille, large font and accessible PDF.
- Our mobile app and websites have scalable fonts, rich colour contrast and are designed and built to conform with the Web Content Accessibility Guidelines (WCAG).
- Ensure ATMs feature contrasting colours, LED screen lights and audio navigation.

### SUPPORT FOR DEAF OR HARD-OF-HEARING COMMUNITIES

- Provide sign language training and inclusive customer care workshops for frontline employees in many countries.
- Support inclusive customer service. For example, in Chile, we are piloting inclusive masks (certified and transparent) to better communicate with people with hearing disabilities.

### SUPPORT FOR PEOPLE WITH MOBILITY CONSTRAINTS

- Design and install ATMs for accessibility, such as requiring minimum standard heights for better access for customers in wheelchairs and grab bars to assist people with mobility impairments.

StartRight® support includes:

- **International Account Opening Program:** Newcomers can transfer funds from 17 countries before moving to Canada, providing access to funds as soon as they activate their day-to-day account in Canada when they arrive.
- **Student GIC Program:** International students from eight countries can smooth their transition by setting up bank accounts to show proof of funds before they arrive in Canada. This program also helps international students get their study permits faster.
- Providing specialized credit solutions for temporary and permanent residents, such as car loans, credit cards, lending and enhanced mortgage policies.

<sup>1</sup> Scotiabank is committed to meeting the objectives and requirements outlined in the *Accessible Canada Act (ACA)* and to meeting the accessibility needs of People with Disabilities in a timely manner, through the implementation of the requirements of the ACA and its applicable regulations. Scotiabank believes in integration and equitable opportunity through a diverse and inclusive environment and is committed to identifying, preventing and removing barriers to accessibility and meeting accessibility requirements.



## SENIORS

We recognize and appreciate the meaningful contributions seniors make to our communities and support their banking and accessibility needs. We strive to enhance seniors' banking experiences as illustrated by **Scotiabank's Commitment to the Delivery of Banking Services to Seniors**. These principles are designed to ensure we deliver an optimal customer experience for senior customers. We provide competency-based training for employees in and new to customer-facing roles to help them communicate effectively with seniors and identify situations of potential financial abuse, fraud and financial scams.

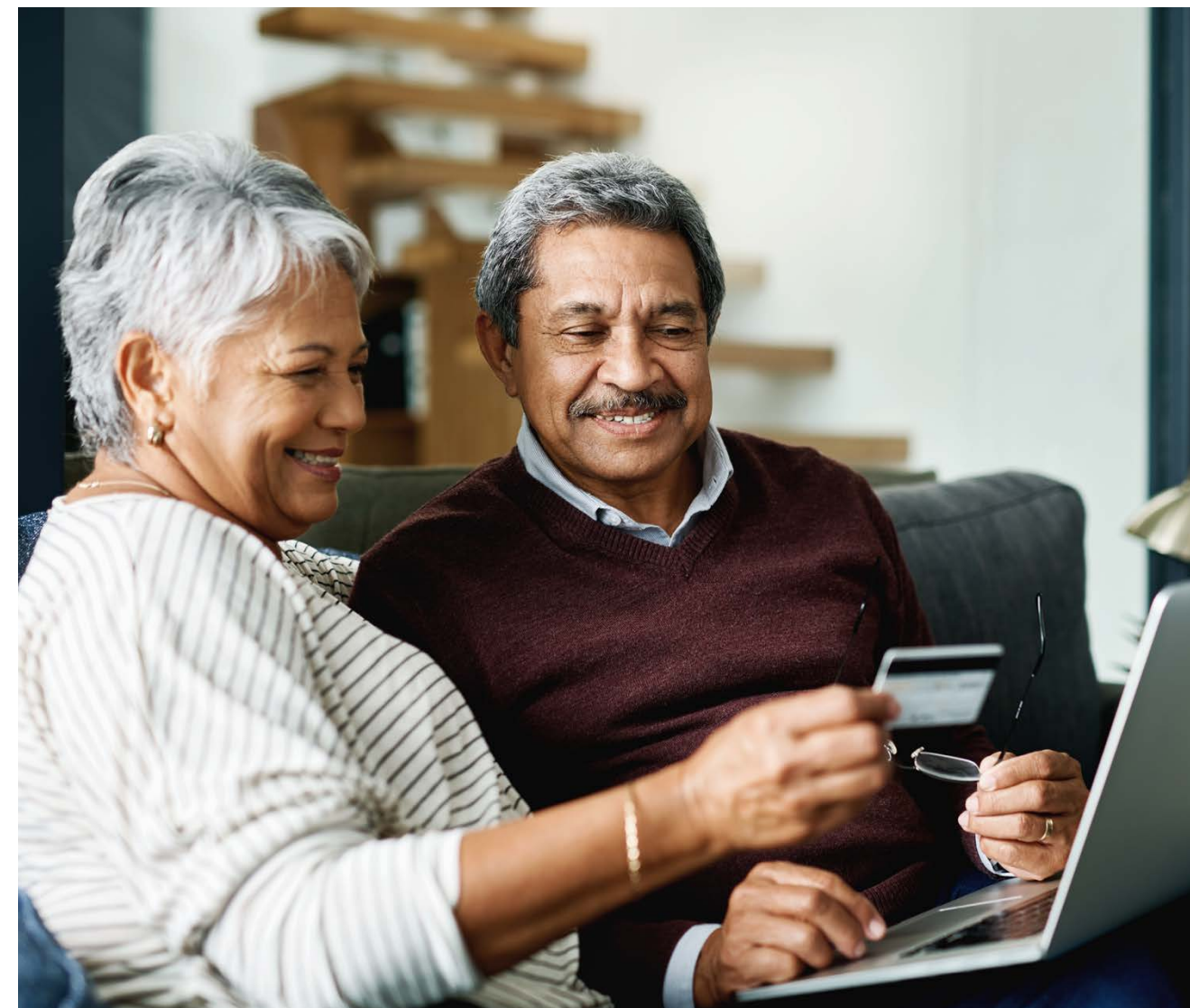
We collaborate with organizations to identify trends, raise awareness and provide advice on financial matters of interest to and that impact seniors. For example, we sponsor **"Let's Talk Money: Seniors"** presented by the Canadian Foundation for Economic Education. This financial education program promotes the benefits of conversations about money between seniors and their adult children and provides resources to discuss managing assets, power of attorney and inheritance.

