THE BANK OF NOVA SCOTIA

Corporate Governance Policies

June 2024

Introduction

"Corporate governance" refers to the oversight mechanisms and the way in which The Bank of Nova Scotia (the "Bank") is governed. The Board of Directors of the Bank (the "Board") is elected by shareholders to supervise the management of the Bank's business and affairs with a view to enhancing long-term shareholder value. Corporate governance encompasses our processes and policies, how decisions are made and how the Bank deals with the various interests of, and relationships with, our many stakeholders, including shareholders, clients, employees, regulators and the broader community.

As a global and publicly traded financial institution, the Bank recognizes the need to adhere to best practices in corporate governance. Sound corporate governance policies and practices are important to the creation of shareholder value and maintaining the confidence of clients and investors alike. The Bank's practices are consistent with the Bank Act (Canada) (the "Bank Act") requirements, OSFI's Guideline on Corporate Governance, the Canadian Securities Administrators' ("CSA") Corporate Governance Guidelines, Toronto Stock Exchange ("TSX") requirements as well as CSA and SEC rules applicable to audit committees. Although the Bank is not required to comply with most of the corporate governance listing standards of the New York Stock Exchange (the "NYSE Rules"), the Bank meets or exceeds the NYSE Rules in all significant respects except as set out in the Bank's Disclosure Required by NYSE Listed Company Manual as available on the Bank's website.

The Bank's Corporate Governance Policies (the "Policies") are designed to ensure the independence of the Board and its ability to effectively supervise management's operation of the Bank. The Policies are reviewed on an annual basis in the context of changing regulation and emerging best practices with a view to enhancing the Bank's governance.

The Board of Directors

The Board's primary responsibility is to supervise the management of the Bank's business and affairs. The Board's responsibility is one of stewardship. Senior management is accountable for implementing the Board's decisions and responsible for directing the Bank's operations. The Board must provide effective governance over the Bank's affairs. In doing so it must strive to balance the interests of the Bank's diverse constituencies around the world, including its shareholders, clients, employees, regulators, and the communities in which it operates. In all actions taken by the Board, the Directors are expected to exercise independent business judgment in what they reasonably believe to be in the best interests of the Bank. In discharging that obligation, Directors may exercise discretion in the execution of their responsibilities as they deem appropriate, subject to the constraints imposed by law, and they may rely on the honesty and integrity of the Bank's senior management, its outside advisors, and auditors.

Board Size

The Board has the authority under the Bank's by-laws to fix the number of Directors, which should be in the range of 12 to 18, with the flexibility to increase the number of members in order to accommodate an outstanding candidate or the Board's changing needs or circumstances. Candidates for the Board shall be selected by the Corporate Governance Committee, and recommended to the Board for approval, in accordance with guidelines approved by the Board, taking into consideration the overall composition and diversity of the Board and the areas of expertise that new Board members can offer.

Term Limits

The Bank's shareholders elect Directors at the annual meeting each year. Between meetings the Board may appoint additional members. Term limits set out the maximum period of time that directors can stand for re-election and do not provide guaranteed tenure. The Board believes that its term limits provide an appropriate balance between experience and fresh perspectives. The Board's term limits, combined with director independence assessments and the Board evaluation process, enable the Board to confirm that effective and independent-minded directors are nominated for election and allow the Board to properly conduct its succession planning.

The Board has approved the following term limits:

(a) Directors elected or appointed to the Board between December 3, 2010 and July 1, 2015 may serve on the Board until they attain the earlier of age 70 or the completion of a fifteen year term, except that a Director who, at the age of 70, has not completed a ten year term, will have their term extended for additional years to complete a minimum ten year term.

(b) Directors elected or appointed after July 1, 2015 may serve on the Board until they attain the completion of a twelve year term.

Notwithstanding the above term limits: (1) the Chair of the Board may serve in such capacity for a five-year term, and (2) pursuant to the Bank Act, the President and Chief Executive Officer serves on the Board so long as they hold such office.

Majority Voting in Director Elections

In an uncontested election of Directors of the Bank, any nominee for Director who is not elected by at least a majority (50% + 1 vote) of the votes cast with respect to their election (a "Majority Withheld Vote") shall immediately tender their resignation to the Chair of the Board of Directors following the Bank's annual meeting. In these Policies, an "uncontested election" shall mean an election where the number of nominees for Director shall be equal to the number of Directors to be elected.

The Corporate Governance Committee of the Board shall consider the resignation offer and absent any exceptional circumstances as prescribed by the TSX majority voting policy requirements, shall recommend to the Board that such resignation be accepted.

