BNSL's Implementation of the Principles of the Remuneration Code for Dual Regulated Firms

The table below sets out how our remuneration policies, practices and governance frameworks for The Bank of Nova Scotia London Branch ("BNSL") comply with the principles and requirements of the Remuneration Code for Dual Regulated Firms ("Code").

Remuneration Code Principles	Our Alignment
Principle 1 **Remuneration policies and practices promote sound and effective risk management.**	✓ BNS ("Bank" or "Parent") has an established Human Capital and Compensation Committee of the Board ("HCOB") which is responsible for setting our global compensation policies, overseeing the compensation governance framework and ensuring compensation arrangements are consistent and promote effective risk management. ✓ While the HCOB acts as the Bank's remuneration committee, BNSL has a local remuneration committee with oversight of UK remuneration adequacy and effectiveness. ✓ The BNSL RemCo has the discretion to reduce or withhold payment under our annual incentive plans, should results fall significantly below expectations – in making compensation decisions, projected capital ratios and capital adequacy. ✓ BNSL has a local compensation adjustment process for all employees, the purpose of which is to maintain the alignment between risk and rewards to ensure that variable remuneration is paid / vests only if it is sustainable, taking into account the financial situation of BNSL, and justified on the basis of the performance, the business area and the individual(s) concerned. ✓ Our approach to risk management and compensation ensures performance metrics and corresponding targets reflect the business strategy and can be achieved within our risk appetite. ✓ Risk and Compliance are integral and critical to our assessment process in determining the performance of all employees. ✓ Our annual risk assessment process takes into consideration key risk measures both overall as well as by line of business, as detailed in our Risk Scorecard. ✓ BNSL's Chief Risk Officer assesses risks undertaken by the firm including compensation plan design, considerations on performance against risk appetite and the use of financial resources in conducting its activities during the fiscal year and recommends adjustments to the aggregate UK incentive spend – if necessary – to the BNSL RemCo and to the HCOB and Risk Committee (in a joint meeting). ✓ Our Clawback Policy (which includes malus and clawback) allows for the downward adjustment (including to zero) of variable remuneration (i.e., cash and equity-based, upfront and deferred) before it is paid and/or vested, and the reduction or cancellation of previously paid/awarded variable remuneration, if appropriate. There are additional clawback triggering events for UK MRTs including a material downturn in financial performance, a material failure of risk management, significant increases to BNS' or business line's economic or regulatory capital base, regulatory sanctions where the conduct of MRTs contributed to those sanctions, and reasonable evidence of MRTs engaging in misbehaviour/misconduct or committing a material error.

Principle 2 **Remuneration policies and practices support business strategy, objectives, values, and long-term interests of the firm.**	✓ The HCOB reviews, approves/adopts the variable annual incentive plan frameworks and metrics, and the BNSL RemCo and HCOB review the compensation for MRTs who are subject to the Remuneration Code for Dual Regulated Firms. ✓ Remuneration decisions are based on a combination of performance against business objectives as well as individual performance of the role. ✓ Adherence to our business values, codes of conduct, risk and compliance-related policies are key considerations when determining variable remuneration awards. ✓ The Bank's Compensation Review Committee ("CRC") and the UK ROC Conduct committee ensure there is appropriate linkage between incentive awards and compliance with policies, guidelines and risk appetite for roles that have a material risk impact.
Principle 3 **Remuneration policies include measures to avoid conflicts of interest.**	✓ All variable remuneration and incentive schemes are subject to our policies and principles including the business', Bank's and BNSL's Risk Appetite Frameworks. ✓ No executive officers including Senior Leaders in London are involved in deciding their own remuneration. ✓ Compensation for control function employees is tied to overall Bank performance only, not to the performance of GBM or BNSL. ✓ The HCOB and BNSL RemCo are responsible for reviewing the total compensation principles and major compensation programmes of the Bank including BNSL programmes. ✓ The Bank's remuneration policy is designed to avoid conflicts of interest with clients and regulatory obligations. Our remuneration practices are aligned with the overall Bank's risk appetite, considering all risks and the long-term interests of shareholders. ✓ The UK ROC, BNSL RemCo and HCOB are responsible for approving key employees which could have a material impact on the risk profile of the bank. Additionally, the Compensation Review Committee and the Conduct Committee reviews employee incidences/breaches and ensures there is appropriate linkage between incentive compensation and risk.
Principle 4 **Governance of remuneration policies and practices.**	✓ The HCOB and BNSL RemCo review and approve/adopt the adequacy and effectiveness of the UK Remuneration Policy each year, as well as the compensation for all MRTs who are subject to the Remuneration Code for firms dual regulated by the FCA and PRA. ✓ All members of the HCOB and BNSL RemCo are independent members and/or not directly involved in management of the UK business. The HCOB retains an independent consultant to advise them on compensation matters. BNSL RemCo members consists of the chair, one independent member and a BNS group voting member. ✓ The HCOB holds joint meetings with the Bank's Risk Committee at least once per year to review risks associated with the Bank's material compensation programmes. ✓ The BNS' Chief Risk Officer updates the HCOB and BNS Risk Committee of risk-related incidents and performance against our Risk Appetite Framework ("RAF") for purposes of making remuneration decisions, including an annual assessment of risk considerations over and above the mechanisms within our incentive plans. ✓ Additionally, the internal audit department conducts periodic reviews (independent of management) of our compensation practices and major compensation plans for compliance against the Remuneration Code and the FSB Guidelines.