Other ways we support seniors include:

- Our **Seniors Resource Centre** and **Advice+ portal for Seniors** provide guidance on digital and online banking services, information on how to bank online safely and protect against fraud, retirement planning resources, financial advice and planning tools.
- Customers over 75 years of age have **priority access** when calling into our contact centre.
- Our Office of the Seniors' Champion helps our employees consider the unique needs of seniors in the design and delivery of banking solutions.

## YOUTH AND STUDENTS

We offer **student banking accounts** with no monthly account fee and unlimited debit transactions for full-time post-secondary students in Canada and the United States and to children under 19 years of age. Students who are seeking to fund their post-secondary education and establish a credit record can apply for a ScotiaLine Personal Line of Credit for Students. Students can make interest-only payments while they are still in school and are eligible for an interest-only grace period for 12 months following graduation.



In Trinidad and Tobago, we hosted digital training sessions to familiarize seniors with the Scotia Caribbean app and Scotia online banking. Between 2020 and 2022, there was a 102% increase in the number of seniors using our online channels in the country.

## BUILDING FINANCIAL LITERACY

When customers are empowered to make informed and effective decisions about their finances, they move towards a better future. Through our **Scotia Advice+ Centre**, we publish relevant and timely financial advice that helps customers navigate their financial journey, set goals, access advisors and learn about different types of financial products. In 2022, we introduced engaging new features including quizzes, factoids and podcasts, as well as **Scotia Smart Money**, a new tool to help customers understand where they are spending money, set budgets, monitor anomalies in spending habits and identify savings opportunities. In Colombia, **Scotiabank Colpatria** provides retail and business customers with self-directed financial education through the **EconoMÍA** platform.

Our **Bank Your Way** digital literacy portal teaches customers new to online and digital banking how to access their financial accounts safely and securely from any digital device. We also collaborate with other organizations to extend financial literacy access for specific customer groups. We have partnered with education technology company **myBlueprint** to support financial literacy learning specifically for students. We also donated to **Fundacion PLAN** in Colombia to improve the social and economic conditions of adolescent children and their families through financial literacy and mentoring sessions as well as decision-making and conflict resolution skills on financial issues and gender equality.