The Board shall act on the Corporate Governance Committee's recommendation within 90 days following the applicable annual meeting. In considering the Corporate Governance Committee's recommendation, the Board shall accept the resignation, absent exceptional circumstances. Following the Board of Directors' decision on the resignation, the Board shall promptly disclose, via press release and with a copy to the TSX, their decision whether to accept the Director's resignation offer including the reasons for rejecting the resignation offer, if applicable. The Director's resignation will be effective when accepted by the Board. If a resignation is accepted, the Board may, in accordance with the provisions of the Bank Act, appoint a new Director to fill any vacancy created by resignation or reduce the size of the Board. If the resignation is not accepted because of exceptional circumstances, active steps will be taken to resolve those circumstances in the following year.

Any Director who tenders their resignation pursuant to these Policies shall not participate in the meeting of the Corporate Governance Committee meeting, if they are a member of that Committee, to consider the decision to recommend to the Board whether their resignation shall be accepted. However, if each member of the Corporate Governance Committee received a Majority Withheld Vote in the same election, or a sufficient number of Committee members such that that Committee no longer has a quorum, then the independent Directors shall appoint a committee amongst themselves to consider the resignation offers and recommend to the Board whether to accept them. However, if the only Directors who did not receive a Majority Withheld Vote in the same election constitute seven (7), all Directors may participate in the determination of whether or not to accept the resignation offers.

In the event that any Director who received a Majority Withheld Vote does not tender their resignation in accordance with these Policies, they will not be re-nominated by the Board of Directors.

The Corporate Governance Committee may adopt such procedures as it sees fit to assist it in its determinations with respect to these Policies.

Director Independence

As a Canadian financial institution that is publicly traded on both the TSX and NYSE, the Bank is committed to complying with all applicable laws, rules, and regulations related to the status of its Directors. At all times, a substantial majority of the members of the Board are independent. As required under the NYSE Rules and the CSA's Corporate Governance Guidelines, the Board shall, annually, make an affirmative determination with respect to each Director's independence, considering a broad range of factors, including tenure. The Board has determined that all Affiliated Directors, as defined in the Bank Act, shall be considered to be non-independent under the Bank's Director

Independence Standards. The Bank's Director Independence Standards are attached as Appendix "A".

Board Composition – Qualifications and Considerations

One of the Board's most important responsibilities is to identify, evaluate and select candidates for the Board. The Corporate Governance Committee is charged with reviewing the qualifications of potential Director candidates and making recommendations to the whole Board. The Board believes that its membership should be composed of highly qualified directors who demonstrate integrity and suitability for overseeing the management of a Canadian financial institution with a view to the Bank's international footprint. Factors considered by the Committee and the Board in its review of potential candidates include:

- prominence in business, institutions or professions;
- residency in and familiarity with the geographic regions where the Bank carries on business;
- independence, conflicts of interest and any business relationships with the Bank;
- integrity, honesty and the ability to generate public confidence;
- demonstrated sound and independent business judgment;
- financial literacy;
- knowledge of and experience with financial institutions;
- risk management experience;
- knowledge and appreciation of public issues and familiarity with local, national and international affairs;
- perspectives raised by the Bank's stakeholders;
- the professional experience required to contribute to the Board's Committees;
- the ability to devote sufficient time to Board and Committee work;
- the competencies and skills that the Board considers to be necessary for the Board, as a whole, to possess; and
- the competencies and skills that the Board considers each existing Director to possess.

The Board believes that its membership should be composed of highly qualified directors from diverse backgrounds, who reflect the qualities enumerated above. To support this composition as part of the Board's commitment to sound and effective corporate governance practices, the Corporate Governance Committee will, when identifying candidates to recommend for appointment or election to the Board:

(a) consider only candidates who are highly qualified based on their experience, expertise, perspectives, and personal skills and qualities;
(b) consider diversity criteria including gender, gender identity or gender expression, age, sexual orientation, ethnicity and geographic background, People of Colour, Indigenous peoples and persons with disabilities; and

(c) in addition to its own search, as and when appropriate from time to time, engage qualified independent external advisors to conduct a search for candidates who meet the Board's expertise, skills and diversity criteria.

The Board recognises the importance of having diverse representation among its members that reflects our clients, shareholders and the markets in which we operate and that it must continually strive to enhance this representation among its members. As part of its approach to Board diversity, the Board also aspires for gender parity with a goal to have women comprise at least 30% of its members.

Director Education

Directors shall be knowledgeable and informed about the business of the Bank, the regulatory environment in which the Bank and its subsidiaries operate, and their duties and responsibilities as Directors.

The Bank shall assist Directors in their education about the Bank and their duties and responsibilities as Directors. New Directors are provided with written information about the Bank and their duties and responsibilities as Directors to assist them in their education and meet with the Chair, the President and Chief Executive Officer, and other Executive Officers, as required. All Directors have access to seminars and presentations on aspects of the Bank's business and operations and are provided with opportunities to visit domestic and international operations. Management regularly updates the Board on changing regulation and practices related to corporate governance.

