

# THE BANK OF NOVA SCOTIA

## CHARTER

### HUMAN CAPITAL AND COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS

The Human Capital and Compensation Committee of the Board of Directors (the “Committee”) has the responsibilities and duties as outlined below:

#### TOTAL REWARDS AND LEADERSHIP

##### **A. Mandate**

1. To perform such duties as may be required by:
  - the *Bank Act* and the regulations thereunder and those directives, guidelines and standards under the supervision of the Office of the Superintendent of Financial Institutions (“OSFI”); and
  - other applicable legislation and regulations including those of the Ontario Securities Commission, the Canadian Securities Administrators, the Toronto Stock Exchange, the New York Stock Exchange, the Securities and Exchange Commission and the *Sarbanes-Oxley Act of 2002*, as well as the regulatory requirements specific to the various geographies in which the Bank operates (for example, the United Kingdom’s and Ireland’s regulatory rules and guidance including those of the Prudential Regulation Authority, the Financial Conduct Authority, the Central Bank of Ireland, the European Banking Authority and other applicable local regulatory requirements), including acting as the remuneration committee for any non-Canadian Scotiabank branch or subsidiary, as required,

as more fully described under the heading “**Duties**” below.
2. To assist the Board of Directors (the “Board”) in fulfilling its oversight responsibilities relating to:
  - leadership and succession planning;
  - total rewards including compensation, pensions, benefits and perquisites and their annual disclosure in support of the Bank’s purpose, culture and strategy; and
  - human capital and compensation strategies relating to diversity, equity and inclusion, employee health, safety and well-being and other environmental, social and governance (“ESG”) policies and practices.
3. To perform such other duties as may from time to time be assigned to the Committee by the Board.

## **B. Duties**

The Committee's duties include:

### Regulatory Compliance, Risk Management & Governance

1. in conjunction with the Risk Committee:
  - satisfying itself that adequate procedures are in place to identify, assess and manage the risks associated with the Bank's material compensation programs and that such procedures are consistent with the Bank's risk management programs;
  - reviewing the Bank's material incentive plans at least every two years and satisfying itself that they comply with the design policies and procedures, including compensation outcomes, risk measurements and risk outcomes as measured against business objectives, operations and risks;
    - as part of such review, jointly recommending to the Board for approval the Bank's Tier 1A material incentive plans and any material changes thereto;
    - for non-material changes to the Bank's Tier 1A material incentive plans, Committee approval is required with the Risk Committee jointly reviewing such non-material changes;
    - for any changes to the Bank's Tier 1A material incentive plan documents, Committee approval is required with the Risk Committee jointly reviewing such documents;
    - for any changes to the Bank's Tier 1B material incentive plans, joint approval by the Committee and the Risk Committee is required; and
  - reviewing the definition and composition of employees that may have a material impact on the risk exposure of the Bank and overseeing that their compensation structures align with key and specific risks, and that there are appropriate linkages between recommended incentive awards for these employees and compliance with the Bank's policies, guidelines, risk appetite and remuneration-related regulatory requirements;
2. staying informed with respect to regulatory changes and evolving industry best practices affecting the Bank's material compensation programs;
3. reviewing the results of the Bank's non-binding advisory shareholder vote, commonly known as "Say on Pay", and consider the outcome in any future executive compensation arrangements. Where a significant number of shares are voted against the advisory resolution, the Committee will review the approach to executive compensation in the context of specific concerns and make recommendations to the Board;
4. the Chair for the Committee may, with other independent directors of the Board, meet with the Bank's institutional and retail shareholders and other stakeholders on the Bank's approach to compensation and other related matters;

