

# BUILDING THE ECONOMY OF EVERYONE

CORPORATE SOCIAL RESPONSIBILITY  
REPORT 2017



# ABOUT SCOTIABANK

Scotiabank is Canada's international bank, and a leading financial services provider in North America, Latin America, the Caribbean and Central America and Asia-Pacific. We are dedicated to helping our 24 million customers become better off through a broad range of advice, products and services; including personal and commercial banking, wealth management and private banking, corporate and investment banking and capital markets. With a team of more than 88,000 employees and assets of over CAD\$915 billion (as at October 31, 2017), Scotiabank trades on the Toronto (TSX: BNS) and New York Exchanges (NYSE: BNS).



## OUR STRATEGIC AGENDA

Scotiabank's Strategic Agenda includes five highly integrated components:

- **Customer Focus:** the core of our Strategic Agenda is our 24 million customers, ensuring that the voice of the customer is directly embedded into everything we do, on a continuous basis. This is a reflection of our purpose, "We believe every customer has the right to become better off".
- **Leadership:** strengthening the Bank's leadership capabilities with an infusion of new leaders from other businesses and industries, as well as developing existing leaders through investments in learning and leadership development, has brought depth and a diversity of thought that continues to improve our strength and efficiency.
- **Structural Cost Transformation:** becoming more efficient while continuing to improve our customers' experience and embracing change as a strategic advantage for the Bank.
- **Digital Transformation:** to better serve our customers and become more efficient, including the Digital Factory network which is a driver of internal innovation.
- **Business Mix Alignment:** enhancing profitability, ensuring that financial resources are well-deployed and well-aligned with our Strategic Agenda.



# ABOUT THIS REPORT

Scotiabank’s 2017 annual Corporate Social Responsibility Report (CSR) shares our performance and achievements related to Environmental, Social and Governance (ESG) factors and outlines how Scotiabank engages with its stakeholders. We continue to evolve our approach in line with our stakeholders’ expectations. This year’s CSR Report focuses on core themes that Scotiabank and its stakeholders consider to be most important to the Bank, providing highlights of our progress in 2017 on our CSR priorities.

Scotiabank has used the Global Reporting Initiative (GRI) framework for CSR reporting since 2005. We have prepared our 2017 CSR Report in accordance with GRI’s Standards framework, fulfilling the requirements of a Core report. Scotiabank reaffirms its support of the Ten Principles of the United Nations Global Compact (UNGC) in the areas of human rights, labor, environment and anti-corruption. This report also constitutes our UNGC Communication on Progress and describes the actions we are taking to integrate the Ten Principles into our business strategy, culture and operations. Fundamental to this commitment is our global Human Rights Statement and approach.

## Scope of Reporting

The scope of our reporting for this CSR Report and associated GRI Index includes information from November 1, 2016, through October 31, 2017, for Scotiabank and its fully owned or major operating subsidiaries. The report provides an overview of our framework, priorities and selected initiatives for our fiscal year 2017.

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

## Companion Documents

The following documents are companion pieces to the CSR Report, including:



 **2017 Global Reporting Initiative (GRI) Index and UNGC Communication on Progress (in this report)**



 **Public Accountability Statement (Canada)**



 **Website**



 **Annual Report**



 **Management Proxy Circular**

## CONTENTS

Introduction	1	Employees:	
CSR at Scotiabank	4	Diversity and Inclusion	23
Governance:	12	Community:	
Maintaining Trust	13	Investing in Young People	27
Customers:		Environment:	
Access to Finance	17	Responsible Finance	31
Financial Knowledge	20	Climate Change	34
		Appendix:	37
		GRI Standards Index 2017	37
		Awards	65

# PRESIDENT AND CEO'S LETTER



**Brian Porter**  
President and  
Chief Executive Officer

I am pleased to introduce Scotiabank's 2017 Corporate Social Responsibility Report, which tracks the progress we are making against our CSR Strategy, titled: *Better Future, Better Off*. The priorities set out in this report were developed to reflect our commitment to making a real and lasting difference in communities across our footprint.

Scotiabankers are a critical part of the economic and social fabric of the countries in which we operate – this is a responsibility that we take seriously. That is why, in 2017, Scotiabank employees contributed more than 403,500 hours of volunteering and fundraising time, and the Bank contributed more than CAD\$80 million globally in donations, sponsorships and other forms of assistance.

The Bank's role in the community is about more than philanthropy. Let me give you four examples of some of our exciting CSR achievements in 2017:

- As part of our commitment to *Young People in the Community*, last year, we built soccer fields for children in Peru and Mexico, and through our sponsorship of soccer leagues, across Latin America, thousands of young people had the opportunity to play, make new friends and gain confidence. Here in Canada, we support hockey at all levels. In 2017, the Bank reached the important milestone of supporting more than 8,000 hockey teams and one million kids and counting. Our historic, 20-year partnership with Maple Leaf Sports & Entertainment (MLSE) will provide us with even more opportunities to give back to our communities and help young people reach their full potential.

- In continuing to support a healthy environment, we were proud to announce our Greenhouse Gas emissions reduction target was met one year early in 2016. This year we expanded that target globally, to cover our entire footprint, and have committed to a 10% GHG reduction by 2021. We set an internal price on carbon at CAD\$15/tonne of CO<sub>2</sub> to help advance us towards this goal. In addition, as part of this environmental commitment, in February this year Scotiabank pledged its support for the Taskforce for Climate-related Financial Disclosures (TCFD).
- At the Bank, we are committed to becoming a digital leader in the financial services industry. Consistent with our aspirations, our annual technology spend – which includes digital – grew 14% over the last year, and now sits at more than CAD\$3 billion. Digital innovation plays a critical role in how we serve our 24 million customers. For example, we are using digital to increase access to financial services. Within Canada, we digitized the process to apply for small business loans, which made access to capital quicker and more efficient. Outside of Canada, we introduced self-serve kiosks with biometric authentication, which helped our customers in countries such as Uruguay access microfinance loans. We also believe that by investing in digital technology, we are helping to strengthen the innovation ecosystem in Canada and across our geographic footprint. Our investments are helping to create jobs and strengthen the economies of our key markets over the longer-term.
- The world is changing, and, as a significant employer, we are investing in training and leadership development opportunities that are relevant for our employees. Modernized learning experiences are better equipping our employees with the skills they need to succeed in our increasingly digital world. Further, by ensuring that our training programs are effective, we are improving performance through learning. These efforts are helping to position the Bank for a strong future and create a stronger society.

I want to take this opportunity to thank all of the Scotiabankers for coming together to help our customers – and each other – during the past year. Your contributions are making a tremendous impact and you should be very proud.

This report highlights the role that Scotiabank continues to play in supporting strong communities, a healthy environment and economic growth. We will continue to do what we can to deliver for all of our stakeholders – customers, shareholders, employees and communities – today and in the years to come.

**Brian J. Porter**

# CHAIRMAN'S LETTER



**Tom O'Neill**

Chairman of Scotiabank's  
Board of Directors

Dear Stakeholders,

To maintain the trust of our many stakeholders, including our shareholders, customers and employees, we are committed to enhancing customer protection, lending fairly, balancing stakeholder interests and operating our Bank with integrity. Acting with integrity to maintain and uphold our strong reputation requires solid, strategic governance practices. The Annual Report along with this CSR Report includes many examples of this in practice.

We have made great progress in 2017 and continue to evolve our governance standards to reflect best-in-class practices. This includes embracing diversity of leadership, of thought and of gender. This year, we have reaffirmed this belief by pledging our support to the Canadian Chapter of the 30% Club, encouraging Canadian businesses to increase the representation of women on boards. I am proud to report over 33% of our Board members are women.

While the responsibility for CSR resides with the Board's Corporate Governance Committee, oversight of the Bank's economic, environmental and social impacts and risks is a shared board responsibility and is overseen by each board committee. As risk management is complex, our approach must be multi-disciplinary. As a leading financial services provider and Canada's international bank, we strive to build the economy of everyone and make a positive difference around the world that also drives value for the Bank.

Building the economy of everyone will require long-term investment for future generations. As we have done for the past 185 years, Scotiabank will continue to build value for our customers and the real economy.

These pages convey our pride of this in action and we look forward to continue to sharing our progress.

**Tom O'Neill**

# BETTER FUTURE, BETTER OFF: OUR CSR STRATEGY

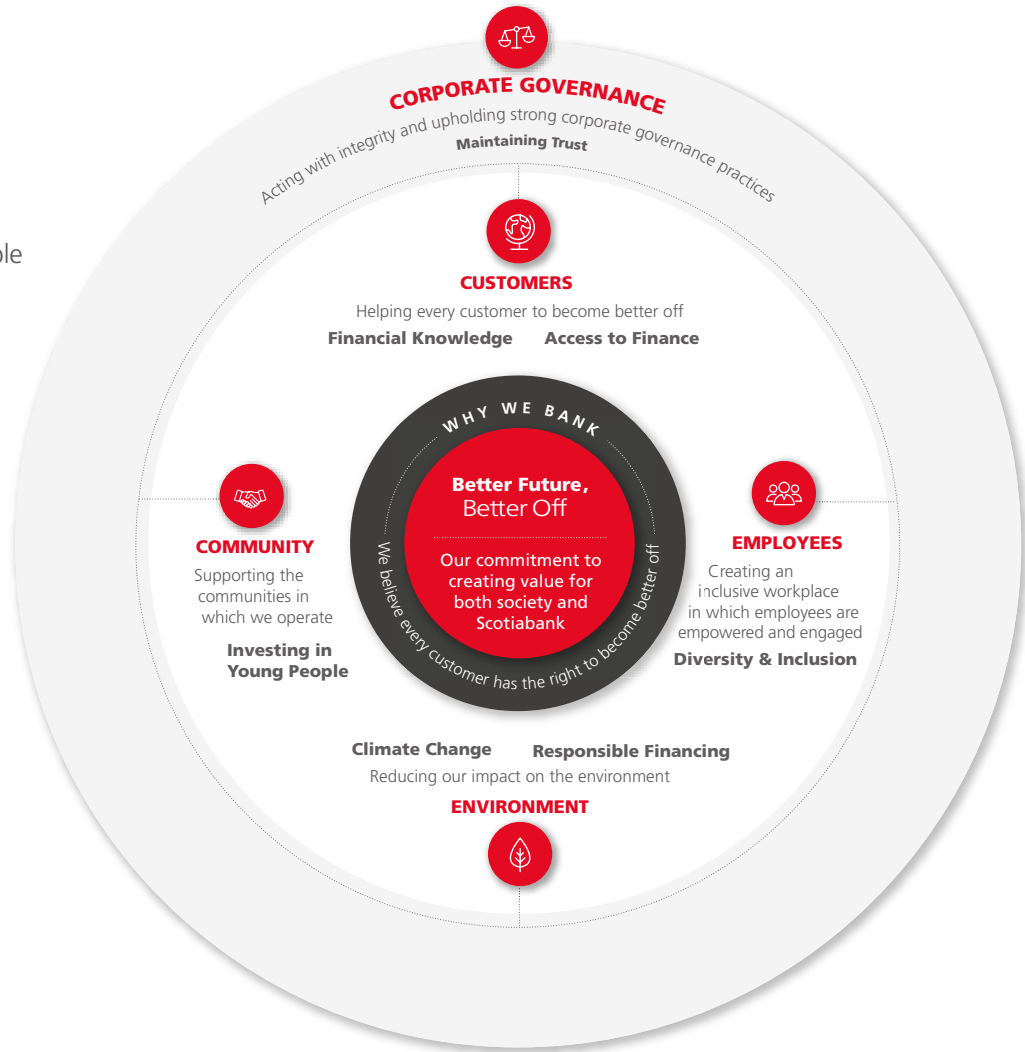
## Creating Value for Society and Scotiabank

Every customer has the right to become better off. Through our CSR commitments, stakeholder dialogue and strong governance, we aim to empower customers to fulfill their potential, creating a better future for both society and

Scotiabank. Additionally, by leveraging our resources, reach and expertise to support economic growth and social impact among our stakeholders and communities, we are also strengthening the resilience of our business.

## Our CSR Priorities:

- Maintaining Trust
- Financial Knowledge
- Access to Finance
- Investing in Young People
- Diversity & Inclusion
- Climate Change
- Responsible Financing



## Our Commitment to Responsible Business Initiatives

As part of our commitment to responsible business initiatives, we are members or signatories of the following organizations.



# GLOBAL MEGA-TRENDS

Our belief that every customer has the right to become better off has never been more important. With more than 9 billion people projected to be on the planet by 2050, the pressure on our climate and natural resources will only intensify. Inequality continues to divide our societies, with the middle classes expanding, while many young people

remain trapped in a cycle of poverty. Scotiabank supports the United Nations' vision for a fairer, more sustainable world. Our CSR priorities and strategy will contribute to a number of UN Sustainable Development Goals (SDGs) and we will take action on the issues where we stand to make the greatest positive impact.



### SDG 1: NO POVERTY

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

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

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

### SDG 4: QUALITY EDUCATION

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

### SDG 5: GENDER EQUALITY

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

### SDG 8: DECENT WORK AND ECONOMIC GROWTH

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

### SDG 13: CLIMATE ACTION

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

**Source:**

**PWC:** <https://www.pwc.co.uk/issues/megatrends.html>

**UNDP:** <http://www.undp.org/content/undp/en/home/librarypage/sustainable-development-goals/global-trends--challenges-and-opportunities-in-the-implementation.html>

# VALUE CHAIN AND IMPACTS

Through CSR, Scotiabank creates economic, social and environmental value for its stakeholders and the world around it.

As a leading financial services provider with more than 88,000 employees and 24 million customers worldwide, we stand to create significant economic, social and environmental value through our CSR activities – for both our core stakeholders and the world around us.

Here are some of the ways in which we created value in 2017:



### Community value:

- **CAD\$80 million** in donations globally
- **60%** of our philanthropic funding supported young people in the community, while **40%** went to foundational giving
- **403,500** employee volunteer hours
- **CAD\$2.3 million** in scholarships for students globally

**Better Future, Better Off**  
Our commitments to creating value for both society and Scotiabank



**24 MILLION CUSTOMERS**  
IN NEARLY 50 COUNTRIES

### Customer value:

- **CAD\$4.7 billion** financing in renewable energy
- **7%** Increase in access to banking for Aboriginal communities
- More than **9%** growth in loans for Canadian small businesses
- **8.9%** growth of microlending loans in LatAm

**Shareholder value:**  
FY2017 revenue  
**CAD\$27 billion**

**Environmental value:**  
**7.74%** reduction in GHG emissions globally in 2017



**15,000 SUPPLIERS GLOBALLY**

### Supplier value:

Supplier relationships range from local providers of office cleaning services to large multinational organizations.

### Employee value:

**CAD\$69.9 million** invested in training and development

**33** average annual learning hours per employee







**88,000+ EMPLOYEES WORLDWIDE**





# OUR PROGRESS





We have identified multiple Key Performance Indicators (KPIs) to help track our progress towards meeting our major CSR priorities and measure our impacts.

COMMITMENT and Priority	KPI	2017 Target	2017 Performance	2018 Target
 <b>CUSTOMERS</b> Financial Knowledge	Number of people reached through financial education/literacy tools and programs (global)	>500,000	>600,000	>700,000
 <b>CUSTOMERS</b> Access to Finance	Total microlending loans	+7%	+8.9%	+8%
	Increase in access to banking for Aboriginal communities (by customers, Canada)	+7%	+7%	+10%
	Total small business loans (Canada)	+8.9%	+9.2%	+12.1%
 <b>GOVERNANCE</b> Maintaining Trust	Be a leader in customer experience	100% implementation of The Pulse (NPS) in Canada, Mexico, Peru, Chile and Colombia by May 2017	Achieved	≥ Financial services norm
	Percentage of employees that attest to the Scotiabank Code of Conduct	100%	100%	100%
	Board of Directors gender diversity	Aspiration of each gender to be at least 30% of members	33% women	Aspiration of each gender to be at least 30% of members
 <b>EMPLOYEES</b> Diversity & Inclusion	Employee engagement score (global)	≥ Financial Services norm	5% > than Financial Services norm	≥ Financial Services norm
	Percentage of women in senior leadership roles	≥ 30% (VP+) globally	+39% (VP+ Canada) +20% (VP+ International)	≥ 34% (VP+) globally
 <b>COMMUNITY</b> Investing in Young People	Percentage of total philanthropic funding to support young people in the community	60% towards young people in the community 40% towards foundational giving	60% towards young people in the community 40% towards foundational giving	70% towards young people in the community 30% towards foundational giving
 <b>ENVIRONMENT</b> Climate Change	Decrease in GHG emissions	15% Scope 1 and 2 GHG emissions reduction in Canada by 2017 (based on 2012 levels)	28.68% reduction in Scope 1 and 2 GHG emissions in Canada was achieved a year early (by 2016). In 2017, a further 7.74% reduction was seen across global Scope 1 and 2 GHG emissions	10% global reduction of Scope 1 and 2 GHG emissions by 2021 (based on 2016 levels)
	Implement internal carbon price	Set Internal carbon price	Set Internal carbon price at CAD\$15/tonne	Implement internal carbon price

# OUR PROGRESS

## 2017 Performance

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

COMMITMENT and Priority	KPI	2017 Performance
 <b>EMPLOYEES</b> Diversity & Inclusion	Turnover rate (either global or Canada)	Canada 15%, International 12%
	Overall % of employees with disabilities (Canada)	3.8%*
	Overall % of visible minority employees (Canada)	28.4%*
	Overall % of Aboriginal people employees (Canada)	1.2%*
	Total invested in employee training and career development	CAD\$69.9 million
	Average number of training hours per employee annually	33 hours
 <b>COMMUNITY</b> Investing in Young People	Total amount of Community donations globally	CAD\$80 million
	Total amount of hours volunteered by employees	403,500 hours
	Amount donated through formal employee giving programs globally	CAD\$11.5 million
 <b>ENVIRONMENT</b> Climate Change	Total of Scope 1, 2 and 3 emissions, globally	Scope 1: 13,950 tonnes/CO <sub>2</sub> Scope 2: 108,181 tonnes/CO <sub>2</sub> Scope 3: 18,060 tonnes/CO <sub>2</sub>  Total CO <sub>2</sub> e footprint: 140,191
 <b>ENVIRONMENT</b> Responsible Financing	Commitment to a low-energy future by investing in renewable energy financing	CAD\$4.7 billion

\* 2016 data from latest Employment Equity report

# STAKEHOLDER ENGAGEMENT AND MATERIALITY

Listening to our stakeholders and understanding their needs is essential to growing our business and delivering on our CSR strategy. In particular, conducting ongoing dialogue with our key stakeholder groups helps us to identify environmental, social and governance trends, understand people’s

expectations in the diverse countries where we operate, and seek feedback on our strategy and priorities. We engage with stakeholders through a variety of methods and channels, both formal and informal, across the various business activities of the Bank, as summarized in the table below.

