

Vendor Relations Policy

SCOTIABANK BUSINESS CONDUCT: VENDOR RELATIONS POLICY

Purpose & Applicability of Vendor Relations Business Conduct Policy

This policy describes business conduct considerations particularly applicable to dealing with Service Providers, Vendors and other third parties providing goods and services to Scotiabank and provides sources of assistance. Communication and information sharing processes, confidentiality of information, improper benefits and conflict of interest are discussed in this policy.

The **Scotiabank Guidelines for Business Conduct** describes the minimum standards of conduct required of directors, officers and employees of Scotiabank and its subsidiaries. The purpose of the **Business Conduct: Vendor Relations policy** is to educate and remind persons responsible for ongoing Service Provider/Vendor relationships or involved in bid and tender situations regarding the kinds of conduct issues which may arise, and Scotiabank's expectations in dealing with those issues.

This policy applies whenever an employee or officer is entering into Service Provider/Vendor selection process that will result in negotiating a contract with an external Service Provider/Vendor(s) for the purpose of obtaining goods and services for Scotiabank regardless of the acquisition, bid or tendering process used. Service Provider/Vendor relations process(es) must conform both to the **Scotiabank Guidelines for Business Conduct** and to the **Business Conduct: Service Provider/Vendor Relations Policy** and any applicable regulation.

Scotiabank is committed to its shareholders, clients, employees and the larger community. Scotiabank's core values include integrity, respect, commitment, insight, spirit, community, collaboration and the environment. As a result, Scotiabank strives to provide exceptional services to clients in accordance with its core values and expects Service Provider/Vendors to operate in accordance with similar ethics and business standards.

Key Business Conduct Issues

Certain types of conduct, and even the perception that such conduct has occurred, can affect Scotiabank's public image or even expose Scotiabank to legal action. In the area of conduct and Scotiabank's image, perception is as important as fact. Bear this in mind when deciding on appropriate conduct. Always act in an ethical manner. Key conduct issues that may arise include:

- Certain Service Provider/Vendors are perceived to be or are given advantages in the Service Provider/Vendor selection process; causing real or perceived unfairness.
- Scotiabank and/or its employees have or are thought to have improperly passed confidential information to a Service Provider/Vendor's competitor, which is both unethical and unlawful.
- A Scotiabank employee is perceived to have or has a conflict of interest, casting doubt on the objectivity of decision making and the integrity of Service Provider/Vendor selection processes.
- A Scotiabank employee is perceived to have or has received an improper benefit from prospective Service Provider/Vendor or otherwise improperly benefitted from a Service Provider/Vendor relationship, casting doubt on the objectivity of decision-making and the integrity of Service Provider/Vendor selection.
- A Service Provider/Vendor acting on behalf of an employee is perceived to have or has engaged in conduct that is unethical or unlawful, creating legal or reputational risk for the employee, i.e. a Service Provider/Vendor passing an improper benefit to a public official/government employee.

Communication and Information Sharing Processes:

Do not disclose information beyond what is contained in the Request for Proposal (RFP) or bid document (i.e. Scotiabank's requirements and expectations) unless the disclosure is made equally to all bidders and is part of an approved communications plan.

- One person should be designated as the point of contact for all Service Provider/Vendor communications during bid processes. All Service Provider/Vendor enquiries should be directed to this individual, who will co-ordinate a response to all Service Provider/Vendors. No other person should be communicating with bidders regarding any aspect of the bid or the bid process.
- Ensure all relevant information has been disclosed or provided equally to all bidders, so as not to confer a competitive advantage to one or more Service Provider/Vendors.
- Do not communicate false or misleading information.
- Recognize that non-verbal communication, for example body language or expressions, can be as revealing as the spoken or written word and guard against inadvertent use of non-verbal communication.
- All communications with Service Provider/Vendors pertaining to aspects of the Service Provider/Vendor selection/relations process should be documented and maintained in a central location. This will ensure consistency in communications and provide a record in the event of misinterpretation or dispute with a Service Provider/Vendor regarding an element of the process.

Confidentiality of Information Policy:

Service Provider/Vendor Information

Ensure the confidentiality of all confidential Sourcing/Service Provider/Vendor-related materials, as per the advice on confidentiality contained in the **Scotiabank Guidelines for Business Conduct**, including storage out of sight and in a secure area. Additionally:

- Treat information concerning Service Provider/Vendor proposals, pricing, approaches, trade secrets and practices etc. as confidential. Do not share or disclose Service Provider/Vendor confidential information with another Service Provider/Vendor unless the Service Provider/Vendor consents to the disclosure and the disclosure is properly authorized.
- If you suspect that information is being inappropriately shared or disclosed, immediately advise management so that the matter may be investigated.
- Except for an archival master set of RFP or bid responses, destroy all extra copies of Service Provider/Vendor proposals in accordance with Scotiabank procedures for the destruction of sensitive materials.