Other Directorships

The Corporate Governance Committee will consider the following guidelines in determining whether a potential Director candidate is able to devote the requisite time and attention to the Bank's affairs, prior to the Board's approval of the individual's appointment or nomination for election. Existing Directors are also subject to these guidelines and prior to joining another public company board of directors, will be asked to review their existing board commitments with the Chair of the Corporate Governance Committee in order to assess whether the Director will be able to continue to devote sufficient time to the Bank's affairs.

The Corporate Governance Committee shall consider the following guidelines in reviewing public company directorships held by potential Director candidates or existing Directors:

(1) Directors who are Chief Executive Officers or other senior executives of public companies should hold a maximum of two public company directorships, including membership on the Bank's Board and membership on the board of the company at which the individual is Chief Executive Officer or a senior executive officer;

(2) Other Directors should hold a maximum of four public company directorships, including membership on the Bank's Board.

The Corporate Governance Committee shall assess each Director's or potential candidate's other public company board commitments with reference to these guidelines. The Corporate Governance Committee shall also consider Directors' private company directorships (held outside of their employment) in assessing whether the individual has the requisite time for the Bank's affairs. In doing so, the Corporate Governance Committee shall take into account the complexity of the other companies' businesses, other roles a Director may undertake on such boards and the time commitment expected of the Director with respect to such boards. The Committee has discretion to determine, in certain circumstances, whether a Director candidate or existing Director is able to hold public company directorships which exceed these guidelines and will report decisions to the Board of Directors.

No Director of the Bank shall sit on more than three audit committees of public company boards without the consent of the Corporate Governance Committee and the Board.

The Board also reviews interlocking board memberships to determine whether any common board memberships impair the ability of the involved Directors to exercise independent judgment as Bank Directors. No more than two Directors may sit on the same public company board without the consent of the Corporate Governance Committee.

No Director of the Bank shall also be a member of the board of directors of an unaffiliated financial institution (which includes another bank, trust company or insurance company), without the prior approval of the Corporate Governance Committee and the confirmation of the Executive Vice-President and General Counsel and the Corporate Secretary. The Board shall review and approve any other corporate directorships of the President and Chief Executive Officer.

Change in Directors' Principal Occupation

A Director who makes a change in principal occupation must immediately offer to resign from the Board in order to give the Board the opportunity to review the impact of the change on the composition of the Board.

Eligibility of Employee Directors

Any officer of the Bank who is also a Bank Director, upon ceasing to be employed as an officer on a full-time active duty basis, shall be deemed to have resigned as a Bank Director, excepting that a former Chief Executive Officer may, if specifically requested to do so by the Board, continue to serve on the Board for a defined period of time.

Board and Director Effectiveness

The Board shall conduct an annual review of its performance and may retain outside advisors to facilitate this annual review. Director peer evaluations shall be conducted each year as well. Each Committee shall conduct an annual evaluation of its own performance as provided in its charter. The results of these evaluations shall be summarized and presented to the Corporate Governance Committee which will then report on all these assessments to the Board. The Corporate Governance Committee may develop recommendations and/or an action plan for the Board, where determined necessary or desirable, to address issues raised as a result of such assessments, and will monitor the progress of the Board in addressing issues identified in the assessment process.

Attendance at Meetings

Directors are expected to attend meetings of the Bank’s Shareholders, Board meetings, and meetings of Committees on which they serve, and to spend the time needed to prepare for and to meet as frequently as necessary to properly discharge their responsibilities. Directors are required to attend a minimum of 75% of Board and Committee meetings held in a fiscal year. Those Directors who fail to meet this requirement must meet with the Chair of the Corporate Governance Committee to discuss the reasons contributing to the Director’s attendance record and the Chair will make a recommendation to the Board, as necessary, with respect to the Director’s continued role on the Board. In extraordinary circumstances, including where a significant number of special Board and/or Committee meetings are held in a fiscal year, the Chair of the Corporate Governance Committee will consider extenuating circumstances that may prevent a Director from meeting the attendance requirement noted above and will report to the Board any exceptions to this requirement determined to be acceptable.

The Corporate Governance Committee recommends for Board approval a calendar of standard agenda items to be discussed at each meeting scheduled to be held over the course of the ensuing year. The Chair and the President and Chief Executive Officer, in consultation with the Corporate Secretary, shall establish the agenda for each Board meeting. Each Board member is free to suggest items for inclusion on the agenda or to raise subjects that are not on the agenda for that meeting. The independent Directors shall meet in camera at each Board meeting.

Independent Chair

The Board is committed to always having an Independent Chair. The Board believes this structure is appropriate to ensure independent Board leadership and to have effective Board oversight of management.