## HOW WE INTERACT WITH STAKEHOLDERS

Stakeholder Group	Relevant Topics in 2017	How we Interacted
<b>Customers</b>	<ul style="list-style-type: none"> <li>• Sales practices</li> <li>• Pipelines</li> <li>• Sponsorships</li> <li>• Commitment to the community</li> <li>• Access to Banking</li> <li>• Problem Resolution</li> <li>• Customer Experience improvement opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• Public engagement</li> <li>• Government and Regulator engagement</li> <li>• The Pulse (NPS), ongoing customer feedback</li> <li>• Office of the Ombudsman, complaint resolution process</li> <li>• Social media listening</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Human Rights in the workplace</li> <li>• Customer focus</li> <li>• Digital transformation</li> </ul>	<ul style="list-style-type: none"> <li>• Launched an updated Global Harassment Policy in 2017</li> <li>• Company intranet(s), email</li> <li>• Town halls and team meetings</li> </ul>
<b>Rating Agencies/ Investors/Analysts</b>	<ul style="list-style-type: none"> <li>• Digital transformation</li> <li>• Taskforce for Climate-related Financial Disclosures (TCFD)</li> <li>• Human Rights and Aboriginal relations</li> <li>• Canadian housing and consumer indebtedness</li> <li>• Geopolitical and macroeconomic issues, including NAFTA renegotiations</li> </ul>	<ul style="list-style-type: none"> <li>• First ever Digital Investor Day ran in February 2017</li> <li>• Shareholder calls and meetings</li> <li>• Shareholder proposals and enquiries</li> <li>• Annual meeting and quarterly earnings update calls</li> </ul>
<b>Government</b>	<ul style="list-style-type: none"> <li>• Internal carbon price</li> <li>• Cybersecurity</li> <li>• NAFTA and International Trade</li> <li>• Sales practices</li> <li>• Small Business Support</li> <li>• Digital transformation of financial sector</li> <li>• Diversity and Inclusion</li> </ul>	<ul style="list-style-type: none"> <li>• Dialogue with policy makers and government officials</li> <li>• Public submissions to government consultations</li> <li>• Meeting regulatory obligations</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>• Supplier Code of Conduct</li> <li>• Centralized source to pay process and policy</li> <li>• Third Party Risk and Regulatory requirement</li> <li>• UK Modern Slavery Act and Human Rights</li> <li>• Environmental and social risk</li> </ul>	<ul style="list-style-type: none"> <li>• New supplier RFP through Human Rights project</li> <li>• Standardized Market Ready contracts with environmental and CSR terms</li> <li>• Supplier Relationship Management Program</li> </ul>



# STAKEHOLDER ENGAGEMENT AND MATERIALITY

Stakeholder Group	Relevant Topics in 2017	How we Interacted
<b>NGOs and community development organizations</b>	<ul style="list-style-type: none"> <li>The state of education and health, and the well-being of youth in the countries in which we operate</li> </ul>	<ul style="list-style-type: none"> <li>Launched Young People in the Community Index</li> <li>Community partnerships</li> <li>Conferences, events, webinars</li> <li>Built soccer fields and hockey rinks in high need communities</li> </ul>
<b>Global sustainability organizations</b>	<ul style="list-style-type: none"> <li>TCFD recommendations</li> <li>Carbon pricing</li> <li>Diversity &amp; Inclusion</li> </ul>	<ul style="list-style-type: none"> <li>Public support of the Financial Stability Board’s (FSB) Taskforce for Climate-related Financial Disclosures (TCFD)</li> <li>Set an internal carbon price to fulfill our CPLC membership, in consultation with CDP</li> <li>Participated in research paper with Delphi Group on carbon pricing in Canada</li> <li>Sponsored event and speaking engagements on Diversity &amp; Inclusion</li> </ul>

## Our Material Issues

We strive to ensure we are addressing the social and environmental issues that matter most to our business and to our stakeholders, and on which we stand to make the greatest positive impact (our “material issues”). To gain a deeper understanding of our stakeholders’ views and expectations, we strengthened our stakeholder engagement review process in 2017. We used a dedicated digital platform to gather information from internal and external stakeholders worldwide, including employees, customers, investors, government officials, NGOs, charity partners, industry associations and universities. In total, we captured 214 completed surveys, both from external stakeholders and employees. We asked all our stakeholders to rank the importance of material issues. In addition, we asked employees to estimate the extent to which Scotiabank could influence these topics.

Overall, both our external stakeholders and employees strongly agreed on our most material issues. They highlighted our governance of operations, transparency, customer service and notably data privacy and security (which gained in importance since our last materiality review in 2015) as key priorities. Many of the high priority material issues related directly or indirectly to customer experience. In general, most of the priorities we identified in 2015 are still relevant today.

# OUR PRIORITIES

Our CSR priorities reflect our commitment to creating value for both society and Scotiabank. The table below summarizes how our priorities address our material issues.

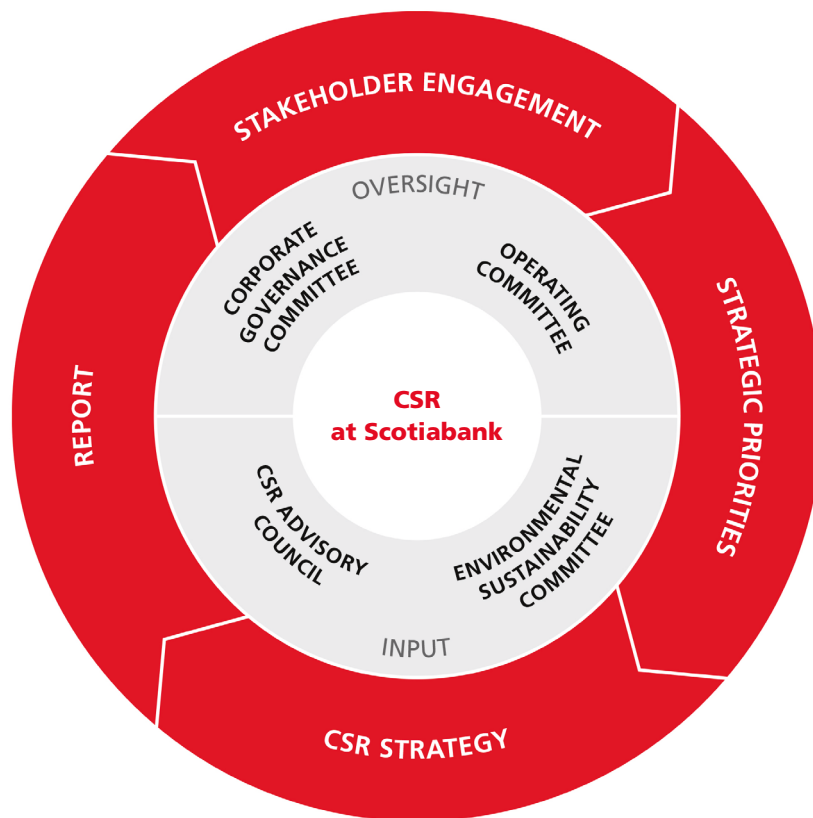
Priority	Description	Material Topics
 <b>Maintaining Trust</b>	To ensure we maintain the trust of our stakeholders, we strive to operate with integrity, enhance customer protection, lend fairly and balance stakeholder interests.	<ul style="list-style-type: none"> <li>• Governance of operations</li> <li>• Customer service</li> <li>• Data privacy and security</li> <li>• Transparency of operations and services</li> <li>• Human Rights</li> <li>• Commitment to external sustainability/CSR initiatives</li> <li>• Corporate structure</li> </ul>
 <b>Financial Knowledge</b>	When our customers know how to make better financial decisions, they can become better off. We educate our customers by providing them with an understanding of how they can plan for a better future and by offering fairly designed products and services.	<ul style="list-style-type: none"> <li>• Fair design and sale of responsible products and services</li> <li>• Financial education/literacy</li> </ul>
 <b>Access to Finance</b>	Enabling customers to become better off means equipping them with the tools to succeed. We work to increase the ability of individuals and enterprises to access essential financial services.	<ul style="list-style-type: none"> <li>• Innovation/digitization</li> <li>• Financial inclusion/access</li> <li>• Creation of products with social benefits</li> </ul>
 <b>Diversity &amp; Inclusion</b>	A diverse, inclusive environment allows customers and employees to reach their fullest potential. We strive to respect and appreciate all individuals and to embrace both our differences and similarities across dimensions, including age, ethnicity, gender or sexual orientation.	<ul style="list-style-type: none"> <li>• Talent attraction, engagement and development</li> <li>• Fair labor practices</li> <li>• Employee health and well-being</li> <li>• Diversity and equal opportunity</li> </ul>
 <b>Investing in Young People</b>	Investing in young people allows us to invest in the long-term security, stability and growth of our future. We proudly work with community partners that enhance the health and education of young people in the community.	<ul style="list-style-type: none"> <li>• Community investment and philanthropy</li> <li>• Health and well-being and education of youth</li> </ul>
 <b>Climate Change</b>	A better future needs a healthy planet. By setting emission reduction targets and taking action to meet them, we seek to reduce our impact on climate change.	<ul style="list-style-type: none"> <li>• Environmental footprint</li> <li>• Sustainable/responsible procurement supply chain</li> </ul>
 <b>Responsible Financing</b>	Businesses have an opportunity and a responsibility to help create a better future. As a bank, we make investments in sustainable solutions and lend in a way that mitigates social and environmental risk.	<ul style="list-style-type: none"> <li>• Environmental/social risk management in lending</li> <li>• Creation of products with environmental benefits</li> </ul>

# CSR GOVERNANCE

Our Corporate Governance Committee and Risk Committee both play key roles in guiding our CSR efforts by overseeing policies, statements or strategies related to the Bank’s economic, environmental and social impacts.

The Corporate Governance Committee reviews the Bank’s CSR strategy and reporting, evaluates our environmental and social performance and benchmarks our performance against our industry peers. It also discusses global trends and best practices in corporate disclosure of non-financial performance with our CSR management team. In 2017, the Corporate Governance Committee reviewed the evolution of our CSR priorities, as well as our integrated human rights strategy. The Corporate Governance Committee is composed entirely of independent directors.

The Risk Committee reviews the Bank’s risk appetite (the level of risk we are willing to accept). It continuously identifies and monitors key risks, evaluates our risk policies and oversees our Risk Management function. Additionally, the committee may advise the Board on key risks and potential policies (such as our Environmental Policy and Credit Risk Appetite) as appropriate.



# GOVERNANCE: MAINTAINING TRUST

Our Bank relies on our stakeholders. To ensure we maintain their trust, we strive to operate with integrity, enhance customer protection, lend fairly and balance stakeholder interests.



## RELATED MATERIAL TOPICS

- Governance of Operations
- Transparency of Operations and Services
- Data Privacy and Security
- Human Rights
- Responsible Procurement
- Customer Service
- Participation in Major Sustainability Initiatives

## PERFORMANCE

### 2017 Highlights

- The Pulse (NPS) was fully implemented in Canada, Mexico, Peru, Chile and Colombia
- Scotiabank pledged our support to the Canadian Chapter of the 30% Club, encouraging businesses to increase the representation of women on boards and in executive roles. We also support the Catalyst Accord, and in 2017 are proud to report 33% of our Board of Directors are female
- We progressed our Human Rights strategy and published a Human Rights Statement

### 2018 Looking Ahead

- Expanding The Pulse (NPS) to our commercial customers across Canada, Peru, Mexico, Chile and Colombia
- Expanding our biometric authentication to include face, eye and voice recognition to further safeguard customers' assets and enhance their banking experience
- Continue to review human rights approaches to issues affecting our employees, such as equal pay, discrimination and hours of work, and for our customers, issues such as privacy

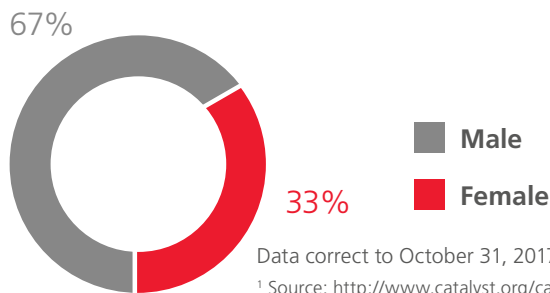
### Corporate Governance

Scotiabank has the highest respect for our stakeholders' confidence and trust in our business. We strive to ensure that our actions reflect their trust, by fostering strong leadership and promoting a culture of integrity and compliance. We are proud of our legacy of good corporate governance and place a focus on encouraging our employees to live our core values (Respect, Integrity, Passion, Accountability). We believe it is the responsibility of everyone in our company to maintain our high standards of ethical behaviour. This starts with championing strong leadership.

Scotiabank's Board of Directors plays a fundamental role in the overall governance of our organization. The Board, which is elected annually by our shareholders, seeks to create long-term shareholder value by overseeing management's performance and setting the tone for a culture of integrity

and compliance. As part of our commitment to strengthening our business through diversity and inclusion, 33% of our Board of Directors are female, in line with the Catalyst Accord's 2022 goal, which we support.<sup>1</sup>

### Board of Directors



Data correct to October 31, 2017.

<sup>1</sup> Source: <http://www.catalyst.org/catalyst-accord-2022>



## GOVERNANCE: MAINTAINING TRUST

Our Chairman and CEO have both pledged our support to the Canadian Chapter of the 30% Club, an initiative encouraging corporate businesses in Canada to increase their representation of women on boards and in executive roles.

Our Chairman is an independent director who leads the Board in conducting its duties effectively. He also advises the President and CEO on major strategic and business issues, and represents the Board in meetings with our primary regulator, shareholders and other key stakeholders.

The Board is supported by four committees: Audit, Corporate Governance, Human Resources and Risk. Our Chairman is a member of all four committees, and all of our Directors (excluding the President and CEO) serve on at least one board committee. Our board mandate and committee charters can be found on the Scotiabank website.

### Scotiabank Code of Conduct

Upholding high standards of ethics and integrity is integral to managing risk. At the heart of this is the Scotiabank Code of Conduct, which sets out exactly how we expect our employees to behave in relation to our company, our customers, communities, shareholders and to each other. We require all employees, officers and directors to acknowledge compliance with our Code on an annual basis. This process is also reviewed annually by both internal and independent auditors.

**We require all employees, officers and directors to acknowledge compliance with the Code on an annual basis.**

The six guiding principles of the Code are:

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

To supplement the Code, we have supporting policies and procedures in place, including on: whistle-blowing, personal information privacy protection, employee privacy, reputational risk, anti-corruption and anti-money laundering. We also have a global Human Rights Statement published in 2016.

We deliver training to all relevant employees on key ethical policies and issues. For example, in 2017, we enhanced our Advanced Anti-Corruption course to become the Anti-Bribery and Anti-Corruption course, incorporating content on both bribery and corruption. Additionally, we stepped up our employee training on Privacy issues and best practices within International Banking with our Enterprise Privacy Office (EPO) offering informative videos on our company-wide intranet. We also implemented new sales practices training across Canadian and International Banking.

### Data Privacy and Security

Our customers' data privacy and security is crucial, particularly with cyber security risks evolving rapidly and becoming ever more sophisticated. We maintain a strong focus on protecting customers' assets and personal data, and require all our employees to treat confidential information with the utmost sensitivity. We continuously raise awareness of the importance of privacy and information security within our company, including via our mandatory e-learning program. Any breach of confidentiality is addressed via our disciplinary procedure, and can result in termination.

We adapt our strategy in line with evolving security risks, particularly cyber risks, and invest significantly in leading-edge digital technology to keep our customers' data safe. In 2017 we formed a partnership with Team8, world renowned cyber security experts from Israel, to work with us on enhancing our capabilities in cyber security.



## GOVERNANCE: MAINTAINING TRUST

### Privacy

Our Enterprise Privacy Office (EPO) is active in ensuring compliance with privacy legislation and policies globally. In 2017, the EPO updated the Scotiabank Privacy Incident and Breach Management Procedures, which defines how the Bank responds to Privacy incidents and breaches. We also developed our enhanced Privacy Impact Assessment (PIA) process, which helps our teams identify and mitigate privacy risks related to new initiatives. There is an ongoing focus on delivering such training globally. In addition, the recruitment of more local privacy officers will occur in 2018, in order to help our employees implement the PIA process effectively.

### Cyber Security

We continuously strive to remain a step ahead of evolving cyber security risks. In 2017, we made multiple improvements to enhance customer protection, including strengthening the way we verify the identity of employees interacting with our systems and databases. We stepped up our incident response processes and training, helping our employees to develop a consistent, rigorous response to cyber incidents worldwide. Importantly, we invited an independent third party to assess the effectiveness of our incident response processes and took action to further optimize and streamline our approach.

To further safeguard our customers' assets and enhance their banking experience, we improved our customer authentication process. In particular, we enhanced our security questions and introduced fingerprint authentication. We plan to expand biometric authentication to include face, eye and voice recognition in the future.

### Human Rights

Respect for human rights sits at the heart of our core values and guides the way we do business. We are committed to upholding the UN Guiding Principles on Business and Human Rights, which provide a clear framework for businesses to apply human rights targets. These human rights statements are outlined in the Sustainable Development Goals, including SDG 8 on promoting decent work and economic growth. This goal includes a focus on economic growth and productivity through diversification, innovation and technological upgrading, as well as the protection of the rights of employees and promoting safe and secure work environments for all workers.

