



THE BANK OF NOVA SCOTIA

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# **WHISTLEBLOWER POLICY & PROCEDURES**

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**Supplement to the Code of Conduct**

**OCTOBER 2018**

**Effective Date: November 1, 2018**

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## SECTION 1 - INTRODUCTION

The Scotiabank [Code of Conduct](#) (the “Code”) describes the standards of conduct required of employees<sup>1</sup>, 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 (the Policy) is a supplement to the Code of Conduct.

## SECTION 2 – PURPOSE 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 “Raise a Concern Policy” describes the different channels in which someone can report concerns related to misconduct. The Whistleblower channel provides a reporter the opportunity to formally raise a concern anonymously related to: financial reporting; suspected fraudulent activity; breaches of the code, other compliance policies, laws, and regulations; or retaliation against an individual who reports a concern.

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 information on reporting concerns as part of the Whistleblower process. Reporting can be done confidentially through a number of channels, including an independent third party hotline/website that allows for anonymous reporting.

## SECTION 3 - SCOPE

The Policy applies to all employees, directors and officers of the Bank and to any concern identified by external persons. 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 4.3.

## SECTION 4 - DEFINITIONS & ACRONYMS

**4.1 Whistleblower** - Any individual who informs on another or discloses concerns with respect to the areas noted in Section 6.1 of this Policy through any of the channels noted in section 6.2 and identifies themselves as a Whistleblower.

**4.2 Whistleblower Program** - The program provides a confidential mechanism for

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<sup>1</sup>For 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.

individuals to come forward and report suspected misconduct. It receives, tracks, and investigates suspected misconduct to determine whether such reports are substantiated. The program ensures that Bank management takes steps to remediate and determine root causes of the misconduct. Investigations are undertaken on a confidential basis in coordination with key areas across the Bank which are also subject to the confidentiality of the program.

In addition to direct channels noted in Section 6.2 of this policy, a third party web-portal and telephone lines are available to individuals to submit an anonymous or confidential report on allegations of violations of the Code in the four primary areas noted in Section 6 of this policy.

**4.3 Retaliation** - An action of harm to any person for having raised issues or reports concerns in good faith in accordance with the methods described in the Code or in accordance with this Policy.

**4.4 Navex** - Navex is the Bank's third party service provider providing the interface between Whistleblowers and the Bank for telephone and web-portal allegations.

## **SECTION 5 – RELATED POLICIES AND PROCEDURES**

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

- Scotiabank Code of Conduct
- Raise a Concern Policy
- Operational Risk Management Policy

## **SECTION 6 - THE POLICY**

### **6.1 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.

## 6.2 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) **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 24 hours a day, 7 days a week in all countries in which the Bank operates. A list of telephone numbers on a world-wide basis is available at [https://www.gcs-whistleblower.com/clientInfo/2528/Telephone\\_Access\\_Information.doc](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. The Reporter will receive a response from the Whistleblower Program office within 5 working days of the initial report. The length of the investigation is contingent on the scope, complexity and nature of the concern raised.

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.

- (ii) **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](mailto:business.conduct@scotiabank.com).
- (iii) **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.

- (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) **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.

The Bank takes all concerns seriously and will investigate all complaints. The third party independent Hotline allows the Reporter to provide additional information required by the investigations on an anonymous basis. Reporters are asked to provide as much information as possible (including who, what, where and when).

### **6.3 Other Human Resource Matters**

We expect all employees and officers of the Bank to adhere to the Code and make use of the Whistleblower Program to ensure the honesty and integrity of our financial reporting. Matters relating to Principle 5 of the Code (Treat everyone fairly, equitably and professionally), such as discrimination, harassment, and other employment issues such as compensation issues, are best resolved in ways other than through the Whistleblower Program. Employees are encouraged to follow the processes outlined in applicable policies, and if in doubt to contact the Staff Ombudsman to solicit advice as to whether matters are Human Resource matters before raising a Whistleblower concern.

### **6.4 Investigation**

All Whistleblower 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.

### **6.5 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 to EVP, Chief Compliance and Regulatory Officer for further escalation as required.
- (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.

## 6.6 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 7 – THREE LINES OF DEFENCE

**7.1. First Line of Defence.** The first line of defence is responsible for communicating and reinforcing the Policy. Management will ensure that concerns raised through their internal channels are directed to the Whistleblower channel for investigation and resolution. Management will support the investigation of whistleblower matters when requested to do so and will take appropriate steps to ensure the anonymity of Whistleblowers, the confidentiality of allegations and that no retaliatory action is taken as a consequence of a disclosure. Management will be responsible for executing action plans to remediate or correct any control weaknesses identified, as well as, address employee misconduct in accordance with Bank policy through established channels.