Board Committees

The standing committees of the Board are the Audit and Conduct Review Committee, the Corporate Governance Committee, the Human Capital and Compensation Committee, and the Risk Committee. Each Committee reports directly to the Board. Subject to their availability, each independent Director should serve on two or more Board committees. All members of the Committees shall meet the independence criteria, as defined in applicable laws, rules or regulations and as determined pursuant to the Director Independence Standards approved by the Board. Committee members and chairs shall be appointed by the Board upon the recommendation of the Corporate Governance Committee, after consultation with the individual Directors. Committee chairs and members shall be rotated at the recommendation of the Corporate Governance Committee.

Each Committee shall have its own written charter which shall comply with all applicable laws, rules and regulations. The charters shall set forth the mission and responsibilities of the committees as well as qualifications for committee membership, procedures for committee member appointment, committee structure and operations and reporting to the Board.

Subject to the Board's term limits, Committee chairs are appointed by the Board, upon the recommendation of the Corporate Governance Committee, for a term of three years. A Committee chair's term may be extended for an additional period of up to two years upon the recommendation of the Corporate Governance Committee and the approval of the Board.

The chair of each Committee, in consultation with the Committee members, shall determine the frequency and length of the Committee meetings consistent with any requirements set forth in the Committee's charter. The chair of each Committee, in consultation with the appropriate members of the Committee and senior management, shall develop the Committee's agenda. Each Committee shall annually establish a schedule of major topics to be discussed during the year (to the degree these can be foreseen).

The Board and each Committee shall have the power to hire and fire independent legal, financial, or other advisors as they may deem necessary, without consulting or obtaining the approval of senior management of the Bank in advance. Each Committee shall have the power to form a sub-committee or to otherwise delegate specific responsibilities as such Committee sees fit and in compliance with applicable laws and regulations.

The Board may from time to time, establish or maintain additional committees as necessary or appropriate.

Access to Management and Subsidiary Directors

Directors shall have full and free access to senior management and other employees of the Bank. Contact or meetings can be arranged for Directors through the President and Chief Executive Officer, the Corporate Secretary or directly by the Director. The Board welcomes regular attendance at each Board meeting by senior management of the Bank.

Directors may also meet with independent subsidiary directors when the Board holds meetings at the Bank's international locations, or upon the request of any subsidiary director.

Director Compensation

The Board determines the form and amount of Director compensation based on the recommendation of the Corporate Governance Committee following a review of Director compensation in the marketplace. Directors are required to hold a significant level of equity in the Bank and as set out below, must take a significant portion of their compensation in shares or share equivalents.

Directors who are also officers of the Bank are not compensated in their capacity as Directors.

Director Share Ownership

Directors are required to hold Bank common shares and/or director deferred share units (DDSUs) with a value of not less than five times the equity portion of their annual retainer. As of the date of this policy, this amount is $975,000 for Directors and $1,750,000 for the Chair. Directors have five years from their date of appointment to meet this requirement. Directors are required to take at least $195,000 (at least $350,000 in the case of the Chair) of their annual Board retainer in common shares or DDSUs, even after they meet the share ownership requirement.

In addition to the above requirements which apply throughout a Director's tenure on the Board, Directors are expected, absent unique or exceptional circumstances, to hold at least 1,000 Bank common shares within six months of joining the Board. Directors are also expected to consider on an ongoing basis whether their level of share ownership is sufficient and appropriately aligns their interests with the long-term interests of other shareholders.

Executive Management

The Human Capital and Compensation Committee shall review the Bank's senior level organizational structure and the Bank's management succession plan, including succession planning for the Bank's control function heads, at least once a year. The Risk Committee and Audit and Conduct Review Committee shall provide input to the

Human Capital and Compensation Committee on the succession planning for the control function heads that those Committees oversee.

The candidacy of all proposed Executive Officer appointments shall be reviewed by the Human Capital and Compensation Committee and then submitted to the Board for approval. All new senior management appointments shall be reported to the Board at least quarterly.

The Board shall review the mandates of the Bank's Executive Officers and the job description of the Group Chief Anti-Money Laundering Officer as established by the Human Capital and Compensation Committee. These mandates shall define the duties, responsibilities and authority of the President and Chief Executive Officer and the other Executive Officers and control function heads of the Bank. The Audit and Conduct Review Committee shall review the mandate for the Bank's Chief Financial Officer, Chief Compliance Officer and Chief Auditor and the job description for the Group Chief Anti-Money Laundering Officer. The Risk Committee shall also review the mandate for the Bank's Chief Risk Officer.

The Board shall have the authority to dismiss and replace the President and Chief Executive Officer, if required.