We have also developed business practices and procedures to integrate international and universal labor standards, such as the International Labor Organization's Declaration on Fundamental Principles and Rights at Work. We are committed to ensuring that our businesses and global supply chain partners adhere to the appropriate international labor standards, including Conventions No. 87 and No. 98 on freedom of association and collective bargaining.

Our global Human Rights Statement and three-year human rights strategy are based on the findings of a comprehensive human rights risk and impact assessment. The strategy defines the human rights issues that are most salient to our bank and our stakeholders. We aim to fully integrate human rights considerations into our lending activities and operations. Our cross-functional, internal human rights steering committee oversees our efforts and evaluates our on-going progress.

## THREE-YEAR HUMAN RIGHTS STRATEGY

In 2017, we finalized an enhanced Global Harassment Policy to ensure that we had consistent global standards and processes. In 2018, we will reinforce this to all employees, bank-wide, through structured and mandatory training.

We began to plan to implement a human rights screening program, to identify human rights gaps in high-risk countries and in specific industry sectors when exploring investment in financial products. We also began planning to conduct an extensive gap analysis in high-risk markets to identify human rights filters to be integrated into the due diligence process through the customer engagement experience in the retail banking environment.

In addition, we have worked on a pilot project to review the Employee Workplace Accommodation policies and processes. We will use our learnings from this pilot project to identify and resolve gaps in the Workplace Accommodation policies and processes in each country where we operate.

In FY2018, we will also continue to further human rights principles to human resources approaches affecting our employees, such as equal pay, discrimination and hours of work, and to concerns relating to our valued customers, such as privacy.



## GOVERNANCE: MAINTAINING TRUST

### Responsible Procurement

As a financial institution, Scotiabank's supply chain focuses on indirect goods and services by nature. We have more than 15,000 suppliers worldwide, including both small and medium enterprises and large corporations, and prioritize working with suppliers who share our values and culture.

Our approach to raising our suppliers' ethical performance reflects our support of SDG 8. In particular, we require all our suppliers to uphold our Vendor Code of Conduct, and we consider social and environmental criteria as part of our assessment of new suppliers. Our CSR and business teams use a dedicated supplier management platform to manage suppliers on an ongoing basis and monitor their performance.

We continuously seek to optimize the way we identify and act on human rights risks in our supply chain. In 2017, we completed an in-depth review of human rights risks in our supply chain, identifying high risk categories and markets. We drew on the findings to strengthen our policies and procedures surrounding tenders, on-boarding new suppliers and purchasing. For example, we improved our risk assessment process for new and existing suppliers, updated our Vendor Code of Conduct and introduced a new Vendor Relations Policy. We also developed an enhanced Purchasing Policy, together with a practical manual to help our buyers integrate ethical considerations into their purchasing decisions.

### Customer Experience

In the same way that we seek to uphold high standards in our supply chain, so we have a longstanding, strategic focus on optimizing our customers' experience. We enable our employees to support customers effectively, assess their needs and develop effective financial strategies. We seek regular feedback from customers and employees and monitor sales teams to ensure compliance with our practices. We are confident that our practices are sound and if we do not meet customer expectations, we take action to make things right.

In the event of a complaint, customers in Canada can first contact their local branch or contact centre. If the issue is not resolved to their satisfaction, including by the Management Officer, they can escalate it to the Office of the President. If the complaint remains unresolved, it can be escalated to the Scotiabank Ombudsman. Internationally, the Bank follows a similar process, although specifics may vary according to country regulatory requirements or local needs.

### Digital Transformation and The Pulse

As we continue our digital transformation journey, we have stepped up our efforts to simplify and digitalize customer experience, by creating a custom Net Promoter System (NPS). Now referred to as "The Pulse", this is our global customer experience system, designed to enable a systematic approach to effectively listen to customers, leverage their feedback and respond in real time. This precise view of how customers experience our services will help us to build longstanding customer relationships, enabling us to invest in the products, services and tools that our customers require to succeed.

Through 2017, we implemented The Pulse across all our branches, contact centres and digital channels in Canada, Mexico, Peru, Chile and Colombia. We also initiated a pilot program for Commercial Banking customers in Canada and Peru. Since its launch, we have sent nearly 10,000,000 customer surveys globally, and received feedback from over two million customers. As we engage all levels of the organization to connect with customers further on the feedback, we have made over 200,000 call backs to customers.

### We received feedback from over 2 million customers through The Pulse.

With the prioritization of feedback, we are now making improvements for customers and their experience. For example, customers in Chile were unhappy with our digital password expiry rules, leading to high call volumes in our Contact Centre to unlock their accounts. To address this issue, we improved and simplified the password process and updated it to ensure sound security. Customers have responded positively to the change and our Contact Centre now receives fewer password-related calls.

In 2018, we will focus on expanding The Pulse for commercial customers across Canada, Peru and into Mexico, Chile and Colombia. For our retail customers we will continue our expansion into the Caribbean market, primarily focusing on Jamaica, Trinidad & Tobago and the Dominican Republic. We will also roll it out across our additional Contact Centre teams in our six markets and explore new, technology-driven ways to gather customer feedback.

We also developed a proprietary system to gather feedback from employees. The tool enables and empowers employees to initiate change and improve the employee and customer experience across the organization.

# CUSTOMERS: ACCESS TO FINANCE

Enabling customers to become better off means equipping them with the tools to succeed. We work to increase the ability of individuals and enterprises to access essential financial services.



## RELATED MATERIAL TOPICS

- Promoting Financial Inclusion
- Innovation and Digitization
- Creation of Products with Social Benefits

## PERFORMANCE

### 2017 Highlights

- We increased our microlending loans across the International Bank by 8.9%
- We were awarded the “Gold standing” from the Canadian Council for Aboriginal Business for providing access to finance for Aboriginal communities
- Peru’s Billetera Movil now has 87,190 customers

### 2018 Looking Ahead

- We plan to make small business accounts available to more businesses, by engaging with all eligible customers
- We plan to grow small business loans by 12.1%
- We will increase access to finance for Aboriginal communities by 10%

There are some two billion people of working age globally who lack access to formal financial services, according to the World Bank.<sup>2</sup> By 2030, the UN aims to eradicate poverty (SDG 1), including by ensuring that everyone has equal access to basic financial services. By removing barriers and increasing access to finance, we are actively helping to bridge this gap and build a more inclusive global economy. Importantly, we believe every customer has the right to become better off. We create opportunities for everyone to succeed – from families to individuals to businesses. Digital innovation plays a fundamental role in this. We are transforming our products and services to meet the diverse needs of the customers we serve, harnessing mobile technology to help customers access essential financial services like never before.

## Promoting Financial Inclusion

### Aboriginal Banking

Scotiabank is taking steps to positively impact Aboriginal people, communities and businesses, by offering more effective banking services, creating employment opportunities and supporting sustainable development.

We have 27 Aboriginal Banking Centres across Canada, including four on-reserve branches, offering all our banking services. Commercial Banking also provides customized on-reserve lending services – which support communities in boosting their local economies – to Aboriginal economic development organizations and band councils. All our centres and branches are aligned to the Canadian Council for Aboriginal Business (CCAB)’s Progressive Aboriginal Relations (PAR) review process.

We were also awarded the prestigious “Gold Standing” from the Canadian Council for Aboriginal Business for the third time.

<sup>2</sup> Source: World Bank <http://www.worldbank.org/en/topic/financialinclusion/overview>

## CUSTOMERS: ACCESS TO FINANCE

The Gold standing awarded to Scotiabank recognizes leadership in Aboriginal Relations, and commitment to working with Aboriginal businesses and communities through helpful banking services. Scotiabank was one of only six companies in Canada to have been awarded with the distinction in 2017.

### Small Business

Small businesses are the backbone of Canada’s economy, contributing, on average, 30% of GDP and employing some 11.6 million people,<sup>3</sup> while Mexico’s 4.7 million small businesses contribute USD\$1.6 million to the country’s GDP.<sup>4</sup> We are committed to enabling small businesses to succeed with faster, smarter financial services. For example, Scotiabank’s new digital lending platform is helping more small business customers in Canada to save time and better manage their finances by gaining access to financial services more rapidly.

By digitizing the way we open accounts and approve loans, we have become Canada’s first major bank to enable small businesses to open an account in as few as 15 minutes. Many of our customers have taken advantage of our new digital lending and account opening capabilities for small businesses, gaining real-time access to the products and services they need to run their day-to-day business. We plan to make small businesses’ accounts available to more businesses in 2018 by engaging with all eligible customers.

In 2017, we further expanded our support of independent professionals, agricultural enterprises and franchises by growing our network of specialists offering practical advice and guidance. We also stepped up our support of start-ups by collaborating with organizations including the Canadian Federation of Independent Business (CFIB) and Start Up Canada.

For example, in Trinidad & Tobago, 32 small business owners graduated from our entrepreneur-focused Scotiabank Vision Achiever Program in 2017, with the top graduate winning \$25,000 to invest in their business. Meanwhile, our new TT\$50million SME Capital Equipment Fund provides low-cost loans to eligible businesses from diverse industries.

### Multi-Cultural Banking

Moving to a new country can be challenging. Our StartRight Program helps newcomers transition smoothly to Canada by providing simplified fundamental financial services catering to their needs. We help newcomers gain access to bank accounts efficiently and offer a free chequing account for students, as well as other reduced-cost services. We also partner with non-profit organizations such as Colleges and Institute Canada, CanPrep and the Toronto Region Immigrant Employment Council to improve immigrants’ study and career prospects in Canada. Our employees support this effort by acting as mentors to people interested in moving to Canada, both in person and through interactive webinars.

In 2017, we enhanced our StartRight program by helping newcomers gain credit more rapidly. Permanent residents can now obtain a \$3,000 minimum credit limit with no credit history or income (up from \$2,000). Foreign workers can also apply for a credit card with a 10-month work permit (down from 12 months).

Our Scotiabank Student GIC Program (SSGP) is now available in India, China, Vietnam and the Philippines assisting students in these countries with their study visa application process.

### CASE STUDY: WORKING GLOBALLY

We recognize the important role that access to financial services plays in helping people become better off, and we work to provide innovative solutions to unbanked, under-banked and disadvantaged populations globally. In 2016 our subsidiary Banco Colpatria in Colombia eliminated fees related to its chequing and savings accounts. This “\$0 fees strategy” and accompanying marketing campaign attracted a new customer base and established a renewed trust in financial institutions from the unbanked, who previously saw the fees associated with keeping money at a bank as a disincentive to opening an account. In 2017 this program continued to grow, with a further increase in account openings.

<sup>3</sup> Source: Government of Canada, Key Small Business Statistics – June 2016 [https://www.ic.gc.ca/eic/site/061.nsf/eng/h\\_03018.html](https://www.ic.gc.ca/eic/site/061.nsf/eng/h_03018.html)

<sup>4</sup> Source: OECD Entrepreneurship at a Glance <http://www.oecd-ilibrary.org/>



## CUSTOMERS: ACCESS TO FINANCE

---

### Microlending

We seek to help people with little or no access to financial services to fulfill their potential and improve their livelihoods, by providing relevant, affordable solutions. In 2017, total microlending (including consumer and microfinance for businesses) saw a 8.9% growth rate year-over-year, exceeding our goal.

**50.4% of microlending goes to women-owned businesses.**

We achieved this by undertaking an in-depth study of our microfinance customers' needs and improving our services in line with our overall commitment to catalyze digital transformation in everything we do. For example, CrediScotia Peru has digitized its background checks, enabling microfinance entrepreneurs to obtain loans within just 30 minutes, compared to up to 48 hours previously. Similarly, Progresar, a new product from our microfinance division in Uruguay, Pronto!, allows customers to have their loan approved in less than one minute. In the absence of traditional credit bureaus, Progresar uses a scoring tool to rate customers' suitability for a loan, with all approval decisions made automatically. To further expand access to finance in Uruguay, we have launched self-service banking kiosks equipped with biometric recognition.

### CASE STUDY:

#### CREDISCOTIA NEW SERVICE OFFERING IN PERU

In Peru, CrediScotia has launched a new financial assistance services offering, Beneficia, for its Visa Unica credit card customers, designed to help families with financial planning in areas such as medical insurance, funeral services and legal assistance. Additionally, 45,500 CrediScotia customers began using Peru's Billetera Movil (Mobile Wallet) mobile banking service in October 2016, following a national campaign to help underprivileged communities gain access to mobile banking. A year later, Billetera Movil is processing an average of 2,000 transactions per month, and has grown to 87,190 customers.

Total microlending (including consumer and microfinance for businesses) saw an 8.9% growth rate year-over-year, exceeding our goal of 7% increase.

We also believe in supporting women-owned businesses, and in FY2017 this represented 50.4% of our microlending total loans.

# CUSTOMERS: FINANCIAL KNOWLEDGE

When our customers know how to make better financial decisions, they can become better off. We educate our customers by providing them with an understanding of how they can plan for a better future and by offering fairly designed products and services.



## RELATED MATERIAL TOPICS

- Financial Education and Literacy
- Fair Design and Sale of Responsible Products and Services

## PERFORMANCE

### 2017 Highlights

- We updated our TFSA and RSP calculators to help customers determine the level of savings they need to reach their financial goals
- Scotiabank Chile and Colpatría in Colombia ran a social media campaign to highlight ways customers could better manage their finances
- We sponsored Talk With Our Kids About Money Day in Canada, reaching 660,000 students

### 2018 Looking Ahead

- Continued webinars and education sessions to support our customers to reach their financial goals, including online events through Scotia iTrade
- Our partnership with Junior Achievement America’s “Road to Success” program will be in its third year, aiming to reach 50,000 students in total
- Talk With Our Kids About Money Day sponsorship to reach even more youth in our communities

### Financial Education and Literacy

Inclusive, high quality education and lifelong learning, as represented by SDG 4, are integral to the UN’s global vision for sustainable development, in which everyone has equal opportunities to thrive and progress in life. Helping people to manage their finances more effectively is an essential component of this, as financial knowledge plays a key role in informing people’s decisions and helping them become better off.

We strive to promote and enhance financial literacy through a range of education resources and initiatives for customers. In November 2016 during Financial Literacy Month in Canada, we ran a campaign on Twitter and Facebook. “The best advice ever received” campaign highlighted the importance of developing a financial plan and sharing practical tips and strategies to help customers achieve their savings goals. The Twitter chat as part of this campaign reached 36.7 million impressions.

We also supported our own employees by kick-starting a series of financial education sessions. These informative workshops on financial planning and retirement savings took

place alongside a Financial Fair where employees could learn more about educational resources, tools and solutions from various Scotiabank departments.

To further support financial literacy, we enhanced our GIC selector tool, which helps customers to identify the savings product that best fits their needs. In particular, we lowered the minimum GIC investment from CAD\$500 to CAD\$100, allowing customers to gain access to a wider range of GIC products. We also improved our TFSA and RSP calculators, which help customers to determine the level of savings they need to reach their financial goals. We simplified the calculators, enhanced their usability and optimized them for mobile use. More than 455,000 people are now using these tools, up from 329,000 in 2016.

### TFSA and RSP Calculator use:





## CUSTOMERS: FINANCIAL KNOWLEDGE

### Building Knowledge Through Education

In Canada, we have developed a variety of offerings that provide information on important financial topics. For example, our Mapping Tomorrow™ program is a financial planning tool used by Scotiabank advisors to create customized financial plans for customers, based on various key life stages.

In 2017, a new branch customer experience has started rolling out across International Banking. These new branches offer an environment that informs, educates and provides hospitality level service through customer focused tips and advice, educational videos as well as seminars offered to our customers teaching them about various financial literacy subjects.

### Scotia iTrade and Sustainable Investing

Our Canadian direct investing platform, Scotia iTrade, offers regular educational events and online training to support Canadian customers with their investment goals. In 2017, we delivered 109 webinars to more than 3,000 current and prospective customers. Participants responded favorably to the webinars, with an average of 91% rating them very good or good. Through Scotia iTrade, we also offer interactive learning modules on topics including investing tools and techniques and wealth management. Increasingly, we are focusing on sustainable investing, recognizing that our customers are interested in how their savings can create positive environmental and social impacts.

**Increasingly we are focusing on sustainable investing, recognizing that our customers are interested in how their savings can create positive environmental and social impacts.**

### Promoting Financial Knowledge Globally

Among the initiatives we undertook to promote financial knowledge, we extended the financial literacy portal we offer to small businesses in Mexico, to Chile, Peru, Costa Rica and Colombia. "*Impulsa tu PyME*" (Boost your Business) is designed to help small business owners with everything from starting and growing a new business, to selling or winding down a company. Entrepreneurs can access informative articles, tools, videos and interactive guides from their mobile phone.

We also ran a social media campaign in Chile and Colombia, highlighting ways in which customers could better manage their finances. In Chile our total campaign impressions on LinkedIn were more than 265,000. In Colombia on Facebook we reached more than 456,000 users.

### Responsible Sale of Products and Services

Ensuring we are selling products and services responsibly is a critical part of being a customer focused organization.

In 2017, our Executive Vice-President of Canadian Banking, James McPhedran, explained our policies and procedures to the Canadian government's Standing Committee on Finance. In particular, he highlighted that our Branch Advisors provide customers with balanced advice based on their needs, and we measure them using a balanced scorecard that aligns to our customer focused strategy. He added that our digital transformation is benefiting customers by simplifying their banking experience, offering improved convenience. Digital technology also allows us to be more customer focused and to spend more time giving advice.

Feedback from 700,000 customers in Canada up to June 12, 2017 showed consistently high satisfaction levels, particularly in relation to our front-line teams. Finally, he also spoke about our culture and the importance of trust, referring to our core purpose of supporting customers with achieving their financial goals, and the values of integrity and respect that guide our behaviour.



## CUSTOMERS: FINANCIAL KNOWLEDGE

---

### Promoting Financial Knowledge for Young People

#### Junior Achievement Partnership

Young people must have equal access to education in order to succeed in work and in life. We support programs that invest in financial, physical and digital access to education. Through our global partnership with Junior Achievement (JA), a renowned youth education organization, more than 700 Scotiabank volunteers introduced JA's "Road to Success" financial literacy program in their communities in Latin America. The program reached more than 11,860 students across 210 schools in 16 countries in 2017, with education, innovation camps and regional competitions and aims to reach 50,000 students over three years.