## INNOVATING DIGITAL PRODUCTS AND SERVICES

We are in the midst of a multi-year digital transformation with the aspiration to be a digital leader in the financial services industry. Our aim is to offer platforms that deliver faster insights, better service and advice to global customers and products that enable easy, convenient and secure access to customer accounts and financial solutions to grow their wealth. Beyond being essential to developing financial products and services, innovation in digital banking is also enabling us to address the needs of people and our communities and to facilitate greater financial inclusion. In 2022, digital sales accounted for 50% of retail banking sales, and over 90% of all banking transactions were self-serve transactions. See our **2022 Annual Report**, p. 4, for more information on our progress in digital adoption and selected highlights below.

### HIGHLIGHTS

- In Chile, we released a new digital registration process that enables customers to set up accounts or other services online in only 10 minutes. In its first month, more than 10,000 new customers joined the Bank without visiting a physical branch. For existing customers, we introduced our first virtual advisor, “Scoty,” to provide online support.
- In the English Caribbean region, we launched a Monitor Plus Digital Banking module that increases security of transactions performed on the Scotia Caribbean App and Scotia OnLine. It enables us to decline customer transfers considered to be high risk in real-time and retain funds against possible fraudulent attacks.



In Colombia, the percentage of digital customers of Scotiabank Colpatria has increased significantly in the past four years, from 45% in 2019 to

**71% in 2022.**



# Additional Information

## IN THIS SECTION:

**101** PUBLIC ACCOUNTABILITY STATEMENT

**102** ABOUT THIS REPORT

**104** AWARDS AND RECOGNITION

**106** NET-ZERO: OTHER DATA CONSIDERATIONS

**107** FORWARD-LOOKING STATEMENTS



# Public Accountability Statement

Our annual Public Accountability Statement (PAS) outlines Scotiabank's contributions to the Canadian economy and society. These reports are required of all federally regulated financial institutions in Canada with equity greater than \$1 billion. Previous Scotiabank PAS reports are available on our [ESG Publications & Policies](#) page.

**Supporting Resilient Communities** and **Enabling Economic Resilience Through ScotiarISE** details the Bank's goals, approach and activities related to community investment, development, donations, employee volunteerism and philanthropic activity.

**Empowering Our Customers** provides information about support for small business, investments in financial programs and access to financial services for low-income individuals.

**Supporting Our Customers** shares information about how the Bank consults on and provides products and services to customers, including low-income persons, senior persons, persons with disabilities and persons who face accessibility, linguistic or literacy challenges.

**Supporting Product and Service Responsibility** covers voluntary codes of conduct, commitments and how we address customer complaints. A detailed **annual report** is published each March by **Scotiabank's Customer Complaints Appeals Office (CCAO)**.

Throughout this report, we discuss trends and emerging issues for the Bank and its customers.

See the related **ESG Data Pack and Indices** for reporting on the following PAS topics:

- Employment in Canada (by province)
- Income and capital taxes paid
- Debt financing to Canadian firms
- Branches and ATMs openings, closings and relocations

## LIST OF AFFILIATES AND SCOPE OF REPORTING

*This Public Accountability Statement includes information from November 1, 2021, to October 31, 2022, for the following affiliates of Scotiabank in Canada: Scotia Capital Inc., National Trust Company, Scotia Mortgage Corporation, Scotia General Insurance Company, ADS Canadian Bank, Montreal Trust Company of Canada, Scotia Life Insurance Company, The Bank of Nova Scotia Trust Company, Scotia Dealer Advantage Inc., Roynat Inc., MD Private Trust Company, and MD Life Insurance Company. These affiliates are finance entities or financial institution subsidiaries of Scotiabank operating in Canada that have less than \$1 billion in equity with the exception of Scotia Capital, which has equity in excess of \$1 billion. Tangerine Bank is a wholly owned subsidiary that publishes its own PAS report, available on the Tangerine website. All currency is stated in Canadian dollars, unless otherwise noted and may be subject to currency exchange rate fluctuations.*





# About This Report

## REPORT SCOPE

Scotiabank's ESG Report presents our activity and performance on ESG topics for the Bank that matter to our stakeholders. We aim to continuously improve our reporting and review how we manage, measure and report on ESG topics material to our business and important to our stakeholders. Our ESG report is reviewed through Scotiabank's Corporate ESG Committee, which recommends approval to the Operating Committee.

This report covers fiscal year 2022 (November 1, 2021–October 31, 2022) and global operations, unless otherwise stated. For 2022, our ESG report incorporates Scotiabank's net-zero progress updates, our PAS and ScotiaRISE impact reporting.