Review Executive Performance

The Human Capital and Compensation Committee shall annually assess the performance of the President and Chief Executive Officer and all other Executive Officers and senior management. In addition to this assessment, the Audit and Conduct Review Committee shall assess the effectiveness of the Chief Financial Officer, Chief Compliance Officer, Group Chief Anti-Money Laundering Officer and the Chief Auditor and the Risk Committee shall assess the effectiveness of the Chief Risk Officer and the Committees shall convey their views on these assessments to the Human Capital and Compensation Committee and management, in accordance with the Committees' charters. The Board Committees shall consider regulatory findings as part of their reviews of management.

Review Compensation

The Human Capital and Compensation Committee shall review and recommend to the Board for approval all material employee compensation and benefits plans and programs, including the Bank's employee pension plan. This review will include an assessment of whether the Bank's compensation plans are consistent with the sustainable achievement of the Bank's business objectives, the prudent management of its operations and the risks to which it is exposed, and will look for adherence to the Bank's processes, policies, procedures and controls.

The Human Capital and Compensation Committee shall review and the Board shall approve the compensation for all Executive Officers on an annual basis.

Say on Pay

The Bank's compensation policies and procedures are based on the principle of pay for performance. The Bank is committed to holding each year at its annual meeting of shareholders, a non-binding advisory shareholder vote, commonly known as "Say on Pay", that gives shareholders the opportunity to endorse or not endorse the Bank's approach to its executive pay program and policies. As the vote is advisory, it will not be binding upon the Board. However, the Human Capital and Compensation Committee and the Board will review the results of this advisory vote and will consider the outcome when considering future executive compensation arrangements. If a significant number of the shares represented in person or by proxy at the meeting are voted against the advisory resolution, the Human Capital and Compensation Committee will review the approach to executive compensation in the context of the specific concerns of the shareholders and may make recommendations to the Board. Following that review, the Bank will disclose a summary of the process undertaken by the Human Capital and Compensation Committee and an explanation of any changes being implemented in relation to the Bank's executive compensation. The Bank will provide this disclosure within six months of the relevant shareholders' meeting.

Establish and Monitor Standards of Business Conduct and Ethical Behaviour

The Bank is committed to the highest standards of ethical business behaviour. The Board has adopted the Scotiabank Code of Conduct which applies to all employees of the Bank and its subsidiaries. The Scotiabank Code of Conduct contains an addendum dealing specifically with matters that concern Directors.

The Code of Conduct outlines the Bank's rules and expectations regarding proper business conduct and ethical behaviour of Directors, officers and employees of the Bank and its subsidiaries, including:

- following the law wherever the Bank does business;
- avoiding putting themselves or the Bank in a conflict of interest;
- conducting themselves honestly and with integrity;
- respecting privacy, confidentiality, and protecting the integrity and security of assets, communications, information and transactions;
- treating everyone fairly, equitably and professionally – whether customers, employees, shareholders, suppliers, service providers, government, regulators, competitors, the media and the public; and
- honour our commitments to the communities in which we operate.

The Board shall obtain reasonable assurance that there is an ongoing, appropriate and effective process in place for ensuring adherence to the Scotiabank Code of Conduct. Annually all employees, Directors and officers of the Bank and its subsidiaries must provide written certification of their compliance with the Scotiabank Code of Conduct. Global Compliance reports to the Audit and Conduct Review Committee on such compliance, noting any instances of material deviation from the standards together with any corrective action taken. The Bank promotes a strong compliance culture by strictly enforcing the Scotiabank Code of Conduct and by taking decisive disciplinary action where warranted. This forms part of the Board's overall responsibility for overseeing the Bank's management of conduct review and conduct risk.

Oversee the Bank's Purpose

The Bank's purpose guides all that it does and considers its many stakeholders, including employees ,clients, communities and shareholders. The Board oversees the Bank's purpose and reviews reports on how the Bank executes, and acts in accordance with, its purpose. The Corporate Governance Committee supports the Board in its oversight of the Bank's purpose and the implementation of the Bank's purpose within the Bank's strategies and priorities.

Oversee Environmental, Social and Governance (ESG) Matters

The Board recognises how critical ESG matters are to the execution of its mandate and its oversight of the Bank. The Board views ESG as a shared responsibility; the Board engages with management on the execution of its ESG strategy, while each Committee oversees various aspects of the Bank's ESG strategy, impacts, risks, initiatives and reporting.