Through our partnership with JA in Canada, more than 100 Scotiabankers delivered the "Dollars with Sense" program, which helps Grade 7-9 students gain access to the tools they need to make effective financial decisions and become debt-free, savvy investors, to more than 1,940 students in 2017.

In 2017, we were awarded the Transforming Education Award from JA Americas, for our role in helping them transform the way they are educating their students. Our investment in digital resources helped to ensure the students connected the theory on what they learn in the classroom with real life.

### Talk With Our Kids About Money

We reached 660,000 children and 6,000 teachers in Canada by sponsoring the "Talk With Our Kids About Money" (TWOKAM) initiative. Developed by the Canadian Foundation for Economic Education (CFEE), the program seeks to help children become more knowledgeable about money so they can make better, more informed financial decisions.

In addition to supporting ongoing educational programs for children and parents, we sponsored the 2017 "Talk With Our Kids About Money" Day, which saw money fairs, talks and special events taking place in communities across the country. For example, the province of Manitoba, the first to partner with the TWOKAM program, held a major money fair with interactive discussions for young people on money and managing their finances.

**We reached 660,000 children and 6,000 teachers in Canada by sponsoring the "Talk With Our Kids About Money" initiative.**



# EMPLOYEES: DIVERSITY AND INCLUSION

A diverse, inclusive environment allows customers and employees to reach their fullest potential. We respect and appreciate all individuals and strive to embrace both our differences and similarities – regardless of age, ethnicity, gender, ability or sexual orientation.



## RELATED MATERIAL TOPICS

- Diversity and Equal Opportunity
- Talent Attraction, Engagement and Development
- Employee Health and Well-being
- Fair Labor Practices

## PERFORMANCE

### 2017 Highlights

- We increased the number of women in senior management positions (VP+), to 39% in Canada and to 20% outside of Canada
- Increased year-on-year employee engagement score and we were 5% higher than the industry average
- We spent CAD\$69.9 million on training and development of employees. The average number of training hours per employee is 33 hours annually
- We enhanced our Global Harassment Policy to ensure that we had consistent global standards and processes

### 2018 Looking Ahead

- We have a renewed Inclusion Council comprised of senior leaders across all areas of the organization and chaired by the President and CEO
- Scotiabank in Chile is launching a campaign to encourage a more diverse and inclusive workforce, in particular for the disabled
- We are creating an Employee Pulse (NPS) system to empower frontline employees to transform the customer experience by sharing their feedback on what is working and what we can improve for our customers
- Continue to raise awareness about workplace safety through mandatory employee training that addresses important issues of harassment, violence, gender identity, accessibility and accommodation

## Diversity and Equal Opportunity

Diversity drives innovation and business success. Companies with a good balance of men and women are 15% more likely to outperform their competitors, and firms with employees from a mix of ethnic backgrounds are 35% more likely.<sup>5</sup> At Scotiabank, we know that our ability to build an inclusive environment with diverse skills and expertise is critical to meeting our customers’ needs, and attracting, developing and retaining talent. We strive to create a workplace in which our 88,000 employees are empowered and engaged, providing them with multiple opportunities to grow.

In particular, through our Diversity & Inclusion strategy, we support the UN’s sustainable development vision for gender equality, as represented by SDG 5, which seeks to end all forms of discrimination against women and girls. It aims to empower women to participate fully in leadership roles and

encourages policies and legislation that promote gender equality and women’s empowerment. We also prioritize LGBT+ inclusion, as part of our push to encourage everyone in our organization to be their authentic selves and reach their full potential.

## Employee Resource Groups

There are 11 Employee Resource Groups (ERGs) globally. These are employee-led initiatives that support under-represented groups in contributing to our business goals, while promoting greater affinity and understanding.

In 2017, our ERGs continued to grow globally, particularly within Latin America. For example, Scotiabank Pride, one of our largest LGBT+ ERGs, expanded to include Colombia, Peru, Puerto Rico, Uruguay, Asia and the USA.

<sup>5</sup> Source: McKinsey & Co, Why Diversity Matters, 2015 <https://www.mckinsey.com/business-functions/organization/our-insights/why-diversity-matters>



## EMPLOYEES: DIVERSITY AND INCLUSION

Scotiabank Pride Mexico launched a campaign to promote the importance of working together as allies. This included a series of “reverse mentoring” sessions with senior leaders, through which LGBT+ employees highlighted the importance of inclusion. Mexico’s second annual Pride Connection Summit, brought together more than 700 attendees to hear LGBT+ experts.

For the second year in a row, the Scotiabank Aboriginal Network celebrated Canadian National Indigenous Day in Toronto. This included drum and dance performances by First Nations youth, to recognize and celebrate the unique heritage, diverse cultures and outstanding contributions of our First Nations, Inuit, and Métis peoples.

Elsewhere, our employees run approximately 30 women’s ERG chapters and the number is set to grow in 2018, with more groups forming in Canada. Approximately 2,500 women and men are currently members of these groups.

In 2017, Scotiabank refreshed the focus of our Inclusion Council. It is now chaired by our President and CEO, and includes members of senior management that can affect change within their respective business lines.

### LGBT+ Inclusion

In June 2017, we celebrated Pride month, one of our annual Global Inclusion Months, raising awareness for LGBT+ inclusion among our employees and customers globally. We raised pride flags at various country headquarters, promoted inclusion messages through advertisements at branches and on ABM screens, and led social media and digital campaigns. In addition, more than 600 Scotiabankers marched in 10 pride parades globally, including in Mexico, Costa Rica and across Canada. We also support a number of external organizations globally, including the Costa Rican Chamber of Commerce Association, and in Canada, Start Proud and Pride at Work.

### Gender Equality and Women’s Empowerment

In 2017, we developed a new global strategy for gender equality and women’s empowerment, focusing on four areas: encouraging commitment and accountability among our leaders; advancing women’s inclusion; attracting, developing and retaining strong female talent; and promoting our approach to women’s empowerment among external stakeholders.

To help more women become senior leaders, we run multiple, complementary initiatives to attract promising candidates and help them succeed in leadership roles.

We also identify strong performers at the Senior Manager and Director levels and support them in advancing their careers through dedicated leadership programs.

### We saw the highest level of women in leadership (VP level or above) in Canada.

The proportion of women in our organization at VP level or above reached a record high of 33% globally in October 2017, an 8% increase since November 2013 when Brian Porter became our President and CEO. We saw the highest level of women at VP level or above in Canada (39%). In Latin America, the proportion reached 19% (up from 14% in 2016). We recognize that we need to do more to empower women in the Latin American countries where we work. Including all countries we operate in outside of Canada, the proportion of women at VP+ level was 20%.

We celebrated International Women’s Day in 2017 by raising awareness of unconscious bias, which arises when people make quick judgments about others based on their own perceptions and cultural references. Scotiabank Mexico hosted two “Engaging Men Executive Roundtables” with Catalyst in Mexico to help empower senior male leaders to become gender equality champions.

Many of our Latin American countries supported our unconscious bias campaign by hosting events of their own. Scotiabank Mexico launched a broader employee engagement campaign on gender inclusion. In Colombia, senior leaders conducted a workshop with labor organization *Aequales*, to identify opportunities to promote gender equality. Chile also ran an internal campaign on unconscious bias to dispel common myths.

In 2017, we held a one-day “Commit to Action” event to support the UN’s International Day of the Girl, inviting Scotiabankers to commit to taking one action to promote gender equality. In Colombia, Colpatria partnered with non-profit organization PLAN International to organize a “CEO Takeover”, whereby Colpatria’s CEO gave up his seat to a young woman for the day. The initiative was a way to empower girls to believe their dreams are attainable.

In 2017, Scotiabank became the Founding Supporting Canadian Sponsor of the Boardlist, a talent marketplace for the tech community. Boardlist discovers, recommends and connects highly qualified female leaders with opportunities to serve on private and public company boards.

# EMPLOYEES: DIVERSITY AND INCLUSION

## Talent Attraction, Engagement and Development

Developing, promoting and recruiting the highest performing candidates is critical to the future of the Bank. By strengthening our talent pipeline and ensuring all employees have equal access to advancement opportunities, we aim to build a high performing team and be recognized as a leader in business performance.

### Employer of Choice

Scotiabank remains a top choice for people seeking financial services roles. We continue to attract and retain employees with the right combination of skills to deliver our business goals. In 2017, we filled approximately 50% of our vacancies with existing employees, providing nearly 12,000 employees with an opportunity for promotion.

Externally, we engaged regularly with professional and community organizations in order to attract talented professionals to our company. In particular, to build our digital expertise, we sought people with specialist skills in areas such as data analytics, statistics, robotics, programming, engineering and mathematics. We also hire more than 1,500 interns a year in Canada through partnerships with top Canadian universities, and made seven retail and operations hires through HireUp, a non-profit organization that links homeless young people in Canada with businesses. We look forward to continuing these partnerships in 2018.

### Employee Engagement

In 2017, we achieved an employee engagement score of 79% through our annual employee survey, ViewPoint. The score measures our employees' depth of commitment, sense of pride and level of satisfaction, and exceeds the global financial services industry 74% average.

### Employee engagement score

	2017	2016	2015
Scotiabank	79%	77%	84%
Average EEI reported by IBM for financial services globally	74%	74%	73%

This score reflects our focus on supporting our employees with a positive, inclusive work environment and listening to their perspectives. While our decline in 2016 was not unexpected given the degree of change happening in parts of the organization, we are pleased to see an increase in 2017 that still exceeds the global financial services average.

In 2017 amongst our participating employees, globally 90% of employees agree that there is a strong customer focus. Additionally, 88% of employees shared that they believe Scotiabank is socially and environmentally responsible.

**88% of participating employees shared that they believe Scotiabank is socially and environmentally responsible.**

### Employee Development

Our people are our greatest asset. We continuously invest in providing our employees with the learning and development opportunities they need to grow and fulfill their potential, preparing them to exceed our customers' expectations.

In 2017 we invested CAD\$69.9 million in employee training and development globally. The average amount of hours spent on training annually per employee is 33. As we make efforts to digitize and make training more relevant and efficient, the average of learning hours and total spend on learning and development is expected to decrease over time.

### Promoting Lifelong Learning and Growth

Employees are supported in creating a Development Plan shortly after they are hired, identifying the skills, knowledge and competencies they need to succeed in their current and future roles. The Development Plan is ongoing, and not associated with any specific year. In 2017, we built on the new digital learning, performance and development platform we launched in 2016, and by strengthening our employee performance review process integrating it with the Development Plan process. In particular, managers work with their employees to set performance goals and review long-term development needs at the same time. This allows us to meet both short- and long-term business goals, while supporting our employees' development. In addition, in 2017 we put a strong emphasis on ongoing dialogue and regular coaching to ensure that employees are supported in following their plans and achieving their performance and development goals. Coaching and regular feedback is an important part of our performance culture.

For the first time, we have automatically assigned four core competencies (results-focus, customer focus, self-awareness and personal development, and developing and coaching talent) for all employees to be assessed by themselves and their managers at year-end. These competencies are integral to meeting our business goals, making progress on our digital transformation journey and fostering a high performing, customer-oriented and inclusive culture. Looking ahead,

# EMPLOYEES: DIVERSITY AND INCLUSION

we have added Curiosity as a fifth competency for 2018. This underscores the focus on continuous learning and development and the need for outside-in thinking, which were themes that emerged in 2017.

## Empowering Future Leaders

Developing future leaders is critical to the ongoing success of our business. Scotiabank offers employees the opportunity to select from thousands of learning activities, including classroom learning, e-learning, virtual instructor-led courses, social learning and community volunteer work. Through our global management and leadership development program, iLEAD, we strive to develop tomorrow’s leaders, providing them with tailored support at every stage of their career through multiple education resources. In 2017, more than 8,000 employees participated in iLEAD, attending more than 13,000 courses. Additionally, we actively identify and support potential future leaders through our Leadership Resource

Planning (LRP) process, in order to ensure we have the right people in place to take on key leadership roles.

## Employee Health and Well-being

We recognize that people perform better when they are in good health and benefiting from a positive work-life balance. We invite every employee to take responsibility for creating a healthy, safe work environment. In 2017, we made hazard prevention tools and guides available to all employees, and made it easier for our teams to comply with health and safety requirements by streamlining our administrative processes.

Our global online platform, Your Wellbeing, provides multiple programs and resources that support our employees’ well-being, and allows employees to share ideas and best practice with co-workers worldwide.

Among the additional health and well-being resources we offer are:

Topic	Scotiabank’s Offering
<b>Stress management training</b>	Resources and tools on stress management to employees in Canada, and country-specific programs that respect the culture and customs of each country
<b>Ergonomics in the workplace</b>	We launched our global Ergonomics Portal in 2017 to share resources with employees on topics such as setting up workstations correctly, stretching and good posture
<b>Fitness</b>	Health & Wellness Centres focusing on physical, nutritional and spiritual wellness in some new corporate locations
<b>Health and nutrition</b>	For any employees with complex medical conditions, Scotiabank offers a Health Assistance Program, and access to dedicated pharmacy programs
<b>Flexible working hours</b>	Our Flexible Work Options policy aims to help employees in Canada to achieve a good work-life balance. Internationally, we offer programs and policies that respect local cultures and customs
<b>Working from home arrangements</b>	Some corporate locations offer an activity-based program, which provides employees with the autonomy to select where they work, including from home
<b>Childcare facilities or contributions</b>	Scotiabank provides membership to a national child care provider in Canada, which offers childcare for newborns to children up to age 12
<b>Paid maternity leave in excess of legally required minimum</b>	Employees on maternity leave in Canada are eligible to receive a supplementary top-up to their employment insurance benefits for a six-week period

Looking ahead, we plan to increase our focus on employee health and well-being, by refocusing our employee services on two key pillars: mental and financial health. For mental and emotional health we align with partners that focus on preventative and early intervention solutions for employees when support is needed the most. For financial health, we

continue to improve communication channels with employees which includes in-person sessions for pension understanding, and simple comprehensive fact sheets for topics such as the importance of insurance coverage including selecting disability coverage and understanding savings opportunities.

# COMMUNITY: INVESTING IN YOUNG PEOPLE

Investing in young people allows us to invest in the long-term security, stability, and growth of our future. We proudly work with community partners that enhance the health and education of young people in the community.



## RELATED MATERIAL TOPICS

- Community Investment and Philanthropy
- Supporting Health, Well-being and Education Initiatives for Young People

## PERFORMANCE

### 2017 Highlights

- We directed 60% of our total philanthropic funding to young people in the community
- Employees volunteered more than 403,500 hours to support local charities and causes
- Scotiabank launched the Young People in the Community Index, a framework to measure and track young people's quality of life in countries that we operate in

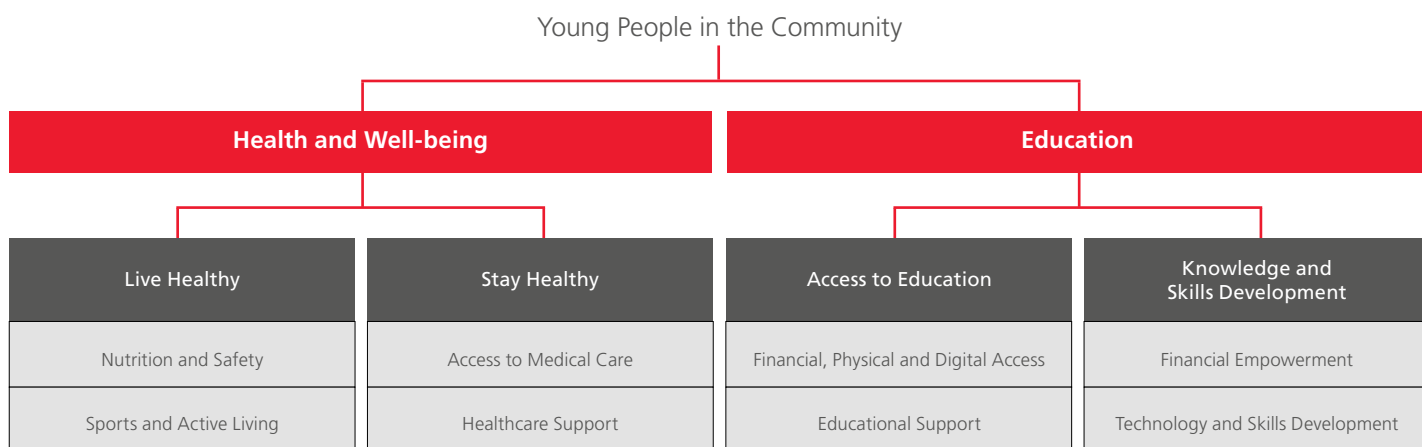
### 2018 Looking Ahead

- Direct 70% of total philanthropic funding to young people in the community
- Further promote the Young People in the Community Index and increase parameters to expand the number of indicators the Index tracks globally
- Launch partnership with Maple Leaf Sports and Entertainment (MLSE) and the MLSE Foundation

## Scotiabank in the Community

By 2030, the UN aims for people of all ages to enjoy healthy lives and a sense of well-being (SDG 3), and for everyone to have access to quality education and lifelong learning opportunities (SDG 4). Business and finance stand to play a key role in helping to achieve these goals. For example, financial risk protection can help to safeguard people against the financial hardship associated with paying for health

services, while health financing can significantly boost the quality and availability of health services, particularly in developing countries. Similarly, supporting programs that promote free, equitable learning opportunities for girls and boys and empowering young people to develop employability and entrepreneurial skills contribute directly to quality education for all.





## COMMUNITY: INVESTING IN YOUNG PEOPLE

At Scotiabank, we are committed to playing our part to support good health, well-being and education in our communities. We strive to make a positive difference in the communities where we live and work, recognizing that when communities are healthy and have access to education, they boost their chances of employment, which in turn strengthens both the community and the Bank. Young people are our future leaders and it is critical to help them develop the skills and resources they need to succeed. Through our community investment strategy, we partner with organizations promoting young people's health, well-being and education.

In 2017, we contributed CAD\$80 million to communities globally in donations, sponsorships and other forms of assistance, directing over 60% of our funding towards young people in the community. Within our spending on youth, 65% was invested in Health and Well-being and 35% in Education and Arts.