### Total Rewards

5. reviewing and approving the corporate goals and objectives relevant to the President and Chief Executive Officer's (the "CEO") compensation, evaluating the CEO's performance relative to the established goals and objectives, including the "tone from the top" set through their business ethics, conduct and integrity, and recommending the CEO's total compensation based on this evaluation to the Board for approval;
6. reviewing, approving or recommending to the Board for approval, the Bank's total rewards principles, material compensation programs and any material changes thereto, and incentive compensation recommendations for Executive Officers of the Bank and other Board- or Board Committee-appointed officers (together, "Officers"), senior officers in risk management and other control functions (as required), and UK and Ireland Material Risk Takers as defined in the Scotiabank London Material Risk Taker Identification Procedure and the SIDAC Material Risk Taker Identification Procedure, including:
  - the general criteria and design – including the assessment and selection of appropriate financial and non-financial performance metrics, incorporating ESG measures, scenario- and/or back-testing analysis of performance targets, criteria used to determine payouts and plan changes – of the Bank's material incentive plans as well as the Stock Option Plan, Performance Share Unit Plan, Restricted Share Unit Plan, and other Bank equity-based plans;
  - taking into account the long-term interests of shareholders, investors and other stakeholders, including the public interest, when making remuneration-related decisions, as well as having regard to applicable good practices and corporate governance, in addition to corporate values, when applying remuneration rules;
  - reviewing the Bank's compensation framework and tools, with a view to managing conduct risk, and enhancing financial consumer protection, fairness and product suitability;
  - the basis and allocation for distribution of awards relating to various other incentive plans; and
  - the design and execution of clawback mechanisms;

### Executive Officers

- the total compensation to be paid or awarded to Officers, senior officers in risk management and other control functions (as required), and UK and Ireland Material Risk Takers, with such compensation to include salaries, bonuses, including the application of ex-ante and ex-post adjustments, and whatever types of incentive plans, equity-based plans, benefits, allowances, pension and perquisites the Committee and the Board may consider appropriate from time to time; and
  - agreements and employment contracts applicable to Officers;
7. evaluating and reviewing the assessments made by the CEO and/or Group Heads for other Officers, and taking into consideration such assessments in the Committee's compensation recommendations to the Board;

8. establishing guidelines on share ownership and post-retirement holdings for officers of the Scotiabank Group of Companies and reviewing compliance relative to these guidelines;
9. overseeing the Bank's material employee pension and benefit plans, including any significant proposed changes to such plans, and as set out in more detail for pension in Sections C and D;

#### Succession

10. reviewing the senior level organizational structure and staffing of the Bank, and taking into consideration regulatory findings as part of its on-going review of senior management, and, when necessary, submitting its concerns and recommendations to the Board;
11. at least annually, reviewing and approving mandates for Officers;
12. regularly reviewing:
  - management succession plans for Officers, including the heads of each of the Bank's control functions (namely, Finance, Internal Audit, Global Risk Management, Global Compliance and Anti-Money Laundering), taking into consideration input provided by the Chair of each of the Risk Committee and the Audit and Conduct Review Committee; and
  - development plans for members of senior management;

and at least annually, reporting to the Board on such plans;

#### Other Duties

13. assisting the Board in its oversight of the Bank's human capital management practices and strategies, including:
  - reviewing reports from management to monitor the Bank's culture and employee engagement;
  - reviewing the Bank's diversity, equity and inclusion, and gender-neutral policies for officers and employees of the Bank and measurable objectives;
  - overseeing policies and programs in place to support and promote the health, safety and well-being of the Bank's employees; and
  - considering other ESG practices related to the Committee's mandate;
14. having access to adequate financial resources, and unfettered access to all information and data from management, to carry out its duties;
15. reviewing and approving the statement of executive compensation for inclusion in the Bank's management proxy circular;
16. overseeing that a process is in place to notify OSFI of potential changes to the membership of senior management;
17. annually reviewing the charter for the Committee and evaluating the Committee's

effectiveness in fulfilling its mandate; and

18. preparing a committee report for inclusion in the Bank's management proxy circular.