The Corporate Governance Committee: evaluates the Bank's ESG performance and assesses best practices for ESG disclosure; examines current and emerging ESG topics, considers their implications on the Bank's strategy and reviews the Bank's ESG reporting; and acts in an advisory capacity through a continuing assessment of the Bank's approach to corporate governance and makes policy recommendations, including on topics such as human rights. The Risk Committee retains oversight of enterprise risks including ESG risks, which includes climate risks and periodically reviews and approves the Bank's key risk management policies, frameworks and limits to make sure that management is operating within the Bank's Enterprise-Wide Risk Management Framework. The Audit and Conduct Review Committee oversees ESG disclosure, including climate-related disclosure as part of the Bank's financial reporting, sets standards of conduct for ethical behaviour and oversees conduct risk management and consumer protection. The Human Capital and Compensation Committee oversees diversity, equity and inclusion, employee health, safety and well-being, ESG policies and practices, leadership, succession planning and total rewards, including ensuring that the Bank's compensation programs are consistent with its risk management programs.The Bank's Policies are administered by the Corporate Governance Office and Corporate Secretary and are designed to ensure the independence of the Board and its ability to supervise management's operation of the Bank, including as it relates to ESG topics.

Oversee Strategic Management

The Board shall establish the business objectives of the Bank, consider and approve the Bank's business strategy and its business plans for significant operations, and review these at least once a year to ensure that the strategic plans remain appropriate and prudent in light of the Bank's current and anticipated business and economic environment, resources, risks and results. The Board shall obtain reasonable assurance, on a regular basis, that there is an ongoing and effective process in place for ensuring appropriate strategic management of the Bank.

The Board shall frequently evaluate the Bank's actual operating and financial results against forecast results, in light of the Bank's business objectives, business strategy, business plans, risk appetite framework, culture and risk culture.

Oversee Risk Management and Risk Management Function

A sound system of risk management is critical to the profitability and ongoing viability of the Bank. Directors must understand the significant risks to which the Bank is exposed. The Board shall establish appropriate and prudent risk management frameworks/policies. The Risk Committee shall oversee and have regard to the independence of the Bank's risk management function by annually reviewing and approving: the mandate of the Chief Risk Officer and the charter of the Global Risk Management Department; sufficient resources and budget for the Global Risk Management Department; and the organizational structure of the Global Risk Management Department. The Committee shall assess the Global Risk Management Department's effectiveness and shall also periodically request independent reviews of the Global Risk Management Department and review the results of such reviews prior to reporting to the Board.

The appointment and removal of the Bank's Chief Risk Officer shall be approved by the Risk Committee. The Risk Committee is responsible for overseeing that the Global Risk Management Department has unfettered access and a functional reporting line to the Committee.

Oversee Liquidity and Funding Management

A sound system of liquidity and funding management is critical to the profitability and ongoing viability of the Bank. Directors must understand the liquidity and funding needs of the Bank. The Board shall establish appropriate and prudent liquidity and funding management policies for the Bank.

Oversee Capital Management

A sound system of capital management is critical to the profitability and ongoing viability of the Bank. Directors must understand the capital needs of the Bank as the Board is responsible for overseeing the enterprise-wide capital management of the Bank. The Board shall establish appropriate and prudent capital management policies for the Bank.

Oversee Technology

The Board recognizes the importance of technology in the banking industry and its responsibility for the oversight of the Bank's technology strategy and technology-based risk management. Directors must understand the technology risks, including information technology, cybersecurity and data risks (including artificial intelligence ("AI")), and the needs of the Bank. The Board, or the appropriate committee of the Board, shall oversee the establishment of strategic plans for enterprise-wide technology, which include the design and development of systems, applications, networks and capabilities that support the entire Bank. The Board, or the appropriate committee of the Board, shall also oversee the strategies, programs and frameworks relating to information technology, information security and cybersecurity, and data ethics, including the responsible and ethical use of technologies, data and AI.

Oversee Internal Audit Function

The Bank's independent Audit Department performs in-depth analysis, on a regular basis, in order to provide validations to the Board that the Bank's processes, policies, procedures and controls are being monitored and adhered to, and that appropriate action is being taken to address any significant weaknesses or breakdowns that have been identified. The Audit Department shall have full access to the Bank's records, information and personnel.

The Audit and Conduct Review Committee shall oversee and have regard to the independence of the Bank's Audit Department by annually reviewing and approving: the mandate of the Chief Auditor and the charter of the Audit Department; sufficient resources and budget for the Audit Department; its organizational structure; and its annual plan. The Committee shall assess the Audit Department's effectiveness and shall also periodically request independent reviews of the Audit Department and review the results of such reviews prior to reporting to the Board.

The appointment and removal of the Bank's Chief Auditor shall be approved by the Audit and Conduct Review Committee. The Audit and Conduct Review Committee is responsible for overseeing that the Audit Department has unfettered access and a direct and independent reporting line to the Committee.