### Young People in the Community Index

In 2017, we launched the Scotiabank Young People in the Community (YPC) Index – a framework to measure and track young people's quality of life, accompanied by a new report highlighting our findings. It focuses on health, well-being and education as the foundational elements of success. We are using the YPC Index, created in partnership with research consultancy GlobeScan and a committee of global youth experts, to gain a deeper understanding of the challenges facing young people across 30 countries in the Americas and the Caribbean where we are active.

Pinpointing where young people could benefit from health, well-being or educational support enables us to identify where progressive policies and social investments are needed. It also allows us to compare the well-being and quality of life of young people in the diverse countries where we work, highlighting examples of best practice across a series of 19 indicators.

We are monitoring multiple health and education challenges, such as youth pregnancy and school drop-out rates and nutrition (which includes elements such as obesity and under-nourishment), using data derived from credible, expert sources. Looking ahead, we will partner with like-minded organizations and governments to direct our efforts toward the greatest challenges, as we strive to impact more young people, faster. We also intend to grow the Index and number of indicators that we cover as more data becomes available.

### Health and Well-being

#### Live Healthy

Nutrition and safety, combined with an active lifestyle, are the foundations of healthy living. We invest in programs that encourage young people to participate in sports and become more active, including through our support of kids' community hockey across Canada and futbol (soccer) in Latin America.

Through Scotiabank's support of community hockey, we have reached an important milestone of helping one million kids and counting have the chance to play Canada's favorite game.

We will amplify our efforts to help children benefit from the power of sport through our new 20-year partnership with Maple Leaf Sports and Entertainment (MLSE). Part of this agreement includes an expanded partnership with the MLSE Foundation helping young people in the Greater Toronto Area, changing lives through the power of sport.

## COMMUNITY: INVESTING IN YOUNG PEOPLE

In Latin America, the Scotiabank Futbol Club offers more than 165,000 children and youth, the chance to play in organized leagues and tournaments, make friends and learn positive values. In 2017, we launched Futbol Championships in El Salvador and Costa Rica, reaching 1,160 children. We also reached more than 5,700 boys and girls through five FutbolNet festivals in Mexico, Peru, Colombia, El Salvador and Chile, held in partnership with the FC Barcelona foundation. Over the next two and a half years, we aim to reach over 18,000 boys and girls.

Additionally, we donated four soccer fields to underprivileged children in Peru and Mexico through our new “Campos de Futbol” program, and expanded our sponsorship of the Mexican Futbol Federations Amateur Sector (FMFSA), sponsoring the full season of the Amateur Women’s League (U13 to U20 age categories) for the first time.

In addition to our large hockey and futbol programs, in the Caribbean we run a Kiddy Cricket Program through school activities, summer camps and cricket festivals. In 2017, we reached 127,600 children.

In the Dominican Republic we run a Baseball Community Program. Since its creation in 2014, this program has benefited more than 3,000 children who have access to training through baseball clinics, equipment and participate in national and international tournaments.

### Stay Healthy

We want to help young people remain healthy all their lives, and invest in organizations that provide access to medical care and healthcare support. In 2017, we donated CAD\$1 million to the Children’s Health Foundation and London Health Sciences Foundation, in support of the Scotiabank Family Assistance Program, which helps fund medical treatment for women, children and their families experiencing financial hardship during treatment in London, Ontario, Canada.

In November 2016, Scotiabank donated CAD\$1 million to Sinai Health System’s Lunenfeld-Tanenbaum Research Institute, one of the top biomedical research institutes in North America, to support discovery of the determinants of health for infants and children. The gift will support the research to better understand both the genetic and environmental factors that shape the health of infants and children from the time of conception.

### Education

#### Access to Education

Young people reach their infinite potential if they have proper and equal access to education. We support programs that invest in financial, physical and digital access to education. For example, in Canada our partnerships with yconic (previously Student Awards Inc.) fund financial awards for students, including bursaries, scholarships and contest prizes. In 2017, the Bank donated over CAD\$2.3 million in scholarships globally.

In 2017, the Bank awarded over CAD\$2.3 million in scholarships globally.

#### Knowledge and Skills Development

Continuous learning is a fundamental part of strengthening young people’s knowledge of technology and skills development. In Peru, Scotiabank helped over 48,000 primary and secondary school students build their financial and entrepreneurial skills through its support of Plan International’s Formando emprendedores del mañana (“Forming the entrepreneurs of tomorrow”). This will prove particularly useful in Peru, where young people experience comparatively higher challenges in accessing the internet and bank accounts, according to our 2017 YPC Index report.

### WE REACHED:



**1 million kids and counting milestone**

in community hockey in Canada



**127,600** across the Caribbean in our Kiddy Cricket Program



**165,000+** children and youth in Latin America through the Scotiabank Futbol Club Program

## COMMUNITY: INVESTING IN YOUNG PEOPLE

Similarly, in Chile, Scotiabank’s “123 Emprender” initiative achieved first place in the “Financial Education Contribution” category of the country’s Financial Literacy and Inclusion Contest. The award recognized the Bank’s contribution toward helping children develop financial and entrepreneurship skills. In particular, 123 Emprender seeks to help children to become economically aware and plan effectively for the future. It also supports children in developing competencies required for entrepreneurship, such as leadership, creativity, team work, risk-taking and the ability to innovate.

Overall, we engaged more than 50 academic institutions and invested more than CAD\$4 million in academic partnerships, of which we directed CAD\$1.4 million to digitally focused partnerships across Canada. We also launched a technology partnership with the University of British Columbia, donating CAD\$2 million toward research on cyber security and financial risks. The Scotiabank Cybersecurity and Risk Analytics Initiative will focus on understanding the impacts of cyber attacks and strengthening the tools that companies use to guard against them.

In Canada, we supported efforts to empower women in technology by partnering with non-profit “Ladies Learning Code” to help more women and young people to improve their digital and computing skills. In particular, we donated CAD\$150,000 to the organization on International Women’s Day in support of its “Girl Learning Code” program, which engages girls on topics from HTML to CSS to 3D printing and hardware hacking.

Additionally, we continued our sponsorship of Enactus, a community of student, academic and business leaders committed to empowering young entrepreneurs to transform lives and shape a better world. In particular, Enactus reaches budding entrepreneurs through an experiential learning platform. In 2017, we supported two Enactus challenges: the “Scotiabank Youth Empowerment Challenge” and the “Scotiabank EcoLiving Green Challenge”. These are national competitions encouraging post-secondary students to develop solutions to challenges facing young people and the environment, and have reached more than 11,500 students collectively since 2016.

### Employee Volunteering

Globally, Scotiabank employees dedicated more than 403,500 hours of volunteering to worthy causes in their communities in 2017. We encourage our employees to engage with the community in two ways. We offer individual employees who have volunteered for at least 50 hours a year with a qualifying community organization to apply for funding of up to CAD\$1,000 for that organization. Additionally, we encourage groups of employees to raise funds for charity, matching up to CAD\$5,000 in funds raised by teams of five or more employees, and CAD\$15,000 by teams of 30 or more employees.

**Employees donated 403,500 hours of volunteering and fundraising time to worthy causes in their communities in 2017.**

### Foundational Giving

In 2017, many of the communities where we work experienced devastating natural disasters. Scotiabank donated funds to help our customers, employees and communities in multiple locations. Scotiabank donated over USD\$500,000 to charitable organizations assisting with rescue and relief efforts across the Caribbean, in the wake of the devastation brought by Hurricane Irma in September 2017.

In Canada, we donated CAD\$15,000 to the Canadian Red Cross in support of relief efforts in northeastern New Brunswick in February 2017, following heavy ice storms. We donated CAD\$50,000 to the Canadian Red Cross to support relief efforts in British Columbia, where wildfires prompted a state of emergency and thousands of residents were evacuated.



# ENVIRONMENT: RESPONSIBLE FINANCE

Businesses have an opportunity to help create a better future. We make investments in sustainable solutions and lend in a way that mitigates social and environmental risk.



## RELATED MATERIAL TOPICS

- Environmental and Social Risk Management in Lending
- Creation of Products with Environmental Benefits

## PERFORMANCE

### 2017 Highlights

- We lent CAD\$4.7 billion to renewable energy initiatives globally
- Scotia iTrade launched a Sustainable Investing tool for direct investors, the first of its kind in Canada
- Three projects met the Equator Principles transaction requirements

### 2018 Looking Ahead

- In February 2018 we pledged our support of the Taskforce for Climate-related Financial Disclosures. An internal review of how these will impact our business will follow
- CSR and Global Risk Management will work together to update our Environmental Policy to align with emerging best practice and trends

At Scotiabank, we recognize that business has a key role to play in creating a better, more prosperous future. As a bank, we strive to make a positive difference by assessing social and environmental risk in our lending practices and investing in sustainable solutions.

### Environmental Policy

Our global Environmental Policy sets out the core principles that inform the way we manage environmental issues on a day-to-day basis. The Policy provides overall guidance for our operations, lending practices, supplier agreements, management of real estate holdings and external reporting practices. Our Global Risk Management and CSR teams share responsibility for the Policy and work closely with key partners across the Bank to review internal processes, industry best practices, regulatory developments and emerging trends. The Policy is overseen by senior management, reviewed by the Risk Committee and approved by the Board of Directors.

Our five environmental principles, part of our Environmental Policy updated in 2016, define our approach to managing our direct and indirect environmental impacts:

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

More information on our approach to environmental risk can be found in our 2017 Annual Report.

# ENVIRONMENT: RESPONSIBLE FINANCE

## Environmental and Social Risk Management in Lending

We are committed to investing in sustainable solutions and continuously seek to prevent or reduce potential negative social and environmental impacts arising from our lending and underwriting decisions. We have robust policies and procedures in place designed to uphold this.

### Addressing Risks

We assess environmental risks (including climate change) and opportunities in the companies to which we lend by incorporating environmental risk factors into lending decisions. We explore both the risks associated with borrowers' business operations and the potential impact of climate change on the client's business.

Our banking and credit teams follow our Credit Administration Handbook for a comprehensive approach and best practice in identifying and assessing potential environmental and climate change risks.

Importantly, Scotiabank requires banking and credit teams to assess transactions to determine if the deal triggers the application of the Equator Principles (EP), which we adopted in 2006. The EP provides companies with an environmental and social risk management framework to help understand the potential impact of major projects on people, communities and the environment. The EP can apply to project finance loans and advisory assignments where total capital costs exceed USD\$10 million, as well as to certain project-related corporate loans. Three projects met the EP transactions requirements in 2017.

## Three projects met the Equator Principles transaction requirements in 2017.

Throughout the year, our Environmental and Social Risk team collaborated with credit and lending teams across our business, including Corporate, Commercial, International, Small Business and Wealth Management, helping them to assess environmental and social risks for transactions in diverse sectors. In 2016 the Bank launched our enhanced Environmental Risk e-learning course and in 2017 an additional 1,700 non-retail banking and credit officer employees took part, bringing the total to more than 4,700 since it was launched.

## Sustainable Investing Tools

Creating sustainable investing tools is an important focus for Scotiabank, as our customers' interest in social and environmental issues continues to rise. In March 2017, our online trading platform in Canada, Scotia iTrade, launched North America's first sustainable investing tool for direct investors, in partnership with ESG research firm Sustainalytics.

The tool provides customers with relevant, up-to-date information about companies' corporate social responsibility credentials and practices, helping to inform their investment decisions. Previously, customers in Canada with an interest in socially responsible investing would typically purchase a managed fund – such as a mutual fund or exchange traded fund (ETF). Now, they can use our investing tool to assess how companies perform on the issues they care about the most.

To help encourage uptake of the new tool, we offered online introductory videos and webinars on sustainable investing together with a practical "how to" guide for customers wishing to use the tool. Since introducing the tool, we have seen an increase in account openings in the first quarter after launch compared to the same period in 2016.

More broadly, we have added social and environmental criteria to Scotia iTrade as a whole, making it easy for our customers to consider sustainability in their everyday investing, including those who might not have considered these issues previously.

### Sustainable Living

Beyond investing, the Scotiabank EcoLiving Auto Loan program in Canada provides discounted financing for the purchase of hybrid, clean diesel or electric vehicles. We saw bookings increase by 160% in 2017 compared to 2016, suggesting that consumers in Canada are becoming increasingly conscious of climate and environmental issues. We have observed a similar trend in Mexico. In 2016, Mexican authorities put in place restrictions for vehicles to stay off the road on some days to address air-quality concerns. To respond to this need, Scotiabank Mexico launched CrediAuto®, offering customers a credit plan to purchase an electric or hybrid vehicle. Lending under CrediAuto continues to increase year-on-year.

# ENVIRONMENT: RESPONSIBLE FINANCE

## Renewable Energy Financing

In 2017, we continued to focus on financing the renewable energy sector. Scotiabank's Global Banking and Markets division provided bank financing, totaling CAD\$4.7 billion to the renewable energy sector, as follows:

- CAD\$1.7 billion in Canada<sup>6</sup>
- CAD\$1.5 billion in the United States<sup>6</sup>
- CAD\$1.5 billion in authorized credits in Latam<sup>6</sup>

Our Global Banking and Markets division was also involved in CAD\$2.1 billion of bond financings and provided financial advisory services for the following renewable energy transactions:



<sup>6</sup> Calculated based on each client's credit exposure, multiplied by the client's renewable energy generation capacity as a percentage of its total power generation mix. Proportion of each client's renewable energy generation was obtained from client produced publicly available sources and reporting documents.

# ENVIRONMENT: CLIMATE CHANGE

A better future needs a healthy planet. By setting emission reduction targets and taking action to meet them, we seek to reduce our impact on climate change.



## RELATED MATERIAL TOPICS

- Carbon Footprint

## PERFORMANCE

### 2017 Highlights

- We set a new global GHG reduction target – 10% reduction in Scope 1 and 2 emissions by 2021, based on 2016 levels
- A cross-functional team collaborated to set an Internal Carbon Price of CAD\$15/tonne CO<sub>2</sub>
- Announced support for the Task Force on Climate-related Financial Disclosures (TCFD)

### 2018 Looking Ahead

- Implement Internal Carbon Price through capital expenditure, funding projects including HVAC replacements and solar energy
- Formalize our strategic approach to climate change with an enhanced strategy, which considers the TCFD recommendations

## Carbon Footprint

Climate change poses a significant risk to the global economy and to society as a whole. As a major financial institution, we have both the responsibility and the opportunity to take action. In particular, we support the UN-led push to prevent further climate change and address its impacts (SDG 13). This global movement seeks to strengthen communities’ resilience in the face of climate-related hazards and natural disasters, integrate climate change measures into all countries’ national agendas. It also aims to improve climate education and enable people to better plan for and manage the effects of climate change. We are taking action to reduce our carbon footprint and prevent climate change by lowering our energy use and improving energy efficiency in our operations.

In 2018, we plan to develop a global climate change strategy to bring a harmonized, consistent approach to the way we manage and act on climate risks and opportunities. Strengthening the way we address our environmental footprint will help accelerate our progress on mitigating climate change, respond to our stakeholders’ expectations, save costs and generate new business opportunities for us and our customers.

## Disclosing our Carbon Emissions to Investors

In February 2018 we announced our support of the Financial Stability Board (FSB) Task Force on Climate-related Financial Disclosures (TCFD).

We are a signatory to and participant in, the non-profit organization CDP, which provides detailed information to investors on the GHG emissions and climate change risks associated with major companies. In 2017, our CDP score was C, in line with the financial services industry average.

## Certified Green Buildings

We strive to research and implement energy and environmental best practice in all the countries where we work, and follow all local building regulations. In Canada, we actively seek to achieve Green Building Initiative’s Green Globes program certification for all new branches. Green Globes is a widely recognized sustainable building certification tool that scores the efficiency of buildings across multiple energy and environmental criteria. Our global headquarters in Toronto, Scotia Plaza, is LEED Platinum certified – the US Green Building Council’s highest environmental certification for office buildings. Our London, United Kingdom, office building has achieved BRE’s BREEAM “very good” certification for its efforts to minimize environmental impacts, improve energy efficiency and conserve natural resources.

# ENVIRONMENT: CLIMATE CHANGE

“Assessing and managing climate-related risks and opportunities are critical to our long-term operations and business success. We are proud to be part of a global movement moving towards a low-carbon economy and we support the voluntary recommendations on climate disclosure, as set out by the TCFD.”

Brian Porter, President and CEO of Scotiabank

## Greenhouse Gas Emissions

In 2015, we set a goal of reducing our Canadian Scope 1 and Scope 2 emissions by 15% (in absolute terms) by 2017, compared to 2012. We exceeded this target a year early in 2016, achieving a 28.68% reduction in our Canadian emissions. In 2017 our emissions overall continued to decrease. This year we saw a decrease of 7.74% across our global operations.

Examples of how we have reduced our energy consumption and GHG emissions in 2017 include:

- Energy efficient lighting retrofits which decreased our GHG emissions by 1,385 tCO<sub>2</sub>e in Canadian branches and 412 tCO<sub>2</sub>e in Peru’s offices
- We are building our new branches with a smaller footprint – 1.5M s.f. to 4M s.f. compared to 5M s.f. to 6.5M s.f. to better serve customer needs and achieve efficiencies including reducing our environmental impact
- We have begun replacing existing HVAC equipment with more efficient units in Canada and will continue this effort over the next four years
- We perform annual energy reviews for 20% of our Canadian branch portfolio to reduce our energy use by identifying and repairing maintenance items to reduce energy consumption

## Greenhouse Gas Emissions (Canada and International)

Source	GHG Emissions (tonnes CO <sub>2</sub> e)*		
	2015	2016	2017
Scope 1	15,314	12,409	13,950
Scope 2	128,684	119,972	108,181
Scope 3	9,803	15,445	18,060
<b>TOTAL</b>	<b>153,801</b>	<b>147,826</b>	<b>140,191</b>

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

After reaching our GHG emissions reduction target early in 2016, we set a new, global GHG emissions reduction target in 2017, taking our global operations into account. Our new target is 10% absolute reduction of global Scope 1 and 2 emissions by 2021, compared to 2016. We have developed a number of current and upcoming initiatives to help us reach this goal, from HVAC replacements for international premises and LED lighting in new branches, to solar panel installation in some Central America and Caribbean branches. Introducing an internal price on carbon has also helped to create a pool of capital expenditure to fund these initiatives.