## **PENSION**

### **C. Mandate**

1. The objective of the various pension plans sponsored by the Bank is to provide the plans' members with a source of retirement income. The Bank sponsors several plans, including the Scotiabank Pension Plan ("SPP"), the Pension Plan for Employees of MD Financial Management Inc. and Certain Affiliates ("MD Plan"), Supplemental Retirement Plan for Employees of MD Financial Management Inc. and Certain Affiliates (the "MD SERP") and a number of Supplemental Executive Arrangements (referred to as the Supplemental Executive Pension Plans ("SEPP")).
2. For all plans sponsored by the Bank and certain of its subsidiaries, with the exception of the SPP, MD Plan, MD SERP and SEPP, the mandate of the Committee is to review reports at least annually on the plans' performance, funded status, and governance issues, and activities of the various committees, trustees or management who administer the plans.
3. With respect to the SPP, MD Plan, MD SERP and SEPP, the mandate of the Committee is to monitor and supervise their administration.
4. In the case of the SPP and the MD Plan, which are funded plans, the Committee also monitors the administration and investment of the fund maintained in connection therewith (the "Fund"), which also includes oversight of administration and investment within the defined contribution components.
5. The activities of the Committee for the SPP, MD Plan, MD SERP and SEPP, as appropriate, are more fully described under the heading "**Duties**" below.

### **D. Duties**

The duties of the Committee with respect to the SPP, MD Plan, MD SERP and SEPP, as appropriate, are:

1. overseeing that the SPP, MD Plan and SEPP are appropriately administered and that the Fund for the SPP and MD Plan are invested and administered in accordance with the provisions of the plan, the Trust Deed and all applicable legislation. Committee members will be expected to comply with the Conflict of Interest Policy in the Fund's Statement of Investment Policies and Procedures;
2. considering amendments to the SPP, MD Plan, MD SERP and SEPP and making

recommendations in respect thereof to the Board;

3. establishing and adopting, after receiving the recommendation of the Pension Administration and Investment Committee, a written Statement of Investment Policies and Procedures in respect of the Fund for the SPP, as applicable and, at least annually, reviewing and confirming or amending the Statement of Investment Policies and Procedures, all in accordance with applicable legislation;
4. after receiving the recommendation of the Pension Administration and Investment Committee, reviewing and approving the Pension Administration and Investment Committee charter at least annually;
5. recommending to the Board for approval the appointment and/or removal of members of the Pension Administration and Investment Committee;
6. after receiving the recommendation of the Pension Committee of MD Financial Management Inc. and Certain Affiliates (the "MD Pension Committee"), reviewing and approving changes to the sections of the MD Pension Committee charter that pertain to plan sponsorship of the MD Plan and to the MD SERP and the trust fund maintained in connection with the MD SERP, at least annually;
7. monitoring and supervising the activities of the Pension Administration and Investment Committee, and its Capital Accumulation Plans sub-committee which provides oversight of the defined contribution plans, and not less than semi-annually, reviewing the report of those committees;
8. recommending to the Board the appointment and/or removal of the Custodian(s) of the Fund for the SPP, MD SERP and MD Plan. In the event the Committee determines that immediate action must be taken to remove and replace a Custodian, the Committee shall have the authority to take such action and shall report such action to the Board for ratification;
9. retaining competent professional actuaries and replacing such actuaries from time to time as it deems appropriate;
10. retaining a firm of chartered accountants to audit the Fund for the SPP and MD Plan as required by the provisions of applicable legislation;
11. reviewing and approving the audited financial statements prepared in connection with the Fund for the SPP and reviewing the auditor's report prepared in respect of said financial statements; and
12. delegating to any director, officer or employee of the Bank or to any outside agent any act required to be done by the Committee provided that the Committee carries out such ongoing supervision as is reasonable and prudent.

**E. Independent Advisors**

The Committee may, in its sole discretion, retain or obtain the advice of an independent compensation consultant, independent legal counsel or other independent advisor (each, an "Advisor") and meet privately with any such Advisor. The Committee

shall be responsible for the appointment, compensation and oversight of the work of any such Advisor retained by the Committee. The Bank shall provide for appropriate funding, as determined by the Committee, for an Advisor retained by the Committee. Prior to selecting or receiving advice from an Advisor, the Committee must take into consideration certain factors relevant to an Advisor's independence from management, including the following:

- (a) the provision of other services to the Bank by the person that employs the Advisor;
- (b) the amount of fees received from the Bank by the person that employs the Advisor, as a percentage of the total revenue of such employer;
- (c) the policies and procedures of the person that employs the Advisor that are designed to prevent conflicts of interest;
- (d) any business or personal relationship of the Advisor with a member of the Committee;
- (e) any stock of the Bank that is owned by the Advisor; and
- (f) any business or personal relationship of the Advisor or the person employing the Advisor with an Officer of the Bank.