Oversee Finance Function

The Bank's Finance Department performs in-depth analysis of the Bank's financial and operating results independently of the Bank's business lines and actively manages the reliable and timely reporting of financial information. The Audit and Conduct Review Committee shall oversee and have regard to the independence of the Bank's Finance Department by annually reviewing and approving: the mandate of the Chief Financial Officer and the charter of the Finance Department; sufficient resources and budget for the Finance Department; and the organizational structure of the Finance Department. The Committee shall assess the Finance Department's effectiveness and shall also periodically request independent reviews of the Finance Department and review the results of such reviews prior to reporting to the Board.

The appointment and removal of the Bank's Chief Financial Officer shall be approved by the Audit and Conduct Review Committee. The Audit and Conduct Review Committee is responsible for overseeing that the Finance Department has unfettered access and a functional reporting line to the Committee.

Oversee Compliance Function

The Bank's Global Compliance Function provides independent oversight of the management of the Bank's compliance with laws, regulations and guidelines relevant to the activities of the Bank in the jurisdictions in which it operates. The Audit and Conduct Review Committee shall oversee and have regard to the independence of the Bank's Global Compliance Function by annually reviewing and approving: the mandate of the Chief Compliance Officer and the charter of the Global Compliance Function; sufficient resources and budget for the Global Compliance Function; and the organizational structure of the Global Compliance Function. The Committee shall assess the Global Compliance Function's effectiveness and shall also periodically request independent reviews of the Global Compliance Function and review the results of such reviews prior to reporting to the Board.

The appointment and removal of the Bank's Chief Compliance Officer shall be approved by the Audit and Conduct Review Committee. The Audit and Conduct Review Committee is responsible for overseeing that the Global Compliance Function has unfettered access and a functional reporting line to the Committee.

Oversee Anti-Money Laundering and Anti-Terrorist Financing Function

The Bank's Anti-Money Laundering and Anti-Terrorist Financing and Sanctions function (collectively, the "AML Function") provides oversight of the management of the Bank's compliance with anti-money laundering and anti-terrorist financing and sanctions laws, regulations and guidelines relevant to the Bank in the jurisdictions in which it operates. The Audit and Conduct Review Committee shall oversee and have regard to the independence of the Bank's AML Function by annually reviewing and approving: the job description of the Group Chief Anti-Money Laundering Officer and the charter of the AML Function; sufficient resources and budget for the AML Function; and the organizational structure of the AML Function. The Committee shall assess the AML Function's effectiveness and shall also periodically request independent reviews of the AML Function and review the results of such reviews prior to reporting to the Board.

The appointment and removal of the Bank's Group Chief Anti-Money Laundering Officer shall be approved by the Audit and Conduct Review Committee. The Audit and Conduct Review Committee is responsible for overseeing that the AML Function has unfettered access to the Committee.

Confirm Adequacy of Control Environment

The Board shall approve the Bank's internal control framework and obtain reasonable assurance, on a regular basis, that the Bank has a sound control environment that supports the appropriate, effective and prudent management of the Bank's operations and the risks to which it is exposed, and that contributes to the achievement of the Bank's business objectives. The internal audit group, the external auditors and senior management shall report to the Board on the state of the Bank's control environment.

The Board shall obtain, on a regular basis, reasonable assurance that the Bank is in control.

Issue Escalation

The President and Chief Executive Officer and/or the Chair of the Board will ultimately decide if a matter requires the attention of the Board between regularly scheduled meetings and if so, whether the Board or a Board Committee needs to be informed about or involved in the decision-making process concerning the issue that has been raised.

The decision as to whether or not to escalate an issue to the Board's attention and/or a Committee between regularly scheduled meetings is a matter of business and/or legal judgment on the part of senior management and /or the Chair of the Board. The decision may be informed by the views of senior management, including: the President and Chief Executive Officer, all Group Heads, the Chief Financial Officer, the Chief Risk Officer, the Executive Vice-President and General Counsel, the Chief Compliance Officer, the Chief Auditor, the Group Chief Anti-Money Laundering Officer and the Corporate Secretary. This determination will take into consideration the following, among other factors:

(a) the materiality or significance of the issue to the Bank, its reputation, risk appetite framework, overall operations or strategic direction, considering both qualitative and quantitative measures;
(b) prior Board discussion and decision-making on the matter;
(c) existing authorities given to management in respect of the subject-matter; and
(d) the necessity for the Board's involvement in the matter prior to the next scheduled meeting.

Examples of issues that may be escalated to the Board or a Committee for decision-making in between meetings could include the following:

(a) strategic acquisitions or transactions;
(b) a requirement to issue securities;
(c) changes in executive management;
(d) material misstatements in prior financial statements which would reflect a material weakness in the Bank's internal controls; or
(e) significant write-downs or other events which would significantly impact the assets, liabilities and earnings of the Bank on a consolidated basis.