**In 2017 we established a cross-functional team to develop an internal carbon price and strategy. We will implement our internal carbon price of CAD\$15/tonne in 2018.**

## Carbon Pricing Leadership Coalition

In July 2016, Scotiabank joined the Carbon Price Leadership Coalition (CPLC), a World Bank initiative focused on promoting carbon pricing among corporate organizations and developing carbon pricing policies through public-private sector dialogue. To demonstrate our commitment, in 2017 we established a cross-functional team to develop an internal carbon price and strategy. We will implement our internal carbon price of CAD\$15/tonne in 2018. In this way, we will advance our emissions reduction efforts by generating a pool of funding for the Bank’s carbon reduction and energy efficiency projects.

# ENVIRONMENT: CLIMATE CHANGE

## Reducing our Environmental Footprint

Increasingly, we are taking steps to protect the environment and improve the efficiency of our business, and engaging our employees and customers in this effort. For example, in 2017, Colpatría supported a “bike to work” initiative for our Colombia employees in response to growing traffic congestion and air pollution in Bogota, providing 160 secure bike parking facilities and resulting in commute times being halved for employees who switched to cycling to work. More than 125 employees took advantage of this scheme in 2017.

In Canada, we installed electric vehicle charging stations in 30 branches across Ontario. To celebrate this, we ran an Earth Day event for Toronto employees to showcase electric vehicles, in partnership with GM and Tesla. The event encouraged employees to consider buying an electric vehicle by showcasing drive ranges, charging time and Government cost incentives, helping to dispel common myths around electric vehicles.

## Water Consumption

We measure water consumption at selected branch locations through water metering. We also record water consumption at the major office buildings we own and are working with property managers to obtain accurate water consumption data for large buildings where we lease office space.

## Waste Reduction: Paper

We are undertaking multiple paper reduction efforts across our global facilities.

Scotiabank delivered more than 73 million documents to customers electronically in 2017 through the Canadian Banking Paperless Program, saving more than 223 million pages of paper. We also incentivized customers in Latin America to choose online statements over physical credit card and deposit account statements.

Paperless policies internally were also developed, resulting in a significant decrease in paper consumption. For example, through targeted employee communications campaigns promoting the use of digital technology over printing, our International Operations and Shared Services team cut paper consumption by 70%, compared to the previous year.

Additionally, as part of a strategy to improve workplaces, the Real Estate team piloted a paper reduction strategy which cut its paper use by 53% year-on-year. This pilot is set to roll-out to other groups across the Bank. In Chile, Scotiabank cut paper use by 4% compared to 2016, largely through a Paperless pilot project. Opting for digital alternatives there saved more than 9,200 sheets of paper in its first month.

2017 Water Consumption (Canada)						
2017			2016		2015	
Utility	Total Use	M <sup>3</sup> Intensity per m <sup>2</sup>	Total Use	M <sup>3</sup> Intensity per m <sup>2</sup>	Total Use	M <sup>3</sup> Intensity per m <sup>2</sup>
Water (M <sup>3</sup> )	719,778	0.67	415,492	0.66	441,521	0.77

2017 Water Consumption (International)						
2017			2016		2015	
Utility	Total Use	M <sup>3</sup> Intensity per m <sup>2</sup>	Total Use	M <sup>3</sup> Intensity per m <sup>2</sup>	Total Use	M <sup>3</sup> Intensity per m <sup>2</sup>
Water (M <sup>3</sup> )	430,331	0.88	418,727	0.88	170,739	0.99

The above information was collected from the best available data and methodologies, which includes information directly captured from invoices processed for payment from various water vendors. We continue to expand the geographic scope of our reporting boundary with the objective of reporting total consumption. The above represents the full Canadian portfolio and a sample of the International portfolio. For more information on the data and methodology in our water reporting please refer to page 55.

# APPENDIX: GRI STANDARDS INDEX 2017

This is Scotiabank’s first year reporting against the GRI Standards. The GRI Standards are an internationally-recognized framework for disclosing economic, environmental and social performance. This 2017 report has been prepared in accordance with the GRI Standards: Core option. Page numbers referenced under the Location/Explanation column refer to the 2017 CSR Report unless otherwise indicated.

Scotiabank reaffirms its support of the UN Global Compact and the 10 Principles. The Index below references our description of practical actions against these principles.

### Human Rights

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

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

### Labor

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

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

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

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

### Environment

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

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

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

### Anti-corruption

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

## GENERAL DISCLOSURES

Disclosure	Reporting Requirement	Location/Explanation	SDGs link	UNGC Principles
102-1	Name of the organization	Inside cover		
102-2	Activities, brands, products, and services	Inside cover		
102-3	Location of headquarters	The Bank’s headquarters are in Toronto, Ontario, Canada.		
102-4	Location of operations	Scotiabank has operations in nearly 50 countries. <b>NORTH AMERICA:</b> Canada, Mexico, United States; <b>CENTRAL &amp; SOUTH AMERICA:</b> Belize, Brazil, Chile, Colombia, Costa Rica, El Salvador, Guyana, Panama, Peru, Uruguay, Venezuela;	8.10	

## APPENDIX: GRI STANDARDS INDEX 2017

Disclosure	Reporting Requirement	Location/Explanation	SDGs link	UNGC Principles
		<p><b>CARIBBEAN:</b> Anguilla, Antigua and Barbuda, Aruba, Bahamas, Barbados, Bonaire, British Virgin Islands, Cayman Islands, Curaçao, Dominica, Dominican Republic, Grenada, Jamaica, Puerto Rico, St. Eustatius, St. Kitts and Nevis, St. Lucia, St. Maarten, St. Vincent and the Grenadines, Trinidad &amp; Tobago, Turks and Caicos, U.S. Virgin Islands;</p> <p><b>ASIA/PACIFIC:</b> Australia, China, Hong Kong SAR– People’s Republic of China, India, Japan, Korea (Republic of), Malaysia, Singapore, Thailand;</p> <p><b>EUROPE:</b> France, Ireland, United Kingdom.</p>		
102-5	Ownership and legal form	Inside cover		
102-6	Markets served	Inside cover		
102-7	Scale of the organization	Inside cover		
102-8	Information on employees and other workers	See Appendix 102-8	8.5	Principle 3
102-9	Supply chain	Page 16	12.7	Principle 1 Principle 2
102-10	Significant changes to the organization and its supply chain	There have been no significant changes to the organizational structure, size or ownership of The Bank of Nova Scotia or its supply chain during the 2017 fiscal year.		
102-11	Precautionary Principle or approach	Our Environmental Policy explains our precautionary principle approach. Please see page 31 in the CSR Report for more information on our Environmental Policy.	13.3	Principle 7
102-12	External initiatives	Equator Principles, United Nations Global Compact (UNGC), United Nations Environmental Programme Finance Initiative (UNEP FI), United Nations Guiding Principles on Business Conduct and Human Rights, Carbon Disclosure Project (CDP), Carbon Pricing Leadership Coalition, Global Reporting Initiative, TCFD.		Principle 1 Principle 10
102-13	Membership of associations	See Appendix 102-13	17.17	
102-14	Statement from senior decision-maker	Page 2		
102-16	Values, principles, standards, and norms of behaviour	Page 13-16	16.7	Principle 1 Principle 10



## APPENDIX: GRI STANDARDS INDEX 2017

Disclosure	Reporting Requirement	Location/Explanation	SDGs link	UNGC Principles
102-18	Governance structure	Page 12-14	5.5	
102-40	List of stakeholder groups	Page 9-10	17.6	
102-41	Collective bargaining agreements	11% of the total employee population was covered by a collective bargaining agreement.	8.8	Principle 1 Principle 3
102-42	Identifying and selecting stakeholders	Page 10	17.6	
102-43	Approach to stakeholder engagement	Page 10	17.6	
102-44	Key topics and concerns raised	Page 9-10	17.6	
102-45	Entities included in the consolidated financial statements	Inside cover		
102-46	Defining report content and topic Boundaries	See Appendix 102-46		
102-47	List of material topics	Page 11		
102-48	Restatements of information	There are no material effects from restatements referenced in this report.		
102-49	Changes in reporting to Scope and Aspect boundaries	There have been no changes in reporting to Scope and Aspect boundaries.		
102-50	Reporting period	The 2017 Fiscal year. This runs November 1, 2016 to October 31, 2017.		
102-51	Date of most recent report	The 2016 CSR Report was published on March 14, 2017 in accordance with GRI G4 Core.		
102-52	Reporting cycle	Annual, on fiscal year.		
102-53	Contact point for questions regarding the report	csr@scotiabank.com		
102-54	Claims of reporting in accordance with the GRI Standards	The 2017 CSR Report was prepared in accordance with GRI Standards Core guidelines.		
102-55	GRI content index	This table		
102-56	External assurance	This report was not externally assured. An independent service provider assured our greenhouse gas emissions data. The report content is approved by SVPs and reviewed by senior bank executives and by the Corporate Governance Committee of the Board.		

# APPENDIX: GRI STANDARDS INDEX 2017

## ECONOMIC

Disclosure	Reporting Requirement	Location/Explanation	SDGs link	UNGC Principles
<b>Economic Performance</b>				
<b>201-1</b>	Direct economic value generated and distributed	Page 6, 17-19, 25, 27-30, 33 Annual Report Public Accountability Statement	5.1, 8.1, 8.2	
<b>201-3</b>	Defined benefit plan obligations and other retirement plans	See Appendix <b>201-3</b>	8.5	Principle 1

### Indirect Economic Impacts

<b>203-1</b>	Infrastructure investments and services supported	Page 33	13.3, 9.1	
--------------	---	---------	-----------	--

### Anti-Corruption

<b>205-2</b>	Communication and training about anti-corruption policies and procedures	See Appendix <b>205-2</b>	16.7	Principle 1 Principle 10
--------------	--	---------------------------	------	-----------------------------

## ENVIRONMENTAL

### Energy

<b>302-1</b>	Energy consumption within the organization	Quantification of data is calculated in accordance with the following standards: (1) GHG Protocol: A corporate Accounting and Reporting Standard (Revised), 2006. (2) GHG Protocol Scope 2 Guidance: an Amendment to the GHG Protocol Corporate Standard, 2015. See Appendix <b>302-1</b>	8.4, 13.1, 7.2	Principle 8
<b>302-3</b>	Energy intensity	The Bank uses FTE and square meters of real estate occupied as its denominators types of energy included in the intensity ratio are fuel, electricity, heating, steam The ratio uses energy consumption within the organization.	8.4, 13.1	Principle 8

## APPENDIX: GRI STANDARDS INDEX 2017

Disclosure	Reporting Requirement	Location/Explanation	SDGs link	UNGC Principles
302-4	Reduction of energy consumption	<p>Real Estate has implemented lighting retrofits that will result in energy efficiency in Canadian branches. Project completion occurred in FY2017. FY2017 savings are 6,594 Mwh.</p> <ul style="list-style-type: none"> <li>Real Estate is actively managing its portfolio size by looking for square footage reductions that will see efficiencies with no loss to customer base. FY2017 savings are 2,223 Mwh and 5,483 GJ.</li> <li>Lighting retrofits have been completed for Peru office. FY2017 savings are 1,708 Mwh.</li> <li>Peru branch retrofits will occur in either FY2018 or FY2019.</li> <li>Going forward the Bank is working with a smaller branch footprint for new branches – 1.5M s.f. to 4M s.f. compared to 5M s.f. to 6.5M s.f.</li> <li>The replacement of existing HVAC equipment with more efficient units has commenced for a sizeable portion of the Canadian portfolio. Commencement occurred in late FY2017 and will be rolled out over four years.</li> <li>Plans for HVAC replacements for International premises to commence in FY2018.</li> <li>New branches to be constructed principally using LED lights.</li> <li>Business case has been approved for solar panel installation in some Central America and Caribbean branches.</li> <li>Construction of new branches to a recognized certification (Green Globes).</li> <li>Annual branch energy reviews are performed for 20% of Canadian portfolio to identify and repair maintenance items to reduce energy consumption.</li> <li>Thermostat replacement to set-back devices to automatically adjust temperatures.</li> <li>Bank roof top units (RTUs) meet regulations for high efficiency.</li> <li>Pilot for phase change material commenced.</li> </ul> <p>Fuel, electricity, heating, steam are the types of energy included in the reductions.</p> <p>The base year for initiatives to reduce emissions would be the year prior to which the initiative was implemented.</p>	8.4, 13.1	Principle 8 Principle 9

## APPENDIX: GRI STANDARDS INDEX 2017

Disclosure	Reporting Requirement	Location/Explanation	SDGs link	UNGC Principles
		Utility consumption figures are collected directly from invoices entered by the Bank's Central Accounting Units (CAUs). CAU entries are then subject to monthly audits by Real Estate and an energy consulting firm. These figures are then subject to a final audit by an independent third party for verification. The audited and verified consumption figures are then used by both third party suppliers and Real Estate in comparing technical specifications for facilities projects and weighted average consumption estimates based on actual portfolio consumption to determine energy savings associated with any given initiative. These figures are then converted into gigajoules and megawatt hours using known and accepted conversion ratios.		
<b>Water</b>				
<b>303-1</b>	Water withdrawal by source	See Appendix <b>303-1</b>	13.1	Principle 8
<b>Emissions</b>				
<b>305-1</b>	Direct (Scope 1) GHG emissions	See Appendix <b>305-1</b>	13.1	Principle 8
<b>305-2</b>	Energy indirect (Scope 2) GHG emissions	See Appendix <b>305-2</b>	13.1	Principle 8
<b>305-3</b>	Other indirect (Scope 3) GHG emissions	See Appendix <b>305-3</b>	13.1	Principle 8
<b>305-4</b>	GHG emissions intensity	The Bank uses Full-Time Employees and Square Meters of real estate occupied as its denominators. Direct (Scope 1), Energy Indirect (Scope 2) are included in the intensity ratio. CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O are gases included in the calculation.	13.1	Principle 8
<b>305-5</b>	Reduction of GHG emissions	Page 35	13.1	Principle 8 Principle 9
<b>Waste</b>				
<b>306-2</b>	Waste by type and disposal method	This information is not currently available.		
<b>Supplier Environmental Assessment</b>				
<b>308-1</b>	New suppliers that were screened using environmental criteria	100% of new suppliers.	12	Principle 7

# APPENDIX: GRI STANDARDS INDEX 2017

## SOCIAL

Disclosure	Reporting Requirement	Location/Explanation	SDGs link	UNGC Principles
<b>Employment</b>				
401-1	New employee hires and employee turnover	See Appendix 401-1	5.1, 8.5, 8.6	Principle 3 Principle 6
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	See Appendix 401-2	3.2, 5.3, 8.5	Principle 1 Principle 3 Principle 6
<b>Labor/Management Relations</b>				
402-1	Minimum notice periods regarding operational changes	<p>In the Caribbean the following notice periods apply with respect to changes that affect employees in the form of lay-offs, severances and redundancies:</p> <p><b>Jamaica:</b> A reasonable timeframe is required to provide unions with information about any proposed changes. This is done before any employee is engaged and a reasonable time is provided for the union to provide feedback to the notification given.</p> <p><b>Trinidad &amp; Tobago:</b> Not less than 60 days' notice.</p> <p><b>Barbados:</b> Should provide the union with notice of intent to make changes three months in advance; if union requests a meeting within 14 days of receipt of notification the Bank must have a meeting with the union to discuss the procedures to be followed.</p> <p><b>St. Vincent:</b> Bank is required in a "reasonable timeframe" to give the union notice of its intention to make changes; if union requests a meeting within 14 days of receipt of notification the Bank must have a meeting with the union to discuss the procedures to be followed.</p> <p><b>Antigua:</b> No specified timeframe required to provide notice (but the Bank is obliged to notify the union); The Bank must also have discussions with unions within 14 days of being advised that changes are contemplated if request made by the union.</p> <p><b>Grenada:</b> Must notify within 90 days of proposed changes and meetings with union should occur with 30 days of the notice being provided.</p> <p>In the unionized locations in Latin America – Chile, Peru, Mexico, Uruguay and Colombia – neither the laws nor collective bargaining agreements stipulate time frames to provide notice to unions with respect to the changes outlined above.</p>	8.6	Principle 1 Principle 3 Principle 6

# APPENDIX: GRI STANDARDS INDEX 2017

Disclosure	Reporting Requirement	Location/Explanation	SDGs link	UNGC Principles
<b>Occupational Health and Safety</b>				
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	See Appendix 403-2	3.3, 8.8	Principle 1 Principle 6
<b>Training and Education</b>				
404-1	Average hours of training per year per employee	See Appendix 404-1	4.3, 4.4, 4.5, 8.2, 8.5	Principle 6 Principle 10
404-2	Programs for upgrading employee skills and transition assistance programs	Page 25-26	8.2, 8.5	Principle 6
404-3	Percentage of employees receiving regular performance and career development reviews	<p>94.5%</p> <p>Employees participate in at least one performance and development conversation per year with their manager: one at the start of the fiscal year (or in the case of new hires, within 30 days of hire); and, then again at the end of the fiscal year. We don't track performance by gender as the requirement applies to all employees.</p> <p>At the beginning of the fiscal year, each employee and their manager meet for a performance planning conversation. This conversation is an opportunity for employees and their managers to help each other understand:</p> <ul style="list-style-type: none"> <li>• What needs to be delivered and achieved (Goal Plan)</li> <li>• How results will be achieved and the behaviours to be demonstrated for success</li> <li>• What support is needed – skills, knowledge and competencies to be further developed so employees can achieve the planned results (Development Plan)</li> <li>• How and when further conversations will happen to review progress and, if necessary, to realign, reprioritize or adjust goals</li> </ul> <p>At the end of the fiscal year, employees and their managers have a year-end performance conversation, which considers what results were achieved as well as how the results were achieved. Development goals are also discussed/reviewed.</p>	8.5	Principle 6