	✓ We do not use variable remuneration vehicles or methods that facilitate the avoidance of the Remuneration Code. ✓ The BNSL RemCo has local oversight and responsibility for BNSL remuneration and provides review and sign-off for BNSL. The BNSL RemCo is responsible for: - ensuring compliance with all UK remuneration-related regulatory requirements including those of the PRA and FCA - ensuring UK Remuneration adequacy, effectiveness and related governance, - approving management reports prepared to meet regulatory requirements, and - approving the structure of remuneration for senior management of BNSL including year-end compensation decisions and annual incentive allocations, within its remit. ✓ The ROC and associated sub-committees are responsible for ensuring compliance with all UK remuneration regulatory requirements and overseeing the implementation of new policies and procedures to support the requirements, including those of the PRA and FCA. The ROC provides an annual attestation to the BNSL RemCo that UK obligations have been properly met (versus the ROC's mandate and with the Remuneration Code) prior to submission to the HCOB.
Principle 5 **Control functions employees are independent, have appropriate authority and are remunerated adequately and based on functional objectives.**	✓ Control and support functions including risk management, legal, compliance and anti-money laundering, finance, internal audit, and human resources are independent from the business units they oversee and have responsibility independent from the business to provide objective assessment, reporting and / or assurance. Control functions have appropriate authority and are remunerated in accordance with their functional objectives. The remuneration of control functions is overseen by BNSL RemCo and the HCOB and is predominantly fixed, to reflect the nature of their responsibilities. ✓ Compensation for staff in control functions is independent of the lines of business they oversee – that is, control function employees have a direct reporting line through the functions rather than through the business line to ensure conflicts are avoided. ✓ Compensation for control function employees is tied to overall Bank performance only. These employees participate in the Bank's global programmes and are excluded from any incentive programme offered by the business line they support. ✓ Control function management have day-to-day responsibility and ultimate accountability for control function employees including hiring decisions, performance appraisals, and compensation. ✓ The CRC and ROC Conduct sub-committee ensures there is an appropriate link between incentive compensation and risk. This process ensures the control and stewardship functions (i.e., risk management, legal, compliance, finance, internal audit and human resources) have significant input into the levels of individual awards where there are concerns about the conduct of individuals. ✓ The following documents prepared by Scotiabank London's control function Heads are additional considerations for UK remuneration decisions: - Risk Considerations in Incentive Plans (prepared by UK Chief Risk Officer) - UK Compliance Remuneration Code Memo (prepared by UK Head of Compliance) - SBE Annual Prudent Valuation Adjustment Movement (prepared by UK Chief Financial Officer)
Principle 6 **Remuneration and Capital -Total variable remuneration does not limit the firm's ability to**	✓ Variable remuneration pools are determined based on an evaluation of financial performance (e.g., Year-over-year NIBBT and GBM's overall NIAT for Global Banking and Markets Incentive Plan) against pre-established targets, and performance against our RAF.