Annually, the Committee shall review the effectiveness of the Advisor in fulfilling its mandate, as well as approve the Independent Advisor Policy.

## **COMMITTEE OPERATIONS**

### **F. Reporting**

After each meeting of the Committee, the Committee shall report to the Board on the proceedings of each Committee meeting and on the Committee's recommendations at the next regularly scheduled Board meeting.

The Committee shall review and assess the adequacy of this Charter on an annual basis and report the results of this review to the Corporate Governance Committee of the Board.

### **G. Composition**

#### **Structure**

The Committee shall consist of such number of Directors as the Board shall determine from time to time.

Each member of the Committee should have an understanding of issues related to human resources, leadership and compensation, or be willing or able to acquire the requisite knowledge within a reasonable period of time.

### Independence

The Committee is composed entirely of independent directors as defined in applicable laws, rules and regulations and as determined pursuant to the Director Independence Standards approved by the Board for Committee members.

No member of the Committee may be an officer or employee of the Bank or any of its subsidiaries or affiliates. No member may be a person who is affiliated with the Bank.

Directors' fees are the only compensation a member of the Committee may be paid by the Bank.

### Appointment of Committee Members

Members are appointed or reappointed annually by the Board, upon the recommendation of the Corporate Governance Committee, such appointments to take effect immediately following the annual meeting of the shareholders of the Bank. Members of the Committee shall hold office until their successors are appointed or until they cease to be Directors of the Bank.

### Vacancies

Vacancies may be filled for the remainder of the current term of appointment of members of the Committee by the Board, subject to the requirements under the headings "Structure" and "Independence" above.

### Appointment and Qualifications of Committee Chair

The Board shall appoint from the Committee membership, a Chair for the Committee to preside at meetings. In the absence of the Chair, one of the other members of the Committee present shall be chosen by the Committee to preside at that meeting.

The Chair for the Committee must have all the qualifications for Committee membership, including experience related to leadership, compensation or human resources.

## **H. Meetings**

### Calling of Meetings

Meetings of the Committee may be called by the Chair or by any two members of the Committee. Members may participate in meetings in person or by telephone, electronic or other communications facilities.

Written resolutions in lieu of a meeting are permitted, solely in accordance with the Bank Act.

The Committee members shall meet separately with the Chief Human Resources Officer of the Bank during a minimum of two Committee meetings per year.



The Committee shall meet with the Chief Risk Officer of the Bank to discuss risks associated with the Bank's material compensation programs.

The Committee shall meet jointly with the Risk Committee as needed to review risks associated with, and jointly review and recommend to the Board for approval, or approve, as required, the Bank's material compensation programs. The Committee may discharge its responsibilities, as set out in this Charter, during any such joint meeting.

The Committee shall meet at least semi-annually in respect of pension matters.

The Committee shall hold an in camera session immediately prior to and/or following the conclusion of the regular agenda matters.

The Committee may invite any director, officer or employee or any other person to attend meetings to assist the Committee with its deliberations.

#### Notice of Meetings

Notice of meeting of the Committee shall be sent by prepaid mail, by personal delivery or other means of transmitted or recorded communication or by telephone at least 12 hours before the meeting to each member of the Committee at the member's address or communication number last recorded with the Corporate Secretary. A Committee member may in any manner waive notice of a meeting of the Committee and attendance at a meeting is a waiver of notice of the meeting, except where a member attends for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called.

#### Frequency

The Committee shall meet at least quarterly.

#### Quorum

The quorum for a meeting of the Committee shall be a majority of its members, subject to a minimum of two members.

#### Delegation

The Committee may designate a sub-committee to review any matter within the Committee's mandate.

#### Secretary and Minutes

The Corporate Secretary or, in the absence of the Corporate Secretary, an Assistant Corporate Secretary of the Bank shall act as Secretary of the Committee.

Minutes of meetings of the Committee shall be recorded and maintained by the Corporate Secretary and subsequently presented to the Committee and to the Board, if required by the Board.

**This Charter was reviewed and approved by the Board on June 27, 2023.**