# APPENDIX: GRI STANDARDS INDEX 2017

Disclosure	Reporting Requirement	Location/Explanation	SDGs link	UNGC Principles
<b>Diversity and Equal Opportunity</b>				
405-1	Diversity of governance bodies and employees	<p>As at November 30, 2017 for the Board of Directors:</p> <ul style="list-style-type: none"> <li>i. 33% female, 67% male</li> <li>ii. 0% under 30, 2012. 20% 30-50, 80% over 50</li> <li>iii. Geographically diverse with 60% residing in Canada, 27% residing in the US and 13% residing internationally</li> </ul> <p>Have not requested other diversity information (ethnicity, etc.). Board is diverse in experience, expertise, geographic background, and personal characteristics as noted in our written diversity policy adopted in 2013.</p> <p>For our Employees:</p> <ul style="list-style-type: none"> <li>Male – 41%</li> <li>Female – 59%</li> </ul> <ul style="list-style-type: none"> <li>&lt; 30 – 28%</li> <li>30 to 50 – 53%</li> <li>50+ – 19%</li> </ul> <p>We do not have other global diversity related data at this time.</p>	5.1, 5.5, 8.5	Principle 3 Principle 6
<b>Non-discrimination</b>				
406-1	Incidents of discrimination and corrective actions taken	<p>No incidents of discrimination.</p> <p>In the context of this disclosure, an “incident” of discrimination refers to an official legal action filed with the governing authority of the jurisdiction or a complaint filed through Scotiabank’s internal complaints procedures where the claim of discrimination is found either through judicial proceedings or internal formal investigation and fact-finding procedures and processes that there is a breach or non-compliance with established corporate policies, governing statutes or regulatory regimes.</p>	5.1, 8.6	Principle 1 Principle 2 Principle 6 Principle 10

# APPENDIX: GRI STANDARDS INDEX 2017

Disclosure	Reporting Requirement	Location/Explanation	SDGs link	UNGC Principles
<b>Human Rights Assessment</b>				
412-1	Operations that have been subject to human rights reviews or impact assessments	In 2015-6 Scotiabank commissioned a human rights assessment to understand how the Bank impacts the human rights of its employees, customers, contractors, business partners, and community members in both positive and negative ways. Scotiabank engaged two external human rights experts to conduct the assessment and develop recommendations for the Bank, The Danish Institute for Human Rights and BSR (Business for Social Responsibility). The assessment was conducted in our key markets: Canada, Mexico, Peru, Caribbean, Chile, and Colombia. A three year Human Rights strategy was created as a result of this impact assessment, which was put in place in FY2017. For more information see page 15.	8	Principle 1 Principle 2 Principle 6
<b>Local Communities</b>				
413-1	Operations with local community engagement, impact assessments, and development programs	100% of the markets where we do business are actively engaged in local community development programs. Year-end reports from our corporate development partner organizations are provided annually. Scotiabank is focusing on metrics in FY2018 to measure the meaningful impact of our community investment.	4.4	Principle 3
<b>Supplier Local Assessment</b>				
414-1	New suppliers that were screened using social criteria	100% of new suppliers.	5.2, 8.6	Principle 1 Principle 2 Principle 3



# APPENDIX: GRI STANDARDS INDEX 2017

Disclosure	Reporting Requirement	Location/Explanation	SDGs link	UNGC Principles
<b>Public Policy</b>				
415-1	Political contributions	As one of Canada’s leading corporate citizens, Scotiabank is proud to participate in discussions on public policy issues that affect the financial sector and the Bank’s operating environment. The Bank participates in public policy discussions through direct engagement with all levels of government on both domestic and international issues. Scotiabank also participates as a member of the Institute of International Finance (IIF), the Canadian Bankers Association (CBA), the Toronto Financial Services Alliance (TFSA) and other industry associations. In Canada political contributions are not permitted federally, municipally and in many provinces. In an effort to be consistent across all our operations, Scotiabank made the decision in 2016 to end political contributions, effective 2017.		
<b>Customer Privacy</b>				
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	There are no substantiated complaints regarding breaches to report.		
<b>Socioeconomic Compliance</b>				
419-1	Non-compliance with laws and regulations in the social and economic area	There have been no significant fines identified for non-compliance with laws and regulations in the social and economic area.		Principle 10
205-3	Confirmed incidents of corruption and actions taken	There have been no known incidents of corruption.		Principle 10

# APPENDIX: GRI STANDARDS INDEX 2017

## FINANCIAL SERVICES SECTOR SPECIFIC INDICATORS

Disclosure	Reporting Requirement	Location/Explanation	SDGs link	UNGC Principles
<b>FS13</b>	Access points in low-populated or economically disadvantaged areas by type	Page 17-19	8.10, 1.4, 1.3	Principle 2
<b>FS14</b>	Initiatives to improve access to financial services for disadvantaged people	Page 17-19	8.10, 1.4, 1.3	Principle 2
<b>G4-FS10</b>	Number of companies interacted with on social or environmental issues	See Appendix <b>G4-FS10</b>	8	Principle 2 Principle 7

## APPENDIX: GRI STANDARDS INDEX 2017

### 102-8 INFORMATION ON EMPLOYEES AND OTHER WORKERS

#### A. Total Workforce by Employment Contract and Gender

	Permanent	Contract	Total
Female	41,504	5,290	46,794
Male	30,385	3,831	34,216
<b>Total</b>	<b>71,889</b>	<b>9,121</b>	<b>81,010</b>

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

	Permanent	Contract	Total
Asia/Pacific	664	14	678
Caribbean	8,306	494	8,800
Europe and Middle East	360	37	397
North America	48,499	1,652	50,151
South and Central America	14,060	6,924	20,984
<b>Total</b>	<b>71,889</b>	<b>9,121</b>	<b>81,010</b>

#### C. Total Workforce by Employment Type and Gender

	Full-time	Part-time	Total
Female	40,343	6,451	46,794
Male	32,380	1,836	34,216
<b>Total</b>	<b>72,723</b>	<b>8,287</b>	<b>81,010</b>

Headcount as of October 31, 2017. Excludes casual staff, and affiliates and subsidiaries where breakdowns are not available due to different reporting systems.

# APPENDIX: GRI STANDARDS INDEX 2017

## 102-13 MEMBERSHIP OF ASSOCIATIONS

<b>Nora A. Aufreiter</b>	Ivey School of Business, Member of the Advisory Board
<b>Scott B. Bonham</b>	C100 Association, Director Denmark Bridge, Director Vector Institute, Director
<b>Charles H. Dallara</b>	Tufts University, The Fletcher School, Vice-Chair of Board of Advisors National Bureau of Economic Research (NBER) Inc. – Director at Large
<b>R. Tiff Macklem</b>	Global Risk Institute in Financial Services, Director and Chair Ontario’s Panel for Economic Growth and Prosperity, Rotman School of Management, University of Toronto, Chair of the Panel Asian Business Leaders Advisory Council, Asian Pacific Foundation, Member
<b>Thomas C. O’Neill</b>	The Stephen J.R. Smith School of Business at Canada’s Queen’s University, Member of the Advisory Board
<b>Eduardo Pacheco</b>	Universidad de los Andes, Member – Superior Council Colfuturo – Fundacion para el future de Colombia, Director Endeavor Colombia, Director ProBogota, Director
<b>Brian J. Porter</b>	Institute of International Finance (IIF), Vice-Chairman and Treasurer Council of the Americas, Director Business Council of Canada, Director
<b>Aaron R. Regent</b>	C.D. Howe Institute, Director Plan International Canada, Director Mining4Life, Co-Founder Trails Youth Initiatives, Member of the Board of Governors
<b>Indira V. Samarasekera</b>	Asia Pacific Foundation of Canada, Director The Trilateral Commission, Member
<b>Susan L. Segal</b>	Americas Society, Director, Officer and President and CEO Council of the Americas, Director Officer and President and CEO Council on Foreign Relations, Member Tinker Foundation

Note the organizations on the list that are viewed as strategic are the memberships of Brian J. Porter.

# APPENDIX: GRI STANDARDS INDEX 2017

## 102-46 DEFINING REPORT CONTENT AND TOPIC BOUNDARIES

### An explanation of the process for defining the report content and topic boundaries

For an explanation of the process for defining the report content and topic boundaries, please see the Stakeholder Engagement and Materiality section of the Report. Our material issues were defined through a rigorous process gaining feedback from stakeholders both in and outside the business.

For all material issues where possible we have calculated metrics across our entire operations. Where this is not the case we have noted this in the specific indicator.

Material topics	Boundary 103-1	Management 103-2	Evaluation 103-3
<b>Access to Finance</b>			
Financial inclusion/access  Innovation/digitization  Creation of products with social benefits	Material inside and outside Scotiabank, for employees, customers, investors, and the wider community.	Increasing financial inclusion within many segments of society, providing financing, basic banking services and digital access options.  See Access to Finance pages 17-19.	Benchmarking, customer service feedback, sales results, customer retention, as well as our own KPIs, including: <ul style="list-style-type: none"> <li>• Increase in access to Aboriginal banking</li> <li>• Increase in small business banking loans</li> <li>• Increase in microlending activity.</li> </ul>
<b>Financial Knowledge</b>			
Fair design and sale of responsible products and services  Financial education/literacy	Material inside and outside Scotiabank, for employees, customers, investors, and the wider community.	Acknowledging the Bank's responsibility to protect current and potential customers from irresponsible financial decisions by providing awareness and education on the financial products and services available to them, and how the Bank's products and services can improve their economic situation. To ensure we maintain the trust of our stakeholders, we strive to enhance customer protection, lend fairly, and balance stakeholder interests.  See Financial Knowledge pages 20-22.	Benchmarking, customer service feedback as well as our own KPIs, including: <ul style="list-style-type: none"> <li>• Number of people reached with financial literacy program.</li> </ul>

# APPENDIX: GRI STANDARDS INDEX 2017

Material topics	Boundary 103-1	Management 103-2	Evaluation 103-3
<b>Investing in Young People</b>			
Community investment and philanthropy  Health and well-being and education of youth	Material inside and outside Scotiabank for employees, customers, community stakeholders, future employees.	Having a positive impact on the communities where we live and work is key to driving community prosperity. Investing in young people allows us to invest in the long-term security, stability, and growth of our future.  See Investing in Young People pages 27-30.	Amount of funding to community organizations globally, number of employee volunteer hours, Young People in the Community Index. As well as our KPI: <ul style="list-style-type: none"><li>• Increase targeted funding to youth initiatives in education and health/well-being.</li></ul>
<b>Diversity &amp; Inclusion</b>			
Diversity and Equal opportunity  Employee health and well-being  Fair labor practices  Talent attraction, engagement and development	Material inside and outside Scotiabank for employees, customers, community stakeholders, future employees.	Providing economic opportunities and meaningful careers that are embedded in operating our bank with integrity. A diverse, inclusive environment allows customers and employees to reach their fullest potential. We strive to respect and appreciate all individuals and to embrace both our differences and similarities – regardless of ethnicity, gender, or sexual orientation. This is important in attracting, developing and engaging employees.  See Diversity & Inclusion pages 23-26.	Employee engagement survey, benchmarking, and our own KPIs including: <ul style="list-style-type: none"><li>• Increase in women in senior management positions (VP+)</li><li>• Maintain employee engagement score.</li></ul>
<b>Responsible Finance</b>			
Environmental/social risk management in lending  Creation of products with environmental benefits	Material inside and outside Scotiabank, for employees, customers, investors, and wider stakeholders.	We strive to make a positive difference in a better, more prosperous future by measuring social and environmental risk in our lending practices and investing in sustainable solutions. Our Environmental Policy governs our approach.  See Responsible Finance pages 31-33.	Benchmarking, sales results, transactions reviewed for social/environmental risk.

# APPENDIX: GRI STANDARDS INDEX 2017

Material topics	Boundary 103-1	Management 103-2	Evaluation 103-3
<b>Climate Change</b>			
Environmental footprint  Sustainable/responsible procurement supply chain	Material inside and outside Scotiabank, for employees, customers, investors, and wider stakeholders.	Managing our carbon footprint, reducing our energy consumption and improving energy efficiency in our operations. Our Environmental Policy governs our approach.  See Climate Change pages 34-36.	Environmental data including energy, water, waste in our operations. Our own KPI including: <ul style="list-style-type: none"> <li>• 10% reduction in Scope 1 and 2 Greenhouse Gas emissions globally by 2021 (based on 2016 levels).</li> </ul>
<b>Maintaining Trust</b>			
Governance of operations  Customer service  Data privacy and security  Transparency of operations and services  Human rights  Commitment to external sustainability/CSR initiatives  Corporate Structure  Regulatory reform	Material inside and outside Scotiabank, for employees, customers, investors, and wider stakeholders.	We rely on our stakeholders both in and outside the business. To ensure we maintain their trust, we strive to enhance customer protection, lend fairly, balance stakeholder interest and operate with integrity. A number of policies and procedures govern our approach including the Scotiabank Code of Conduct.  See Maintaining Trust pages 13-16.	Benchmarking, rankings, customer and employee feedback.

## APPENDIX: GRI STANDARDS INDEX 2017

### 201-3 DEFINED BENEFIT PLAN OBLIGATIONS AND OTHER RETIREMENT PLANS

Coverage of the organization's defined benefit plan obligations	
<b>a. Estimated Value of liabilities</b>	CAD\$4,918,413,000 as of November 1, 2016
<b>b. Extent to which the scheme's liabilities are estimated to be covered</b>	116% funded on a Going Concern Basis at November 1, 2016
<b>c. Funding Strategy</b>	Follows Canadian legislative requirements for funding pension plans
<b>d. Employee Contributions</b>	4% of salary if employee participates in the Contributory portion of the plan or 0% to 4% if the employee participates in the Defined Contribution portion of the plan The employer contributes the remaining amount needed to pay the pension benefit and matches the employee contributions into the Defined Contribution portion of the plan
<b>e. Plan participation</b>	35,896 as of November 1, 2016

### 205-2 COMMUNICATION AND TRAINING ABOUT ANTI-CORRUPTION POLICIES AND PROCEDURES

The Scotiabank Code of Conduct (the "Code") is communicated to all Scotiabank employees, directors and officers, who are required to read, comply and affirm compliance with the Code annually. The Code includes an explicit expectation that employees comply with the Code and all applicable Scotiabank policies; the Anti-Corruption Policy is one of such policies, and it is specifically identified in the Code. The Anti-Corruption Policy is an enterprise-wide policy that is reviewed and approved by the Board of Directors.

The Anti-Bribery and Anti-Corruption course is a learning tool designed to provide training and guidance to employees on Anti-Bribery and Anti-Corruption. It includes detailed guidance, scenarios and a test. The course is assigned to employees through the me@scotiabank learning platform, the International Learning Centre, or local learning platforms.

The Board of Directors reviews and approves the Anti-Corruption Policy.

The total number and percentage of employees that received training on Anti-Bribery and Anti-Corruption are broken down by employee category and region. A total of 16,720 employees completed the Anti-Bribery and Anti-Corruption course in FY2017. 15,467 of those employees were still active on November 1, 2017.

Completion by Employee Category	
Employee Category	Complete
CASUAL	68
CONTRACT	480
REGULAR	14,919
<b>Grand Total</b>	<b>15,467</b>

Completion by Region	
Region	Complete
Asia	663
Caribbean and Central America	1,032
Europe	381
Latin America	3,406
North America	9,985
<b>Grand Total</b>	<b>15,467</b>



# APPENDIX: GRI STANDARDS INDEX 2017

## 302-1 ENERGY CONSUMPTION WITHIN THE ORGANIZATION

2017 Energy Consumption (Canada)				
Type of Energy	Total Energy Use	Total GHG emissions	GHG Intensity per Employee	GHG Intensity per m <sup>2</sup>
Electricity (MWhs) – Scope 2	241,393	34,634		
Heat (GJs) – Scope 2	153,268	7,797		
Fuel Purchases (GJs) – Scope 1	265,302	13,408		
<b>Total Electricity and Fuel (GJs)</b>	<b>1,287,586</b>	<b>55,839</b>	<b>1.52</b>	<b>0.0517</b>

2017 Energy Consumption (International)				
Type of Energy	Total Energy Use	Total GHG emissions	GHG Intensity per Employee	GHG Intensity per m <sup>2</sup>
Electricity (MWhs) – Scope 2	174,494	65,750		
Fuel Purchases (GJs) – Scope 1	7,976	542		
<b>Total Electricity and Fuel (GJs)</b>	<b>636,153</b>	<b>66,292</b>	<b>1.49</b>	<b>0.0629</b>

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

Our Canadian report is based on 995 owned and leased retail locations and the space occupied by the Bank in 147 office buildings across Canada, representing approximately 1,079,152 square meters.

Our International report is based on 1,548 owned and leased retail locations and the space occupied by the Bank in 204 office buildings Internationally, representing approximately 1,054,187 square meters.

## 303-1 WATER WITHDRAWAL BY SOURCE

2017 Water Consumption (Canada)						
2017			2016		2015	
Utility	Total Use	M <sup>3</sup> Intensity per m <sup>2</sup>	Total Use	M <sup>3</sup> Intensity per m <sup>2</sup>	Total Use	M <sup>3</sup> Intensity per m <sup>2</sup>
Water (M <sup>3</sup> )	719,778	0.67	415,492	0.66	441,521	0.77

2017 Water Consumption (International)						
2017			2016		2015	
Utility	Total Use	M <sup>3</sup> Intensity per m <sup>2</sup>	Total Use	M <sup>3</sup> Intensity per m <sup>2</sup>	Total Use	M <sup>3</sup> Intensity per m <sup>2</sup>
Water (M <sup>3</sup> )	430,331	0.88	418,727	0.88	170,739	0.99

## APPENDIX: GRI STANDARDS INDEX 2017

The information for 303-1 Water Withdrawal by Source was collected from the best available data and methodologies, which includes information directly captured from invoices processed for payment from various utility vendors. We continue to expand the geographic scope of our reporting boundary with the objective of reporting total consumption. For 2017, the table represents the full Canadian portfolio and a sample of the International portfolio. For 2015-2016, the table represents a sample of the Canadian portfolio and a sample of the international portfolio. When necessary, some buildings were estimated using consumption data found in similar regions and building types.

Our 2017 Canadian report is based on 955 owned and leased retail locations and the space occupied by the Bank in 147 office buildings across Canada, representing approximately 1,079,152 square meters.