Previous reports are available on our [ESG Publications & Policies](#) page.

Data is collected from throughout the organization from subject matter experts across Scotiabank's business operations and corporate functions. Some of this data is obtained from clients and other third-party sources. Scotiabank believes this data is reliable but has not in every case independently verified such data or the assumptions underlying such data and cannot therefore guarantee its accuracy or completeness. Changes in data or data collection methodologies may impact the targets described in this ESG Report and Scotiabank's ability to achieve those targets. Data is approved for publication at several levels of the company, but ultimately by the Board of Directors. Data is presented in ways that align with the reporting frameworks and standards identified herein.

All currency is stated in Canadian dollars unless otherwise noted and may be subject to currency exchange rate fluctuations.

## MATERIAL TOPICS

We conducted an ESG materiality assessment in 2020–2021 to validate and inform Scotiabank's current and future strategy, deepen engagement with stakeholders and reinforce our approach to ESG reporting and disclosure. For more information on the process and results, see the [2021 ESG Report](#) (p. 10) for greater detail about this assessment and [Determining Our Material Sustainability Issues](#) in this report.

## MAJOR CHANGES SINCE THE LAST REPORT

As interest in our ESG performance increases, our ESG reporting evolves. In this report, we present our performance in accordance with Scotiabank's four-pillar sustainability strategy. This breakdown will help the reader follow how sustainability is integrated throughout our business and aligned to our strategy.

Please note the following changes made to reporting of GHG data:


- Due to timing and availability of data, figures for the last two months of the fiscal 2022 year have been estimated, except for business travel, jets and Canadian fleet vehicles.

- In 2022, there was a change in methodology in classifying all large leased office and estimation for fossil fuel GHGs (e.g., natural gas). They were previously accounted for under Scope 2 emissions and now reflected in Scope 1 emissions through 2019–2022, except for steam GHG emissions which are still reported under Scope 2. As such, our total emissions for prior years will not be comparable to previous ESG reports. Similarly, they were previously accounted for under heat energy consumption and now reflected in fuel consumption. We have restated prior year heat and fuel purchases from 2019–2021 for comparability. As this is a reclassification change only, it does not have an impact on our total emissions for current and prior years.

- Additionally, we began collecting data from our leased vehicle fleet. This has been reported under Scope 1 emissions from 2019–2022. As such, our total emissions for prior years will not be comparable to previous ESG reports.

Please refer to the footnotes of GHG data where applicable and [Scotiabank's GHG methodology](#) for more details.

## EXTERNAL ASSURANCE

We have sought independent, external verification for selected indicators in this report. KPMG has performed an independent, limited assurance engagement for selected performance indicators marked with this symbol  within the report. Community Investment figures (fiscal years 2020–2022) are independently verified by LBG Canada

using the London Benchmarking Group model, a recognized global standard for managing, measuring and reporting community investment. See:

- [2022 KPMG Limited Assurance Report](#)
- [2022 Community Investment LBG Canada Verification Statement](#)

## REPORTING STANDARDS AND FRAMEWORKS

Several reporting frameworks, indicators and standards guide our reporting on relevant topics. Please refer to the [ESG Data Pack and Indices](#) for:

- Task Force on Climate-related Financial Disclosures (TCFD)
- Sustainability Accounting Standards Board (SASB) Standards
- Global Reporting Initiative (GRI) Universal Standards
- UN Global Compact (UNGC) Principles
- UN Sustainable Development Goals (SDGs)
- Public Accountability Statement (PAS, Canadian regulation)

## ADDITIONAL SCOTIABANK DISCLOSURES

COVERING FISCAL 2022				OTHER RELEVANT REPORTS				
	<a href="#">Annual Report</a>	<a href="#">Management Proxy Circular</a>	<a href="#">ESG Report, Data Pack and Indices</a>	<a href="#">Net-Zero Pathways Report</a>	<a href="#">ScotiaRISE Impact Report</a>	<a href="#">Sustainable Bonds Report</a>	<a href="#">Scotia GAM Stewardship and Responsible Investment Report, JFL Stewardship Report</a>	<a href="#">Employment Equity Narrative Report (Canada only)</a>
Environmental impact	●	●	●	●		●	●	
Financial performance	●					●		
Governance and strategy	●	●	●	●	●		●	●
Risk	●	●	●	●			●	
Social impact	●	●	●		●	●	●	●

## WE ARE SUPPORTERS, SIGNATORIES TO OR MEMBERS OF THE FOLLOWING:



Member of Net-Zero Banking Alliance



Signatory to:



WE SUPPORT



\*1832 Asset Management L.P., MD Financial Management Inc. and Jarislowsky, Fraser Limited are signatories to the PRI.



