

October 29, 2021

Dear Shareholder,

Re: The Bank of Nova Scotia – Shareholder Engagement Update

I am writing to provide an update on The Bank of Nova Scotia's (the "Bank") shareholder engagement since our annual meeting held on April 13, 2021, including an update on our review of executive compensation and the feedback we received. We have reflected on the many discussions with our shareholders, both those who supported the Bank's advisory vote on our approach to executive compensation (the "Say on Pay" vote), which was supported by over 60% of votes cast by our shareholders, as well as those who did not.

Following our annual meeting, we embarked on an ambitious engagement strategy to proactively reach out to our shareholders and other stakeholders to better explain certain of the longer-term decisions made by the Bank as well as to understand their priorities and listen to their concerns – regarding Say on Pay and other governance matters. In some cases, we met with stakeholders on multiple occasions to provide ongoing updates on our progress on environmental, social, and governance (ESG) issues, reflective of our commitment to continued dialogue on these matters. We have also met with proxy advisory firms, ISS and Glass Lewis, to discuss our shareholder engagement and to share the feedback that we have received, following the issuance of their 2021 reports on our management proxy circular.

The Bank has made certain key decisions over the last several years that the Board of Directors believes to be in the best long-term interests of the Bank. This includes having repositioned the international portfolio, divesting of certain businesses and exiting certain countries, and expanding the Bank's wealth business and our banking operations in Chile, while also investing significantly in our digital transformation. These decisions have come with both financial and short-term impacts, but we believe will yield longer term benefits for the Bank and our shareholders.

What we have heard

Through our many discussions, it is clear that our shareholders support the bold strategic agenda undertaken by our CEO and supported by the Board, including investing for the future and digitizing the Bank, repositioning the international portfolio and successfully steering the Bank through the uncertainty of the COVID-19 pandemic. As part of our review of executive compensation with shareholders, it is evident that they understand the Board's need to use discretion in assessing and determining the all-Bank Business Performance Factor (BPF) in 2020, not only due to COVID-19, but also due to the timing and impact of strategic decisions undertaken by the Bank. Our shareholders also noted the importance of transparency in disclosure and highlighted the need for further details about our compensation model and decision-making process.

Our commitments to you

In reflecting on our dialogue, we recognize several opportunities for: enhancing disclosure regarding performance targets and determination of the BPF; elaborating on the rationale for the use of discretion;

improving qualitative descriptions of compensation decisions, as well as the quantitative disclosure; and better explaining the alignment of compensation decisions with the shareholder experience more fully.

We believe our compensation program functions appropriately and as intended, by clearly demonstrating alignment with the shareholder experience when we look at the value of the compensation granted to our CEO, versus the actual compensation paid out each year. We do, however, recognise that we can do better by enhancing our qualitative disclosure based on the feedback received. We will better explain, for all stakeholders' benefit, how the Board makes its compensation decisions, so that both quantitatively and qualitatively, there is improved transparency to earn more widespread support for our approach to executive compensation.

Our progress in other areas that are top of mind for shareholders

Among the shareholders with whom we have engaged, there was strong interest in a variety of governance topics including Board composition, skills and assessment; CEO succession; risk management; our strategy in Latin America; and ESG issues including climate commitments, human capital management, and diversity. We were also able to share the meaningful progress we have made on a number of important ESG issues, including:

- Our undertaking to assess and act on the pathways available for the Bank to be net zero by 2050 and the release of a net zero commitment at the end of 2021 including concrete plans, interim targets, timelines and transparent reporting.
- Our Statement on Financing Coal that was released in April 2021 and notes that our lending policies restrict exposure to thermal coal mining and coal power generation.
- Our updated Board diversity policy which now states that we aspire to achieve gender parity and maintains our minimum aspirational goal of at least 30% of each gender on our Board.
- The fact that ESG issues and concerns are addressed at every Board meeting and all four of our Board committees each deal with ESG matters within their respective mandates.

We are committed to having constructive and open dialogue and engaging with our stakeholders throughout the year on their priorities and concerns. We value our stakeholder engagement immensely and know that we work together best through ongoing and proactive dialogue. If you have any questions or would like to discuss these issues or other concerns that you may have, please contact our Corporate Secretary, Julie Walsh, at corporate.secretary@scotiabank.com.

Yours sincerely,



Aaron Regent
Chairman of the Board of Directors
The Bank of Nova Scotia