Scotiabank Information

Do not disclose Scotiabank information to Service Provider/Vendors, beyond that which is necessary for the Service Provider/Vendor to deliver the required service, either in the RFP or bid documents or incidentally. This includes information regarding Scotiabank operations, strategy, cost structures or security measures.

Conflict of Interest/Declaration Policy:

Immediately inform management of all personal, family, friend and close associate relationships/interests/situations which may interfere with or be perceived as interfering with Service Provider/Vendor relations processes, in particular Service Provider/Vendor selection or management.

Examples include:

- Personal or family relationships with owners, principals or policy-making officers of a Service Provider/Vendor, their subsidiaries, affiliates, or divisions or competing vendors;
- Personal or family ownership interests in a Service Provider/Vendor, their subsidiaries, affiliates, or divisions or competing Service Provider/Vendors whether it is a private company or public company;
- Personal or family directorships of a Service Provider/Vendor their subsidiaries, affiliates, or divisions or competing Service Provider/Vendors;
- Personal or family employment with a Service Provider/Vendor their subsidiaries, affiliates, or divisions or competing Service Provider/Vendors.

Following disclosure, a determination can be made regarding the materiality of conflict and what action is necessary or appropriate. This may cause an employee to be excluded from the selection/bid processes entirely or from the final phase of Service Provider/Vendor selection.

Improper Benefits Policy:

Insider Trading and Tipping

Involvement in a Service Provider/Vendor relations process or Service Provider/Vendor relationship may be a source of Inside Information. The fact that Scotiabank intends to conduct business/sign a contract with a public company Service Provider/Vendor may itself constitute Inside Information if the fact is not public and the business may have a significant effect on the Service Provider/Vendor.

Before making new investments in companies/situations of which you have become aware of, or are involved with in a Service Provider/Vendor selection process, discuss the proposed investment with management to determine if this is, or would appear to be, a conflict of interest. Employees must follow Scotiabank's procedures for reporting the receipt of Inside Information. (See the **Compliance Guidelines**, issued by the Scotiabank's Group Compliance department and published on the website <http://info.groupcompliance.bns/groupprograms/>). It is illegal to buy or sell securities while in possession of Inside Information about the issuer or to convey (tip) that information to someone else (other than in the necessary course of business).

Other Benefits/Personal Purchases

Consider the wisdom of personally purchasing goods and services from a Service Provider/Vendor or prospective Service Provider/Vendor, if there may be an appearance or suspicion of impropriety. If you are unsure, discuss this with management.

Where you are a participant in a Service Provider/Vendor selection process, do not, personally or on behalf of family or friends, accept any benefits or purchase any goods or services from that Service Provider/Vendor or prospective Service Provider/Vendor on other than normal commercial terms that are offered to the public, or as may be approved by Scotiabank for all or a designated group of employees.

Gifts and Entertainment

Ordinarily employees may be guided by the policies contained in the **Scotiabank Guidelines for Business Conduct**. However, during an active competitive Service Provider/Vendor selection process or re-negotiation, decision makers and those responsible for the ongoing management of incumbent Service Provider/Vendor relationships need to take care to ensure that the selection process is fair and appears to be fair.

Once a bid or tender process is initiated or re-negotiation with incumbent Service Provider/Vendor commences, if you are part of the due diligence or decision-making team or responsible for the management of the incumbent Service Provider/Vendor relationship, you can continue such business interaction as is necessary to conduct/maintain normal business operation (being mindful of the issues discussed under Communication and Information Sharing Processes and Confidentiality of Information Policy).

Once the bid or tender process is initiated and up to the point of awarding the business to any Service Provider/Vendor, a higher level of conduct is expected:

- Do not take part in activities such as Service Provider/Vendor -sponsored lunches, dinners, or social events or accept invitations to entertainment or sporting events, regardless of who pays for such activities.
- Do not accept gifts even of nominal value, such as promotional or advertising merchandise.
- Do not permit a Service Provider/Vendor to pay any Scotiabank employee or employee expenses such as travel to meetings, unless this has been approved in advance by the head of the Business Unit and would not present a conflict or the appearance of one.
- Scotiabank Employees must demonstrate objectivity during the Service Provider/Vendor selection process and should not openly display vendor logo merchandise or similar items.

Anti-Corruption

The use of third parties to deal with governments or public officials (i.e. lawyers, lobbyists, government relations consultants, agents and other intermediaries) can be an area of higher risk with respect to anti-bribery and corruption laws. Scotiabank may be subject to sanction if the third party makes an improper payment when dealing with a government or public official on our behalf.

Consult the ***Scotiabank Anti-Corruption Policies and Guidance*** for information on minimum due diligence requirements when engaging Vendors of this type, “Red Flags” to watch out for and other anti-corruption compliance considerations.

Sources of Assistance

If you have questions or comments, please contact:

- Your Compliance Department
- The appropriate Business Line, E.O. Compliance Department
- The Director Business Conduct and Chief Privacy Officer, Group Compliance
- Strategic Sourcing Department
- Legal Department