# Awards and Recognition

## S&P Global

Top 5%<sup>1</sup> of participating financial institutions in the **S&P Global Corporate Sustainability Assessment**. Scotiabank has been included in the DJSI North America every year since 2018.



Named **Bank of the Year** (won in Canada and English Caribbean) and **Investment Bank of the Year for the Americas** by *The Banker* magazine.



Recognized with six wins in the **2022 Global Finance Sustainable Finance Awards**, including Best Bank in Canada for leadership in sustainable finance and Outstanding Leadership in Sustainability Transparency (second year in a row).



Named Bank of the Year (Trinidad and Tobago), Sustainable Finance Bank of the Year for Latin America and the Caribbean, and Investment Bank of the Year (Chile, Colombia) by **LatinFinance for the 2022 Bank of the Year Awards**.



Named **Best Bank and Best Consumer Digital Bank** by *Global Finance* magazine for the Bahamas, Barbados, Cayman Islands, Jamaica, Trinidad and Tobago, and Turks and Caicos.



Received award for **Best Use of Technology for Customer Experience Overall** in The Digital Banker's 2022 Global Digital CX Banking Awards.



North America's Best Bank for Sustainable Finance at the 2022 Euromoney Awards, with Best Bank in Canada, Best Investment Bank in Chile from **Euromoney magazine**.



Recognized with the global **Banking in the Community 2022 Award** by *The Banker* for Scotiabank's commitment to drive meaningful impact in the communities it serves through **ScotiaRISE**.

Received **Best Corporate Sustainability Strategy** at the ESG Investing Awards 2022.



Ranked 16th on the list of the **top 25 World's Best Workplaces**<sup>TM</sup> by Great Place to Work® — the only Canadian-headquartered company to make the list, and the only bank.



Recognized as one of the **Best Workplaces**<sup>TM</sup> in Canada, Trinidad and Tobago, Panama, Colombia, Uruguay, México, Dominican Republic, Barbados and Jamaica.

Named **Best Workplace**<sup>TM</sup> among **Financial Services in Latin America** by Great Place to Work® for the second year in a row.

<sup>1</sup> As at December 9, 2022, the date of the announcement for inclusion into the DJSI for 2022.



Named **Best Workplaces™ for Hybrid Work in Canada**.

Recognized for executive gender diversity on *The Globe and Mail's* **Women Lead Here** list for the second consecutive year.



Named one of the **Best Places to Work for LGBTQ+ Equality** by the Human Rights Campaign Foundation.

**2021 Aequales PAR Rankings**, which measures Latin American corporations' progress towards gender equality.



Certified in Chile by Equidad CL as a Top Workplace for LGBTQ+ employees for the fourth year in a row and recognized in México by Equidad MX with a **perfect 100% score for LGBTQ+ inclusion in the workplace**.



Recognized by Excellence Canada with the **Gold Standard Award** for creating a psychologically safe environment.

See more awards received by **Scotiabank, Global Banking and Markets**, and as a **leading and/or best place to work**.

## INDEX INCLUSION



**Bloomberg Gender-Equality Index**

**Dow Jones Sustainability North America Composite Index**

**DJSI North America Index**



**FTSE4Good FTSE4GOOD Index**



**TOP 100 COMPANY 2022**  
Diversity and Inclusion Index

**Refinitiv Diversity and Inclusion Index**

## ESG RATINGS AND RANKINGS<sup>1</sup>

**Sustainability Yearbook Member**  
S&P Global ESG Score 2022

**76** /100

(top 5% of banks globally)



**ISS ESG: Prime**



**MSCI ESG rating: AAA**  
(top 6% of banks globally)



**CDP: B**



**Sustainalytics: 20.4, Medium Risk**

<sup>1</sup> Public scores as of December 31, 2022.

# Net-Zero: Other Data Considerations

## REPORTING YEARS PREDATE SCOTIABANK'S NZBA COMMITMENT

In reporting updates to metrics for the year 2020, it should be noted that Scotiabank established its interim targets in March 2022. Our baseline reflects 2019 data, and we committed to reporting against that baseline annually. Any increase or decrease in physical emission intensity or other reporting metrics in 2020 as compared to 2019 predates the establishment of the 2030 emissions intensity reduction targets outlined in the net-zero financed emissions table, and the corresponding commitment to reduce against the 2019 baseline. Importantly, the 2019 and 2020 data also predates the establishment of certain clients' net-zero targets or plans.

