



THE BANK OF NOVA SCOTIA

WHISTLEBLOWER POLICY AND PROCEDURES

Supplement to the Code of Conduct

October 2016

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SECTION 1 - INTRODUCTION

The Scotiabank Code of Conduct (the Code) describes the standards of conduct required of employees¹, directors and officers of Scotiabank and its global subsidiaries (the Bank). 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.

The Whistleblower Policy and Procedures (the Policy) is a supplement to the Code. Employees, directors and officers of the Bank attest to their adherence to the Policy as part of the annual acknowledgement and certification of adherence to the Code.

SECTION 2 - INTENT OF POLICY

The Policy is designed as a control to safeguard the integrity of Scotiabank's financial reporting, its business dealings and to support adherence to the Code.

The Code requires all employees, directors and officers to report concerns, including incidents of retaliation against someone raising concerns in good faith. It is in the interest of all stakeholders of the Bank that such concerns be reported so that they can be appropriately addressed. The purpose of the Policy is to provide a list of options for reporting concerns. The reporting can be done confidentially through a number of channels, including an independent third party hotline/website that allows for anonymous reporting.

The Policy should be read in conjunction with the following documents:

- Scotiabank Code of Conduct
- Pathways to Resolution: Your Guide
- Operational Risk Management Policy

SECTION 3 - SCOPE

The Policy applies to all employees, directors and officers of the Bank. This includes the responsibility to report concerns through the reporting channels in Section 4.2 and the protection against retaliation for reports made in good faith in Section 4.5.

The Policy is reviewed and updated annually, and presented to the Board for

¹For the purpose of this policy, the terms "The Bank of Nova Scotia", "Bank", "Scotiabank", "employees" and "subsidiaries" have the same meaning as in the Scotiabank Code of Conduct.

approval every two years, or more frequently if there is a material change, using the following process:

- Internal Audit, as the Policy owner, reviews regulatory standards, industry best practices and effectiveness of the reporting channels and investigation procedures to determine whether any changes to the Policy are required, and updates the Policy accordingly;
- The updated draft of the Policy is circulated to relevant departments, including Compliance, Legal, Finance, Security & Investigation, and other groups as necessary, for consultation;
- The updated Policy is presented to the Audit and Conduct Review Committee (ACRC) of the Board and the Board of Directors (collectively, the Board) for review and approval; and
- The approved Policy is distributed to appropriate business units for awareness, including global subsidiaries. Communication of the policy to employees is also conducted through the annual acknowledgement and certification of adherence to the Code.

SECTION 4 - THE POLICY

4.1 Types of Concerns to be Reported

All employees, directors and officers of the Bank have a responsibility to report concerns. This Policy deals with reporting concerns related to the following areas:

- **FINANCIAL REPORTING** - 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-rides; and auditor independence concerns.
- **SUSPECTED FRAUDULENT ACTIVITY** - examples include: theft; defalcation; insider trading; market manipulation; and corrupt practices including giving or receiving bribes or other improper benefits.
- **BREACHES OF THE CODE, OTHER COMPLIANCE POLICIES AND LAWS AND REGULATIONS** - examples include: conflicts of interest; illegal, deceptive or anti-competitive sales practices; manipulation of rate or price setting, other violations of governing laws and regulations; and non-adherence to internal compliance policies.
- **RETALIATION OR RETRIBUTION AGAINST AN INDIVIDUAL WHO REPORTS A CONCERN** – examples include: statements, conduct or actions involving terminating, disciplining, demoting, suspending, harassing, intimidating, coercing or discriminating against an individual reporting a concern in good faith in accordance with this Policy.

4.2 Reporting Channels

There are several channels through which all employees, directors and officers may report their concerns under the Policy. Directors, officers and employees should choose the channel that is most appropriate given the nature of their concern.

- (i) Scotiabank Global Compliance
Regulatory compliance concerns, or concerns related to breaches of the Code or other compliance policies, can be escalated directly to the Vice President, Enterprise Programs within Scotiabank Global Compliance or by email to business.conduct@scotiabank.com.
- (ii) The Office of the President - Customer Concerns receives concerns from external parties, which may include concerns within the scope of this Policy. Such concerns will be provided to the Chair of the ACRC and/or the Bank's Chief Auditor as appropriate for resolution, depending upon the nature of the concern.
- (iii) Staff Ombudsman Office
The Staff Ombudsman Office is an informal channel providing confidential assistance to the Bank's employees and retirees on work-related issues.
- (iv) Directly to the Chief Auditor
Concerns may be raised in writing directly with the Bank's Chief Auditor via email or other correspondence. This may be done on an anonymous basis.
- (v) Third Party Independent Hotline
Scotiabank has established a mechanism for confidential and anonymous submission of concerns through an independent third party, Navex Global (Navex). Navex provides a website (<https://www.gcs-whistleblower.com>) and hotline that is accessible in all countries in which the Bank operates 24 hours a day, 7 days a week. A list of telephone numbers on a world wide basis is available at https://www.gcs-whistleblower.com/clientInfo/2528/Telephone_Access_Information.doc. Individuals calling the hotline from Canada or the United States can call 1-800-443-0312.