Examples of issues that may be escalated to the Board or a Committee for informational purposes only in between meetings could include the following:

(a) correspondence from regulators;
(b) information pertaining to potential transactions;
(c) press releases or other information pertaining to announced transactions; or
(d) media articles concerning the Bank.

In determining the necessity for and extent of Board and/or Committee involvement, senior management must assess if the issue being considered has been delegated to a Committee as part of its mandate or pursuant to a prior Board resolution. Further, senior management must also decide if the matter may be properly addressed by a Committee of the Board, subject to the limitations prescribed by the Bank Act and as determined by the Board from time to time. Where a matter cannot be considered by a Committee, then a full Board meeting will be called.

Issues may also be escalated to independent Directors or the Board pursuant to the Subsidiary Governance Policy, the Whistleblower Policy and other channels for reporting concerns at the Bank.

Disclosure and Communications

The Bank is committed to providing timely, accurate and balanced disclosure of all material information about the Bank and to providing fair and equal access to such information.

The Board requires that management has processes in place to support its policy of full, true, plain and timely disclosure of financial results, significant developments and other material information to appropriate stakeholders such as shareholders, regulators, employees, rating agencies, analysts and stock exchanges.

Stakeholder Engagement

The Bank is committed to having constructive and open dialogue and engaging with its stakeholders – investors, clients, employees, regulators, and the broader community – throughout the year on a variety of issues. These discussions may encompass the Bank's financial performance and business strategy and its approach to, and policies on, corporate governance and executive compensation, human capital management, its statements and strategies related to ESG impacts, and other areas of interest to stakeholders – all in compliance with the Bank's Disclosure Policy. The Corporate Governance Committee oversees the Bank's approach to stakeholder engagement, including responses to shareholder proposals. The Bank's engagement approach is based on its continuous improvement philosophy and on listening to its stakeholders with a view for alignment with best practices. The Board has developed practices to facilitate regular, ongoing engagement with its stakeholders. Such engagement is a constructive way for stakeholders to increase their knowledge about the Bank. It also provides a valuable avenue for the Bank to address stakeholder concerns and to hear their views on its practices, strategy and disclosure so that there is a shared understanding on how the Bank is creating long-term, sustainable value for shareholders. All feedback is considered with the goal of enhancing the Bank's practices and disclosure following engagement sessions with stakeholders.

Some of the Bank's stakeholder engagement practices include:

(a) Board – the Chair and other independent directors meet with the Bank's stakeholders, including institutional and retail shareholders, investor advocacy groups, regulators, clients, employees, rating agencies and the broader community. The Board reviews and assesses the input received from the Bank's stakeholders in considering their independent oversight of management and the Bank's long-term strategy.

Shareholders can engage with the Chair or any of the Board's independent directors by writing to the Corporate Secretary (by mail to Corporate Governance Office, Scotiabank, 40 Temperance Street, Toronto, Ontario, Canada, M5H 0B4 or by email to corporate.secretary@scotiabank.com) or the Chair (by mail to Chair of the Board, Scotiabank, 40 Temperance Street, Toronto, Ontario, Canada, M5H 0B4 or by email to Chair.board@scotiabank.com).

(b) Management – the President and Chief Executive Officer, the Chief Financial Officer, the Group Heads, the Senior Vice President, Investor Relations and other officers meet regularly with investment analysts and institutional investors, in Canada and internationally, through a variety of forums including direct meetings, virtual meetings and conferences. Management also communicates with shareholders through the Bank's annual and quarterly reports, management proxy circular, annual information form, annual ESG report, Investor Day, news releases and the Bank's website. Questions from the media related to financial matters are referred to Investor Relations while other enquiries from the media and general public are usually referred to the Bank's Global Communications department. Client complaints are handled by individual branches and the Escalated Customer Concerns Office (by mail to Escalated Customer Concerns Office, Scotiabank, 44 Kings Street West, Toronto, Ontario, Canada, M5H 1H1 or by email to escalatedconcerns@scotiabank.com).

(c) Investor Relations – quarterly conference calls are held with analysts and investors after the Bank releases its financial results. Anyone can attend these presentations by telephone or over the internet. These discussions are recorded and are available on the Bank's website for three months following the call. As shareholders are inquiring more often about the Bank's ESG initiatives and commitments, Investor Relations also collaborates with the Corporate Secretary and the Sustainability team to address these matters. The Bank also live webcasts its annual meeting and archives it on the Bank's website. Shareholders can also access additional information on the Bank, including information on dividends, through the Bank’s Investor Relations webpage and comprehensive information about the Bank’s ESG initiatives through its Responsibility & Impact webpage.

The Bank’s annual meeting also provides shareholders and other stakeholders with the opportunity to engage with the Board and the Bank’s management. The Board recognizes the evolving nature of stakeholder engagement and continually assesses and implements new practices as appropriate for the Bank.