## TIMING WITH RESPECT TO REPORTING OF DATA

Scotiabank's reporting of financed emissions and emissions intensity is dependent on data first reported by clients, and then made available by data aggregators. The process of reporting and aggregating data, and making that data available, is protracted, creating a significant lag in Scotiabank's ability to publish annual progress on metrics. For illustrative purposes, companies that report emissions data as of December 31, 2019, is not available to the aggregator until, roughly, September of 2020. Before publication

by the aggregator, the data needed to be validated, and therefore not made widely available until, roughly, February 2021. Scotiabank is therefore not in a position to provide annual progress on the basis of data that is less than two calendar years behind the date of our report. While protracted, obtaining data through aggregators is important to the integrity of the emissions data gathering process, allowing for third-party oversight and standardization of information across the financial industry.

The Bank continues looking for ways to address the time lag associated with data availability through industry forums and vetting emissions data services offered by third parties.

## VARIABILITY IN REPORTED DATA

The exercise of annual reporting of financed emissions and emissions intensity is inherently data driven. Best available data can, in some instances, be highly variable, undermining the ability to make a useful comparison on a year-over-year basis. For example, companies that may have reported data relating to production or generation one year — a data point needed to calculate physical emission intensity — may not report the production or generation in the following year, creating changes in the physical emission intensity associated with a given portfolio.

## MARGINS OF ERROR IN AGGREGATED DATA

The process of obtaining the best available data to calculate reportable metrics begins with reference to industry standard aggregated data sources of client information. Those aggregated sources can only report what a client makes available at any given time, and may, therefore, contain errors, requiring validation and remediation on a client-by-client basis to obtain best available data used in Scotiabank's reportable metrics.

## DATA MAY BE UNAVAILABLE OR INCONSISTENT

To calculate financed emissions, a client's emissions data must be reported. While companies reporting emissions data increased slightly between 2019 and 2020, more than half of the clients in each of the Oil and Gas and the Power and Utilities portfolios did not report emissions data in 2020. Where such data is unavailable, PCAF recommends reference to codes assigned under the international North American Industry Codes Standard (NAICS) to create estimates. NAICS codes may change or be refined from year to year, and their application requires simplifying assumptions, including that similar businesses generate similar emissions, leading to possible inconsistencies in, or inaccurate estimates of, emissions data reported year-over-year.

## COMMITMENT TO DATA INTEGRITY

In this second year of reporting, concerted efforts were made to compile, validate and understand data and its limitations. Scotiabank is working with internal and external auditors to develop methodologies on whether, when and how to restate data based on relevant criteria, and to maintain transparency in our reporting.





# Forward-Looking Statements

From time to time, our public communications include oral or written forward-looking statements. Statements of this type are included in this document, and may be included in other filings with Canadian securities regulators or the U.S. Securities and Exchange Commission (SEC), or in other communications. In addition, representatives of the Bank may include forward-looking statements orally to analysts, investors, the media and others. All such statements are made pursuant to the “safe harbor” provisions of the U.S. *Private Securities Litigation Reform Act* of 1995 and any applicable Canadian securities legislation. Forward-looking statements may include, but are not limited to, statements made in this document, the Management’s Discussion and Analysis in the Bank’s 2022 Annual Report under the headings “Outlook” and in other statements regarding the Bank’s objectives, strategies to achieve those objectives, the regulatory environment in which the Bank operates, anticipated financial results, and the outlook for the Bank’s businesses and for the Canadian, U.S. and global economies. In particular, this document includes forward-looking statements about our ESG objectives, vision, strategic goals and targets. Such statements are typically identified by words or phrases such as “believe,” “expect,” “foresee,” “forecast,” “anticipate,” “intend,” “estimate,” “plan,” “goal,” “target,” “project,” “commit,” “objective,” and similar expressions of future or conditional verbs, such as “will,” “may,” “should,” “would,” “might,” “can” and “could” and positive and negative variations thereof.

By their very nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties, which give rise to the possibility that our predictions, forecasts, projections, expectations or conclusions will not prove to be accurate, that our assumptions may not be correct and that our financial performance and ESG-related objectives, vision, strategic goals and targets will not be achieved.