**7.2 Second Line of Defence.** Global Compliance is responsible for the development of the Code of Conduct and all training and awareness of the Code and the Whistleblower Policy on an annual basis. Global Compliance will notify the Audit Department of any allegations that are received through other channels and deemed to fall under the Whistleblower Program.

**7.3 Third Line of Defence.** The Whistleblower Program resides within the Third Line of Defence. The Audit Department is accountable to ensure that whistleblower allegations are appropriately investigated and reported to the Audit and Conduct Review Committee of the Bank and Executive Management as appropriate.



## GOVERNANCE & POLICY APPENDIX

**1. Policy Development.** The Policy is reviewed and updated annually, and presented to the Board for 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 stakeholders for review as necessary; The updated Policy is presented to the 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.

## 2. Roles and Responsibilities

Role	Responsibility
<p><b>Approval Authority:</b></p> <p>Audit and Conduct Review Committee (ACRC) of the Board of Directors of BNS</p>	<ul style="list-style-type: none"> <li>• Reviewing and recommending approval of the Policy to the Board of Directors;</li> <li>• Oversight of the Whistleblower Program; and</li> <li>• Receiving, investigating and actioning concerns involving Executive Management and Audit.</li> </ul>
<p><b>Policy Owner:</b></p> <p>Chief Internal Audit<sup>2</sup></p> <p><b>Policy Steward:</b></p>	<ul style="list-style-type: none"> <li>• Developing and maintaining the Policy;</li> <li>• Managing the Program;</li> <li>• Conducting or assigning investigations of concerns, other than those performed under the direct supervision of the ACRC;</li> <li>• As appropriate, referring concerns raised to</li> </ul>

<sup>2</sup> 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.

VP, Audit Professional Practice	<p>other departments such as Scotiabank Global Compliance, Legal, Corporate Security or Global Human Resources for handling;</p> <ul style="list-style-type: none"> <li>• Communicating with employees, directors, and officers who have raised concerns, either directly or through the Hotline;</li> <li>• Directs the activities of NAVEX;</li> <li>• Reporting to the ACRC, Executive Management and/or the external auditors;</li> <li>• Consolidating, filing and retaining all records of concerns received, together with the status/results of investigations; and</li> <li>• Execute the mandate of the Raise a Concern Committee.</li> </ul>
<b>Stakeholders:</b>	
Chief Security Officer	<ul style="list-style-type: none"> <li>• Consulting in the development and maintenance of the Policy; and</li> <li>• Conducting or assisting in the investigation of concerns, other than those performed by other participating departments.</li> </ul>
Global Compliance	<ul style="list-style-type: none"> <li>• Consulting in the development and maintenance of the Policy;</li> <li>• Together with Global Human Resources, communicating the Code of Conduct, to which this Policy is a supplement;</li> <li>• Coordinating the annual certification of adherence to the Code of Conduct, including this Policy;</li> <li>• Conducting or assisting in the investigation of regulatory compliance concerns; and</li> <li>• Providing interpretation of the Code and the associated policies.</li> </ul>
Global Human Resources	<ul style="list-style-type: none"> <li>• Consulting in the development and maintenance of the Policy;</li> <li>• Together with Scotiabank Global Compliance, communicating the Code of Conduct, to which this Policy is a supplement; and</li> <li>• Conducting or assisting in the investigation of human resources concerns and reporting results to the Chief Auditor.</li> </ul>
Business Unit and Executive Management	<ul style="list-style-type: none"> <li>• Communicating and reinforcing the Policy; and</li> <li>• Directing concerns received to the appropriate department for investigation and resolution including, if warranted, the Chief Auditor.</li> </ul>
All Employees,	<ul style="list-style-type: none"> <li>• Acting with integrity and honesty in all financial reporting and other duties; and</li> </ul>

Directors and Officers	<ul style="list-style-type: none"> <li>• Reporting any wrongdoing or concerns, including those related to:             <ul style="list-style-type: none"> <li>○ Financial Reporting;</li> <li>○ Suspected Fraudulent Activity;</li> <li>○ Breaches of the Code, Other Compliance Policies and Laws and Regulations; and</li> <li>○ Retaliation or Retribution.</li> </ul> </li> </ul>
<b>Audit</b>  Chief Internal Audit	<ul style="list-style-type: none"> <li>• Consistent with the Bank's internal audit methodology, ensure independent assessment of the design and effectiveness of the policy on a periodic basis.</li> </ul>

**3. Policy Communication Plan.** The Whistleblower Policy should be read in conjunction with the Code of Conduct so communication of this policy must occur concurrently and in parallel with the release of the Code of Conduct as directed by . Global Communications and Global Human Resources.