If a report is submitted anonymously, the identity of the individual raising the concern (the Claimant) through the Navex hotline or website (together the Hotline) is not known to the Bank. The Claimant will be provided with a confidential PIN number that will allow for further anonymous communication through the Hotline.

Concerns raised through the Hotline are submitted to the Chair of the ACRC and/or the Bank's Chief Auditor to ensure independent review, investigation and disposition.

Important Note: The Bank takes all concerns seriously and will investigate all credible complaints. The third party independent Hotline allows the Claimant to provide additional information required by the investigations on an anonymous basis. However, employees should be aware that reporting anonymously through other channels can limit the ability of the Bank to thoroughly investigate a report if insufficient information is provided.

- (vi) **External Reporting Channels**
Certain securities commissions and other regulatory bodies may have channels through which all employees, directors and officers may report their concerns. Information on such programs, including how to participate, is publicly available on relevant websites.

4.3 Investigation

All concerns received through the Hotline are first directed to the Bank's Chief Auditor and his/her respective delegates (together "Primary Recipients"). Upon receipt of a concern, the Primary Recipients will jointly evaluate the severity of the concern to determine whether an internal or external investigation is required.

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

4.4 Reporting

- (i) **To the ACRC**
- Significant concerns will be raised to the Chair of the ACRC either by the Chief Auditor or directly by Navex.
 - The Chief Auditor will report quarterly, or more frequently as required, to the ACRC on the results of investigations of concerns.
 - Code violations and regulatory compliance matters of a significant nature will be reported by the SVP and Chief Compliance and Regulatory Officer as appropriate.
- (ii) **To Executive Management**
- The Chief Auditor will report the results of investigations to executive management with 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 Recipients of the concern or a delegate will post the status/resolution on the Hotline, which can be accessed anonymously by the Claimant.

4.5 Protection from Retaliation

As stated in the Code, the Bank will protect from retaliation any employee, director or officer who raises issues or reports concerns in good faith in accordance with the methods described in the Code or in accordance with this supplemental Policy. Retaliation against any individual who raises a concern, in good

faith, is not tolerated.

SECTION 5 - ROLES AND RESPONSIBILITIES

5.1 ACRC

Responsibilities include:

- Reviewing and recommending approval of the Policy to the Board of Directors;
- Oversight of the Whistleblower Program; and
- Receiving, investigating and actioning concerns involving Executive Management and Audit.

5.2 Chief Auditor²

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

- Developing and maintaining the Policy;
- Managing the Program;
- Overseeing the activities of Navex;
- Conducting or assigning investigations of concerns, other than those performed under the direct supervision of the ACRC;
- As appropriate, referring concerns raised to other departments such as Scotiabank Global Compliance, Legal, Security & Investigation or Global Human Resources for handling;
- Communicating with employees, directors, and officers who have raised concerns, either directly or through the Hotline;
- Reporting to the ACRC, Executive Management and/or the external auditors; and
- Consolidating, filing and retaining all records of concerns received, together with the status/results of investigations.

5.3 Navex Global

Responsibilities include:

- Receiving concerns through the Hotline;
- Reporting concerns to the appropriate recipients within the Bank; and
- Providing confidential access to the Hotline for follow up communication with the Claimant in order to maintain their anonymity.

² Throughout this Policy, the Chief Auditor's responsibilities can be carried out by either the Chief Auditor and/or designate under the direction of the Chief Auditor.

5.4 Chief Security Officer

Responsibilities include:

- Consulting in the development and maintenance of the Policy; and
- Conducting or assisting in the investigation of concerns, other than those performed by other participating departments.

5.5 Scotiabank Global Compliance

Responsibilities include:

- Consulting in the development and maintenance of the Policy;
- Together with Global Human Resources, communicating the Code of Conduct, to which this Policy is a supplement;
- Coordinating the annual certification of adherence to the Code of Conduct, including this Policy;
- Conducting or assisting in the investigation of regulatory compliance concerns; and
- Providing interpretation of the Code and the associated policies.

5.6 Global Human Resources

Responsibilities include:

- Consulting in the development and maintenance of the Policy;
- Together with Scotiabank Global Compliance, communicating the Code of Conduct, to which this Policy is a supplement; and
- Conducting or assisting in the investigation of human resources concerns and reporting results to the Chief Auditor.

5.7 Business Unit and Executive Management

Responsibilities include:

- Communicating and reinforcing the Policy; and
- Directing concerns raised through Pathways to Resolution channels to the appropriate department for investigation and resolution including, if warranted, the Chief Auditor.

5.8 All Employees, Directors and Officers

Responsibilities include;

- Acting with integrity and honesty in all financial reporting and other duties; and
- Reporting any wrongdoing or concerns, including those related to:
 - Financial Reporting;
 - Suspected Fraudulent Activity;
 - Breaches of the Code, Other Compliance Policies and Laws and Regulations; and
 - Retaliation or Retribution.