We caution readers not to place undue reliance on these statements as a number of risk factors, many of which are beyond our control and effects of which can be difficult to predict, could cause our actual results to differ materially from the expectations, targets, estimates or intentions expressed in such forward-looking statements. The continuing development and evolution of the legal and regulatory environmental relating to ESG issues, and GHG and climate-related issues in particular, may result in updates or revisions to these statements in the future. Other factors that may require changes to these statements, or impact actual results, include changes in methodologies, standards, scenarios or frameworks, the availability and quality of data, compliance by third parties with our policies and procedures, our ability to implement initiatives on our expected timeline, assumptions regarding the use of carbon and renewable energy credits or other transition mechanisms and technological, economic, scientific, legal or policy developments.

The future outcomes that relate to forward-looking statements may be influenced by many factors, including but not limited to: general economic and market conditions in the countries in which we operate; changes in currency and interest rates; increased funding costs and market volatility due to market illiquidity and competition for funding; the failure of third parties to comply with their obligations to the Bank and its affiliates; changes in monetary, fiscal, or economic policy and tax legislation and interpretation; changes in laws and regulations or in supervisory expectations or requirements, including capital, interest rate and liquidity requirements and guidance, and the effect of such changes on funding costs; changes to our credit ratings; the possible effects on our business of war or terrorist actions and unforeseen consequences arising from such actions; operational and infrastructure risks; reputational risks; the accuracy and completeness of information the Bank receives on

customers and counterparties; the timely development and introduction of new products and services, and the extent to which products or services previously sold by the Bank require the Bank to incur liabilities or absorb losses not contemplated at their origination; our ability to execute our strategic plans, including the successful completion of acquisitions and dispositions, including obtaining regulatory approvals; critical accounting estimates and the effect of changes to accounting standards, rules and interpretations on these estimates; global capital markets activity; the Bank’s ability to attract, develop and retain key executives; the evolution of various types of fraud or other criminal behaviour to which the Bank is exposed; disruptions in or attacks (including cyber-attacks) on the Bank’s information technology, internet, network access, or other voice or data communications systems or services; increased competition in the geographic and in business areas in which we operate, including through internet and mobile banking and non-traditional competitors; exposure related to significant litigation and regulatory matters; climate change and other environmental and social risks, including sustainability that may arise, including from the Bank’s business activities; the occurrence of natural and unnatural catastrophic events and claims resulting from such events; inflationary pressures; Canadian housing and household indebtedness; the emergence of widespread health emergencies or pandemics, including the magnitude and duration of the COVID-19 pandemic and its impact on the global economy, financial market conditions and the Bank’s business, results of operations, financial condition and prospects; and the Bank’s anticipation of and success in managing the risks implied by the foregoing. A substantial amount of the Bank’s business involves making loans or otherwise committing resources to specific companies, industries or countries. Unforeseen events affecting such borrowers, industries or countries could have a material adverse effect on the Bank’s financial results, businesses, financial condition or liquidity.

These and other factors may cause the Bank’s actual performance to differ materially from that contemplated by forward-looking statements. The Bank cautions that the preceding list is not exhaustive of all possible risk factors and other factors could also adversely affect the Bank’s results, for more information, please see the “Risk Management” section of the Bank’s 2022 Annual Report, as may be updated by quarterly reports. Readers should consider the above-noted factors when reviewing these sections. When relying on forward-looking statements to make decisions with respect to the Bank and its securities, investors and others should carefully consider the preceding factors, other uncertainties and potential events.

Any forward-looking statements contained in this document represent the views of management only as of the date hereof and are presented for the purpose of assisting the Bank’s shareholders and analysts in understanding the Bank’s financial position, objectives and priorities, and anticipated financial performance as at and for the periods ended on the dates presented, and may not be appropriate for other purposes. Except as required by law, the Bank does not undertake to update any forward-looking statements, whether written or oral, that may be made from time to time by or on its behalf.

Additional information relating to the Bank, including the Bank’s Annual Information Form and 2022 Annual Report, can be located on the SEDAR website at [www.sedar.com](http://www.sedar.com) and on the EDGAR section of the SEC’s website at <http://www.sec.gov>.

# Scotiabank

\* Registered trademark of the Bank of Nova Scotia.

All other trademarks are the property of their respective owner(s).

Concept and design: [worksdesign.com](http://worksdesign.com)