Our 2017 International report is based on 543 owned and leased retail locations and the space occupied by the Bank in 125 office buildings in Chile, Costa Rica, Colombia, El Salvador, Mexico and Peru, representing approximately 486,490 square meters.

M<sup>3</sup> = cubic meter

### 305-1 DIRECT (SCOPE 1) GHG EMISSIONS and 305-2 ENERGY INDIRECT (SCOPE 2) GHG EMISSIONS and 305-3 OTHER INDIRECT (SCOPE 2) GHG EMISSIONS

#### Measuring Energy Consumption

The gases used in calculation include CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O. The Bank uses a 2012 Base Year for its 15% emissions reductions target on Scope 1 and 2 Canadian Absolute emissions to be achieved by the end of FY2017. As 2012 was the first time emissions for the entire Canadian portfolio were disclosed, this year was chosen as a base year as it provides a common denominator from a premises perspective (plus or minus any organic growth/contraction) in comparing all subsequent years' emissions. In FY2015, the base year along with 2013 and 2014 emissions were restated to account for the amendment to the GHG Protocol concerning operational

boundaries of what qualifies as Scope 1 emissions. Heat that is not metered was moved into Scope 2. Fuel purchases for owned premises in Scope 1 were restated to 100% consumption indicating full control.

Quantification of data is calculated in accordance with GHG Protocol: A corporate accounting and reporting standard (2006) and GHG Protocol Scope 2 Guidance: an amendment to the GHG protocol corporate standard (2015).

Data is verified using the ISO 14064-3 standard, and is consolidated using operational control.

### 2017 GREENHOUSE GAS EMISSIONS (CANADA AND INTERNATIONAL)

Source	GHG emissions* (metric tonnes)
Scope 1 Direct CO <sub>2</sub> e emissions produced from combustion of fuels	13,950
Scope 2 Indirect CO <sub>2</sub> e emissions produced from heat and electricity/steam purchases	108,181
Scope 3 Indirect CO <sub>2</sub> e emissions produced from employee travel	18,060
<b>Total CO<sub>2</sub>e footprint</b>	<b>140,191**</b>

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

\*\* The completeness and accuracy of our total GHG emissions has been verified by an independent third party. Proxy data amounting to 7% of our Scope 2 emissions was not subject to verification.

# APPENDIX: GRI STANDARDS INDEX 2017

## Emissions Factors

Emissions factors are below. GWP source is IPCC Fourth Assessment Report (SAR – 100 year).

<b>Canadian Provincial Electricity Conversion Factors</b>		
<b>Province</b>	<b>Energy</b>	<b>Factor</b>
Newfoundland	Electricity	0.0320
PEI	Electricity	0.0200
Nova Scotia	Electricity	0.6000
New Brunswick	Electricity	0.2800
Quebec	Electricity	0.0012
Ontario	Electricity	0.0400
Manitoba	Electricity	0.0034
Saskatchewan	Electricity	0.6600
Alberta	Electricity	0.7900
BC	Electricity	0.0129

Reference: Canada's 2017 UNFCCC Submission – Annex 13  
Unit: Metric Tonnes CO<sub>2</sub>e per MWH

<b>Other Fuels</b>		
<b>Other Fuel</b>	<b>Factor</b>	<b>Units</b>
Natural Gas	0.00188496	Metric Tonnes CO <sub>2</sub> e per Cubic Meter
Fuel Oil	0.002939342	Metric Tonnes CO <sub>2</sub> e per Litre
Propane	0.0016117	Metric Tonnes CO <sub>2</sub> e per Litre

Reference: GHG Protocol V4.0 2010

# APPENDIX: GRI STANDARDS INDEX 2017

## 401-1 NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER

A. Total number and percentage of **new employee hires** during the reporting period (by age group, gender and region).

Region	Count	% of Hires
Americas	23,756	99%
Asia	103	0%
Europe	91	0%
Oceania	6	0%
Undefined	131	1%
<b>TOTAL</b>	<b>24,087</b>	

Age Range	Count	% of Hires
Under 30 years	13,671	57%
30 to 50 years	9,338	39%
Over 50 years	1,078	4%

Gender	Count	% of Hires
Female	10,094	54%
Male	10,993	46%

B. Total number and percentage of **employee turnover** during the reporting period, by age group, gender and region.

Region	Count	% of Hires
Americas	18,554	99%
Asia	119	1%
Europe	62	0%
Oceania	4	0%
Undefined	21	1%
<b>TOTAL</b>	<b>18,760</b>	

Age Range	Count	% of Hires
Under 30 years	8,810	47%
30 to 50 years	8,299	44%
Over 50 years	1,650	9%

Gender	Count	% of Hires
Female	10,574	56%
Male	8,186	44%

Voluntary employee turnover			
	2017	2016	2015
Canada	15%	14%	11%
International	12%	12%	12%

## 401-2 BENEFITS PROVIDED TO FULL-TIME EMPLOYEES THAT ARE NOT PROVIDED TO TEMPORARY OR PART-TIME EMPLOYEES

Benefits that are provided to full-time employees vs. benefits provided to part-time and temporary employees			
Benefit	Full Time	Part Time	Temporary (Contract)
Life Insurance	•	•	• (1 year)
Health Care	•	•	• (1 year)
Disability and invalidity coverage	•	•	N/A
Parental leave	•	•	N/A
Retirement provision	•	•	N/A
Stock ownership	•	•	N/A

## APPENDIX: GRI STANDARDS INDEX 2017

### 403-2 TYPES OF INJURY AND RATES OF INJURY, OCCUPATIONAL DISEASES, LOST DAYS, AND ABSENTEEISM AND NUMBER OF WORK-RELATED FATALITIES

Injury by Case Type – Provincial Breakdown					
Sub-Category	Major	Minor Reportable	Other Reportable	Under Investigation	Grand Total
Alberta	9	4	12	4	29
British Columbia	12	5	31	9	57
Manitoba	2	0	1	0	3
New Brunswick	5	0	2	1	8
Newfoundland	0	0	0	1	1
North West Territories	1	1	1	2	5
Nova Scotia	0	1	0	0	1
Ontario	48	32	37	34	151
Prince Edward Island	0	0	0	0	0
Quebec	4	1	3	1	9
Saskatchewan	3	0	0	1	4
<b>Grand Total</b>	<b>84</b>	<b>44</b>	<b>87</b>	<b>53</b>	<b>268</b>

Injury by Gender				
Row Labels	Male	Female	Location*	Grand Total
Alberta	1	14	14	29
British Columbia	1	21	34	56
Manitoba	0	2	1	3
New Brunswick	0	6	2	8
Newfoundland	0	1	0	1
North West Territories	0	4	1	5
Nova Scotia	0	1	0	1
Ontario	15	95	41	151
Prince Edward Island	0	0	0	0
Quebec	1	5	3	9
Saskatchewan	2	1	1	4
<b>Grand Total</b>	<b>20</b>	<b>150</b>	<b>97</b>	<b>267</b>

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

## APPENDIX: GRI STANDARDS INDEX 2017

<b>Injury by Case Type</b>					
<b>Sub-Category</b>	<b>Major</b>	<b>Minor Reportable</b>	<b>Other Reportable</b>	<b>Under Investigation</b>	<b>Grand Total</b>
Armed Robbery	0	0	15	0	15
Attempted Robbery	2	0	4	0	6
Bruises/Contusion	6	8	0	1	15
Burns	0	0	0	1	1
Customer	0	0	1	0	1
Cuts/Lacerations	2	2	0	1	5
Employee	30	1	0	20	51
Fracture	4	0	0	0	4
Fumes/Odours	0	2	1	1	4
In course of robbery	7	0	1	0	8
Loss of Consciousness	0	2	2	0	4
MVA	0	0	1	1	2
Note Passing	0	0	30	0	30
Other	2	5	1	21	29
Overexertion	0	1	0	1	2
Psychological Distress	6	2	0	0	8
Repetitive Motion	1	0	0	0	1
Slip/Fall from a Height	2	3	0	2	7
Slip/Fall on a Flat Surface	9	8	0	3	20
Sprain/Strain	8	5	0	0	13
Struck Against Object	4	4	0	0	8
Struck By Object	0	1	0	1	2
Trip Hazard	1	0	0	0	1
Verbal Request	0	0	31	0	31
<b>Grand Total</b>	<b>84</b>	<b>44</b>	<b>87</b>	<b>53</b>	<b>268</b>

## APPENDIX: GRI STANDARDS INDEX 2017

<b>Injury by Case Type – Sum of Lost Time (Days)</b>					
<b>Sub-Category</b>	<b>Major</b>	<b>Minor Reportable</b>	<b>Other Reportable</b>	<b>Under Investigation</b>	<b>Grand Total</b>
Alberta	250	0	0	0	250
British Columbia	424	0	0	0	424
Manitoba	6	0	0	0	6
New Brunswick	405	0	0	0	405
Newfoundland	0	0	0	0	0
North West Territories	1	0	0	0	1
Nova Scotia	0	0	0	0	0
Ontario	831.5	0	0	0	831.5
Prince Edward Island	0	0	0	0	0
Quebec	167	0	0	0	167
Saskatchewan	6	0	0	0	6
<b>Grand Total</b>	<b>2,090.5</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,090.5</b>

# APPENDIX: GRI STANDARDS INDEX 2017

Workplace Accommodation and Health & Safety (WAHS) has the primary responsibility for Hazardous Occurrence & Incident Reporting (HOIR). This includes preparing and submitting the annual report to Employment and Social Development Canada (ESDC) of all reportable Hazardous Occurrences bank-wide.

ESDC’s Hazardous Occurrence Report is completed by the individual unit manager/delegate and/or Health and Safety representative and then sent to WAHS. The HOIR is reviewed, investigated and reported as per policy and federal requirements.

WAHS determines whether the Hazardous Occurrence constitutes a workplace injury. It must be established that the occurrence and resulting injury occurred due to and in the course of the employment relationship. If this is the case, a copy of the revised report is forwarded back to the department by WAHS.

## Workplace Accidents

Law: Accident includes

- A willful and intentional act, not being the act of the worker
- A chance event occasioned by a physical or natural cause, and
- A disablement arising out of and in the course of employment.

Chance event:

- A chance event is defined as an identifiable unintended event which causes an injury. An injury itself is not a chance event.

### Disablement:

The definition of disablement includes:

- A condition that emerges gradually over time
- An unexpected result of working duties.

The following table represents coding information related to the HOIR.

Type	Name	Definition
Person	Major	<ul style="list-style-type: none"> <li>• <b>Disabling injury:</b> one that prevents an employee from reporting for work or from effectively performing all the duties connected with the employee’s regular work on any day subsequent to the day on which the injury or disease occurred, whether or not that subsequent day is a working day for that employee, or results in the either temporary or permanent loss of body member or function.</li> <li>• All lost time (absence on the next scheduled working day or subsequent to the day on which the injury or disease occurred) occurrences except for illnesses.</li> <li>• <b>Major incidents must be faxed within 14 days to ESDC</b> except in some cases thus 24 hours e.g., a fatality; a disabling injury to two or more employees; the loss by an employee of a body member or part thereof or in the complete loss of usefulness of a body member; the permanent impairment of a body function of an employee; an explosion; damage to a boiler or pressure vessel that results in fire or the rupture of the boiler or pressure vessel; any damage to an elevating device that renders it unserviceable or a free fall of an elevating device.</li> <li>• Robbery related incidents are considered major with above noted definitions applicable. Noted difference is these incidents have robbery related time missed.</li> <li>• All robberies must be faxed regardless of absence only in the province of British Columbia.</li> <li>• ‘Intermittent Day’ email should be sent to supervisor for absences (first day of absence is the day following the accident). The first three days should be coded as ‘special leave with pay’.</li> </ul>



## APPENDIX: GRI STANDARDS INDEX 2017

Type	Name	Definition
Person	Minor Reportable	<ul style="list-style-type: none"> <li>No lost time</li> <li>Medical attention received</li> </ul> e.g., employees involved in robbery that sought medical; asthma attack related to IAQ issue and received medical attention; or cut finger with medical attention <b>“Minor injury”</b> means an employment injury or an occupational disease for which medical treatment is provided and excludes a disabling injury. [Note: Medical treatment is that which is provided at a medical treatment facility, which means at a hospital, medical clinic, or physician’s office at which emergency medical treatment can be dispensed and is not to be confused with first aid.]
Event	Other Reportable	<b>“Other hazardous occurrences”</b> Any other situations where events have occurred that resulted in: <ul style="list-style-type: none"> <li>an explosion;</li> <li>damage to a boiler or pressure vessel that results in fire or the rupture of the boiler or pressure vessel; or</li> <li>damage to an elevating device that renders it unusable, or a free fall of an elevating device;</li> <li>an electric shock, toxic atmosphere or oxygen deficient atmosphere that caused an employee to lose consciousness;</li> <li>the implementation of rescue, revival or other similar emergency procedures; or a fire</li> <li>attempted robbery (e.g. ATM)</li> <li>bomb or phone threat.</li> </ul>

### 404-1 AVERAGE HOURS OF TRAINING PER YEAR PER EMPLOYEE

Gender	Average # of Learning Hours
Female	31
Male	35
<b>Total Average</b>	<b>33</b>
Employee Category	Average # of Learning Hours
CASUAL	22
CONTRACT	20
REGULAR	35
<b>Total Average</b>	<b>33</b>

**Data limitations:** where detailed learning records by gender and employee category do not exist (for the manual records reported in the aggregate), the same ratios of Gender and Employee Category as for where detailed information exists were assumed.

As we make efforts to digitize and make training more relevant and efficient, the average of learning hours and total spend on learning and development is expected to decrease over time.

**Total training investment: CAD\$69.9 million**  
**Training investment per employee: CAD\$796**

# APPENDIX: GRI STANDARDS INDEX 2017

## G4-FS10 NUMBER OF COMPANIES THE ORGANIZATION INTERACTED WITH ON SOCIAL OR ENVIRONMENTAL ISSUES

### Equator Principles Transaction Reporting

#### Project Finance and Project-Related Corporate Loans

The total number of project finance loans and project-related corporate loans that reached financial close during the Bank's fiscal year ending October 31, 2017 was three. The breakdown is as follows.

Project Finance				Project-related Corporate Loans		
	Category A	Category B	Category C	Category A	Category B	Category C
<b>Sector</b>						
Mining	0	0	0	0	0	0
Infrastructure	0	0	0	0	0	0
Oil & Gas	1	0	0	0	1	0
Power	0	0	0	0	0	0
Others	0	0	0	0	1	0
<b>Subtotal</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>0</b>
<b>Region</b>						
Americas	1	0	0	0	2	0
Europe, Middle East & Africa	0	0	0	0	0	0
Asia Pacific	0	0	0	0	0	0
<b>Subtotal</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>0</b>
<b>Country Designation</b>						
Designated country	1	0	0	0	2	0
Non-designated country (Automatically Generated)	0	0	0	0	0	0
<b>Subtotal</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>0</b>
<b>Independent Review<sup>7</sup></b>						
Yes	1	0	0	0	1	0
No (Automatically Generated)	0	0	0	0	1	0
<b>Subtotal</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>0</b>
<b>Total number of projects</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>0</b>

<sup>7</sup> An independent review may not be required for all projects (not required for category C projects). Please refer to the Equator Principles for details on what is required for each category and product type.

The reporting entity is Scotiabank on an enterprise-wide basis including its subsidiaries.

**Category A** – Projects with potential significant adverse environmental and social risks and/or impacts that are diverse, irreversible or unprecedented.

**Category B** – Projects with potential limited adverse environmental and social risks and/or impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures.

**Category C** – Projects with minimal or no adverse environmental and social risks and/or impacts.



# AWARDS

## Access to Finance

- **Global Finance** named Scotiabank the 2017 World's Best Consumer Digital Bank in North America and 25 countries across the Caribbean, Central America and South America.

## Investing in Young People

- Scotiabank has been recognized by **Junior Achievement Americas (JA)** as the winner of the 2017 Transforming Education Award for impacting the lives of thousands of young people in the region.

## Sustainability and Innovation

- Scotiabank Canada's Digital Factory won the 2017 **Remmy Workplace Award**, recognizing teams whose collaboration and vision on a specific project raised the bar for real estate in Canada, and brought innovation and sustainability to the workplace.

## Diversity and Inclusion

- **Great Place to Work** in Canada (7th year in a row), Caribbean, Panama, El Salvador, Costa Rica and Dominican Republic.
- Scotiabank was ranked #56 in **Equileap's** global ranking of the Top 200 companies demonstrating progress toward gender equality in 2017.
- Scotiabank Uruguay won the **Premio Crear** Award for Innovation and Best Practices in Human Capital. Scotiabank's submission focused on removing barriers in the advancement of women which resulted in a 3rd place win.
- Scotiabank Peru won the **Universidad del Pacifico and Aequales** award for Gender Inclusion. We ranked 8th out of 141 companies and were the only bank in the rankings.

- Scotiabank Chile was awarded the **Best Companies for Working Parents** award for implementing the best life-work-family reconciliation policies.
- In 2017, Scotiabank Mexico was recognized as a **Great Place To Work** with regards to diversity and inclusion, coming in 3rd place.
- Scotiabank won two awards in the 2017 **Brandon Hall Group Human Capital Management Excellence Awards**: Gold in Best Advance in Women's Leadership Development for Scotiabank Women in Leadership Initiative – International Banking. Silver in Best Advance in Executive Development for Scotiabank Executive Leadership Development Program.
- 2017 recipient of the **Talent Board's North American Candidate Experience (CandE) Award**. Scotiabank ranking moved from 82nd (2016) to 33rd out of 200 eligible corporations.
- **UN Global Compact Chile Network** nominated Scotiabank Chile in the field of Labor Relations for the Practical Program Advance of Women.
- Scotiabank Chile received the **Revolución Wellness** award, a distinction awarded to companies that promote practices oriented to the integral well-being of their work teams, in areas such as physical activity, health, benefits and recreation.
- Scotiabank Chile participated in **Merco Talento Study**, which recognizes the best companies to attract and retain talent in Chile. Scotiabank Chile is ranked 12th in the overall ranking (100 companies) and 4th in the Financial Institutions category.

