



THE BANK OF NOVA SCOTIA

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# **FINANCIAL REPORTING WHISTLEBLOWER POLICY AND PROCEDURES**

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**Supplement to the Guidelines for Business Conduct**

October 2009

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## SECTION 1 - OVERVIEW

The Bank's Guidelines for Business Conduct (the Guidelines) outline the ethical standards to which the Bank requires all employees, senior officers and directors to adhere. The Bank's reputation for honesty and integrity is reflected in the way it conducts business. It is also reflected in the integrity of the Bank's financial reporting.

## SECTION 2 – INTENT OF POLICY

The Scotiabank *Financial Reporting Whistleblower Policy and Procedures* ("the Policy") is designed as a control to further safeguard the integrity of the Bank's financial reporting. The Policy requires employees to report concerns about the integrity of the Bank's financial reporting. This reporting can be done through a number of channels on a confidential and anonymous basis.

## SECTION 3 - SCOPE

This Policy applies to The Bank of Nova Scotia and all its subsidiaries. The responsibility to report financial reporting concerns, and the protections provided to those who do so, applies to all Scotiabank Group employees globally.

The Policy is a supplement to the Guidelines, and acknowledgement of adherence to the Policy is incorporated into the annual acknowledgement and certification of adherence to the Guidelines.

## SECTION 4 – THE POLICY

### 4.1 Types of Financial Reporting Concerns

Employees have a responsibility to report concerns about the integrity of financial reporting, related to:

- **ACCOUNTING AND AUDITING CONCERNS** – examples include: falsification or destruction of business or financial records; misrepresentation or suppression of financial information; non-adherence to internal financial reporting policy/controls, including management over-ride; and auditor independence concerns.
- **SUSPECTED FRAUDULENT ACTIVITY** – examples include: defalcation; unlawful or improper payments; and insider trading of BNS issued securities.
- **WHISTLEBLOWER RETALIATION OR RETRIBUTION** - examples include: statements, conduct or actions involving discharging, demoting, suspending, harassing or discriminating against an employee, resulting from an employee reporting a concern in good faith in accordance with this Policy.

## 4.2 Means of Reporting

There are three established means for employees to report their financial reporting concerns as follows:

- (i) Through the existing chain of communication -  
The Bank has well-established procedures to enable employees to escalate violations of the Guidelines for Business Conduct through the “Chain of Communication”. These procedures also apply to raising financial reporting concerns.
- (ii) Directly to the Chief Auditor -  
Employees may raise their financial reporting concerns in writing directly with the Bank’s Chief Auditor via email or other correspondence. This may be done on an anonymous basis.
- (iii) Third Party Independent Hotline -  
The Bank has also established a mechanism for confidential and anonymous submission of financial reporting concerns through an independent third party, “Global Compliance Services” (GCS). GCS provides a hotline (1-800-443-0312- Canada and the United States) and a web-site (<https://www.gcs-whistleblower.com>) that are accessible by staff in all of the Bank’s locations 24 hours a day, 7 days a week. A list of telephone numbers available to International Staff on a world wide basis is available at “<https://www.gcs-whistleblower.com/clientInfo/2528/Hotline.pdf>”

Concerns raised through the hotline or web site (together, the “Hotline”) are submitted to the Chair of the Audit and Conduct Review Committee and/or the Bank’s Chief Auditor (either of which may be the Primary Recipient, depending on the nature of the concern) to ensure independent review, investigation and disposition of concerns.

The Office of the President – Customer Concerns receives concerns from external parties, which may include financial reporting concerns. Financial reporting concerns raised through the Office of the President – Customer Concerns will be provided to the Chair of the Audit and Conduct Review Committee and/or the Bank’s Chief Auditor, depending on the nature of the concern.

## 4.3 Investigation

Upon receipt of a financial reporting concern, the Primary Recipient will evaluate the severity of the concern to determine whether an internal or external investigation is required.

The Primary Recipient will then assign the investigation accordingly and maintain oversight of the investigation to ensure appropriate and timely resolution.

## **4.4 Reporting**

- (i) To the Audit and Conduct Review Committee:
  - Significant financial reporting concerns will be raised to the Chair of the Audit and Conduct Review Committee either by the Chief Auditor or directly by GCS.
  - The Chief Auditor will report quarterly to the Audit and Conduct Review Committee and summarize the activity and results of the Financial Reporting Whistleblower Concerns raised and investigations conducted. More frequent reporting to the Audit and Conduct Review Committee may be provided as appropriate.
- (ii) To Executive Management:
  - The Chief Auditor will report the results of investigations to executive management who has responsibility for the area concerned, as appropriate. This will be done in order to advise them of the disposition and/or to ensure appropriate resolution of the concern.
- (iii) To the Claimant:
  - The status/resolution of the investigation will be communicated to the claimant, where possible. If the concern was raised through the Hotline, the Primary Recipient of the concern will post the status/resolution on the Hotline, which can be accessed anonymously by the claimant.

## **4.5 Protection from Retaliation**

The Bank will protect from admonishment, discipline or retaliatory action of any kind, any employee, who in good faith, reports a Financial Reporting Whistleblower Concern either in accordance with the methods described in the Guidelines or in accordance with this supplement to the Guidelines.

# **SECTION 5 – ROLES AND RESPONSIBILITIES**

## **5.1 Audit and Conduct Review Committee:**

- Review and recommend approval of the Financial Reporting Whistleblower Policy and Procedures to the Board of Directors
- Oversight of the Financial Reporting Whistleblower Program.
- Receipt, investigation and actioning of financial reporting concerns involving Executive Management and Audit.

## **5.2 Chief Auditor:**

The Chief Auditor is responsible for the overall management of the Policy and the financial reporting concern handling process. This includes:

- Development and maintenance of the Policy.
- Management of the Financial Reporting Whistleblower Program.
- Oversight and responsibility for the actions of GCS.
- Conducting investigations of financial reporting concerns, except those performed under the direct supervision of the Audit and Conduct Review Committee.
- Communication with employees raising concerns, either directly or through the GCS facility.
- Reporting to the Audit and Conduct Review Committee, Executive Management and/or the External Auditors.
- Consolidating, filing and retaining all records of concerns received, together with the status/results of investigation.

## **5.3 Global Compliance Services:**

- Receipt of financial reporting concerns through the Hotline.
- Reporting of concerns to the appropriate recipients within Scotiabank.
- Providing confidential access to the Hotline for follow up communication with the concerned employee in order to maintain their anonymity.

## **5.4 Scotiabank Group Compliance:**

- Consultation in the development of the Policy.
- Together with Human Resources, communication of the Guidelines for Business Conduct, to which this Policy is a supplement.
- Coordination of the annual certification of adherence to the Guidelines for Business Conduct, including this Policy.
- Investigation of complaints around trading in BNS shares by senior officers.

## **5.5 Business Unit and Executive Management:**

- Communicate and reinforce the Financial Reporting Whistleblower Policy and Procedures.
- Direct Financial Reporting Whistleblower Concerns, raised through the Chain of Communication, to the Chief Auditor for investigation.

## **5.6 All Scotiabank Group Employees:**

- Act with integrity and honesty in all financial reporting related duties.
- Raise concerns over the integrity of the financial reporting, internal financial reporting controls or auditing matters through one of the means identified in this Policy.