strengthen its capital base.	✓ Capital strength and shareholder returns are taken into account through our Capital Management Policy and Internal Capital Adequacy Assessment Process ('ICAAP'). These policies are aimed at ensuring that our capital is adequate to meet current and future risk. ✓ Additionally, the Parent CRO assesses other potential risks affecting capital strength (such as concentration risk, off-balance sheet risk, liquidity risk, current and future capital needs and economic profit) that should be reflected in incentive pools. ✓ BNSL's Chief Risk Officer assesses risks undertaken by BNSL including compensation plan design, conduct considerations, considerations on performance against risk appetite, input from compliance and finance functions, and the use of financial resources within BNSL in conducting its activities during the fiscal year, and recommends adjustments to the aggregate UK incentive spend – if necessary – to the BNSL RemCo and to the HCOB and Risk Committee (in a joint meeting). ✓ Guaranteed incentive payments are discouraged, and multi-year guaranteed incentive awards are not permitted. One-time awards may be selectively provided to new-hire employees to compensate for deferred compensation foregone from a previous employer. These awards are subject to vesting that is generally no more favourable than the compensation foregone, contingent upon continuous employment and our share price in the future, and subject to our Clawback Policy. ✓ Our Clawback Policy includes both clawback and malus provisions allowing the Bank to apply downward adjustment (including to zero) of variable remuneration (i.e., cash and equity-based, upfront, and deferred) before it is paid and/or vested, and reduce or cancel previously paid/awarded incentives, if appropriate. For UK MRTs, triggering events for clawback include, but are not limited to, the additional specific criteria below: - the Bank or business line of the Bank suffering a material downturn in financial performance (including within the UK) - the Bank or a business line of the Bank suffering a material failure of risk management (including within the UK) - significant increases in the Bank's or business line's economic or regulatory capital base (including within the UK) - any regulatory sanctions where the conduct of the Material Risk Taker contributed to the sanction, or - there is reasonable evidence of a Material Risk Taker engaging in misbehaviour / misconduct or committing a material error.
Principle 7 **Exceptional Government Intervention.**	✓ BNSL has not benefited from any exceptional government intervention in the past and is unlikely to do so in the future as the Bank is well resourced and capitalised.
Principle 8 **Profit-based measurement and risk adjustment.**	✓ Annual incentives for support and control function employees are delivered through our Annual Incentive Plan ("AIP"). The aggregate AIP incentive pool is determined based on our achievement of a scorecard of financial and customer/environmental, social and governance metrics, adjusted for performance relative to peers, as well as a discretionary risk adjustment after considering performance against our RAF. ✓ Annual incentives for revenue-generating roles are delivered through our Global Banking and Markets Incentive Plan ("GBMIP"). The aggregate GBMIP pool is determined based on a predetermined target pool for each GBM business line. The preliminary funding is adjusted according to: - YOY performance of business line NIBBT

	- GBM's overall NIAT plan - Overall GBM Internal Controls Index Score, and - GBM's performance relative to Canadian wholesale banking peers and overall Scotiabank performance - Caps and Floors are incorporated into the funding model to minimize undue volatility - Pool may be further adjusted based on an assessment of risk during the performance period by the Parent CRO and BNSL CRO (whose assessment includes input from BNSL human resources, compliance, risk management and finance) ✓ As part of the process to determine overall performance, the HCOB considers projected capital ratios as part of our ICAAP. The Parent CRO presents an annual assessment of risk considerations over and above the mechanisms within incentive plans to a joint session of the HCOB and the BNS Risk Committee. The assessment includes prudent valuations for capital adequacy to ensure we are prudent in managing our capital to produce shareholder returns. Additionally, BNSL also conducts an ICAAP to determine the level of capital required to meet its objectives, both in terms of current and future business. The ICAAP enables BNSL to assess its regulatory capital requirement in relation to its internal cash requirement and to ensure that there is sufficient capital available to satisfy both requirements. ✓ BNSL Finance conducts a review of the Prudent Valuation Adjustments ('PVAs') to net income impacting BNSL for bonus decisions and caries out a calculation of ex-ante collective adjustment. Any negative PVA would be deducted in calculating UK incentive spend – which is derived from the sum of individual awards. Further adjustments to the bonus pool may be considered based on the Chief Risk Officer's risk assessment report on operations and adherence to the business RAF annually. ✓ Actual profits of BNS and GBM are used in determining the global AIP and GBMIP bonus pools. BNSL's allocations from the global bonus pools will be adjusted accordingly at the individual level to reflect PVA-adjusted profit. ✓ Our variable remuneration structure is flexible and will contract at times of reduced financial performance. Additionally, our Clawback Policy allows us to apply downward adjustment (including to zero) of variable remuneration (i.e., cash and equity-based, upfront and deferred) before it has been paid and/or vested and reduce or cancel previously paid/awarded variable remuneration, if appropriate – for UK MRTs, this includes a material downturn in financial performance.
Principle 9 **Pension Policy**	✓ BNSL does not award discretionary pension benefits
Principle 10 **Personal and Investment Strategies - Employees undertake not to use personal investment strategies to undermine the risk alignment effects of remuneration arrangements.**	✓ All employees are prohibited from entering into short sales, calls and puts with respect to any of our securities. These restrictions are enforced through our compliance programmes. ✓ Employees are prohibited from using (and required to attest that they have not used) personal hedging strategies or compensation-related insurance to undermine the risk alignment effects embedded in our incentive plans. ✓ Our anti-hedging and non-assignability provisions prohibit employees from utilizing hedging strategies or derivatives to circumvent the risk alignment effects of our compensation programs. These restrictions are enforced through our compliance programs. All employees are required to attest annually to our *Code of Conduct* which is our commitment to ethical business standards, integrity and compliance with the law. Our code of conduct is supplemented by our *Employee Personal Trading Policy* that promotes compliance with our regulatory obligations:

	- requiring our employees to focus on our customers rather than their personal investments; and - reducing opportunities for an employee to misuse firm or customer confidential information for personal gain. ✓ Additionally, BNSL employees must adhere to our Employee Personal Trading Policy, which explicitly prohibits the use of such strategies to undermine the risk alignment effects embedded in their remuneration arrangements. ✓ UK Compliance monitors personal accounts dealing by BNSL employees to ensure that all trading is compliant with our policies.
Principle 11 **Non-Compliance with Dual-Regulated Firms Remuneration Code - Variable remuneration is not paid through vehicles that facilitate non-compliance with the Remuneration Code.**	✓ The use of variable remuneration vehicles or methods that facilitate the avoidance of the Code is prohibited. ✓ All variable remuneration awards are delivered in cash or shares / share-linked vehicles in accordance with the requirements of the Remuneration Code. ✓ Furthermore, BNSL's remuneration policies and practices are evaluated annually by Compliance and/or Audit for design and operating effectiveness and compliance with all applicable regulations.
Principle 12 **Remuneration Structures**	✓ Our remuneration policy makes a clear distinction between the criteria for fixed remuneration and variable remuneration. Our remuneration structure caps the ratio of variable to fixed remuneration for Material Risk Takers at 200%. ✓ Remuneration decisions are based on a combination of performance against business objectives (business line and all-Bank objectives), as well as individual performance of the role, and includes a discretionary risk adjustment by the HCOB after considering performance against our RAF. Individual performance includes non-financial criteria linked to risk management and compliance adherence. ✓ As part of the process to determine the overall all-Bank business performance factor, the HCOB and the BNS Risk committee consider our projected capital ratios as presented to the Parent Board as part of the bank's ICAAP. BNSL also conducts an ICAAP to determine the level of capital required to meet the firm's objectives, both in terms of current and future business. The ICAAP enables BNSL to assess its regulatory capital requirement in relation to internal cash requirement and to ensure that there is sufficient capital available to satisfy both requirements. Additionally, BNSL Finance conducts a review of Prudent Valuation Adjustments that may impact overall bonus pools, or the aggregate UK incentive spend. ✓ Guaranteed variable remuneration is only awarded in adherence with the Remuneration Code to new hires, in exceptional circumstances and when the firm has a strong capital base. ✓ Our deferral incentive plans are designed to support retention of eligible employees as well as reward them for creating future shareholder value. For MRTs, half of the upfront incentive and deferred incentive awards are allocated as RSUs, with the balance allocated as upfront cash and deferred cash. ✓ Deferral of variable remuneration for Senior Managers are aligned to the Remuneration Code: - 7-year deferral period with vesting on a pro-rata basis at the end of years 3 through 7, for Higher Paid MRTs performing PRA SMF designated functions and Executive Directors - 5-year deferral period with vesting on a pro-rata basis for MRTs performing FCA designated functions, PRA Designated Risk Managers - 4-year deferral period on a pro-rata basis for all other MRTs

	- Exempt MRTs in front office revenue generating roles have a 3-year deferral period with vesting on a pro-rata basis, and exempt MRTs in support and control functions roles have a 3 -year deferral period subject to cliff vesting. - Vested Restricted Share Units ('RSU') are subject to a further 12-month retention period before being paid out in cash. RSUs awarded to MRTs do not attract reinvested dividend equivalents and payment is based on the value of the units at the time of payment. ✓ Variable remuneration (i.e., cash and equity-based, upfront and deferred) are subject to clawback and malus provisions (see Clawback Policy) and can be reduced or cancelled in appropriate circumstances. For UK MRTs, triggering events for clawback include, but are not limited to, the additional specific criteria below: - the Bank or business line of the Bank suffering a material downturn in financial performance (including within the UK) - the Bank or a business line of the Bank suffering a material failure of risk management (including within the UK) - significant increases in the Bank's or business line's economic or regulatory capital base (including within the UK) - any regulatory sanctions where the conduct of a Material Risk Taker contributed to the sanction, or - there is reasonable evidence of a Material Risk taker engaging in misbehaviour/misconduct or committing a material error. ✓ All remuneration plan funding and payment decisions are made within the context of our risk appetite, taking into consideration projected capital ratios as reflected in the annual capital adequacy report. ✓ Any early termination payments reflect performance achieved over time and are designed not to reward failure or misconduct. ✓ The Parent Board can use its discretion to reduce or withhold payment under annual incentive plans if our results are significantly below expectations, not grant mid- and long-term incentives awards to all or specific individuals, reduce the payout value of previously granted awards when they vest for all or specific individuals. ✓ Additionally, we comply with Rule 15A (Buyouts) of the remuneration Part of the PRA Rulebook (the "Buy-out Rules"). Under the Buy-Out Rules, an award made to "buy out" rights that will be forfeited when a Covered Individual who is a MRT for the purposes of the Buy-Out Rules leaves his/her former employer (or, vice versa) will be subject to additional restrictions