

RESOLVED, shareholders urge the Board of Directors to oversee and publish a third-party racial equity audit analyzing The Bank of Nova Scotia's ("Scotiabank") adverse impacts on non-white stakeholders and communities of colour. Input from racial equity organizations, employees, and clients should be considered in determining the specific matters to be analyzed. The report should be prepared at reasonable cost and omitting confidential or proprietary information.

Supporting Statement

Scotiabank's financial and employment practices fail to address Canada's rapidly evolving demographics and legal obligations for equitable employment and financial service access. Statistics Canada forecasts that by 2041, two in five Canadians will belong to a racially minoritized group,¹ with Indigenous populations growing at nearly twice the rate of non-Indigenous Canadians.² Scotiabank acknowledges discrimination as posing a threat "to the future of thriving, healthy societies, organizations and economies."³ Scotiabank's Human Rights Statement also recognizes the risks and opportunities arising from the impacts associated with the Bank's lending and asset management practices, the rights of Indigenous Peoples, workplace and customer discrimination.⁴

Yet, Scotiabank's efforts to identify and address structural discrimination risks and develop competitive, inclusive financial products and services remain inadequate in comparison to efforts undertaken by other Canadian banks, namely BMO, RBC, National Bank, and CIBC – all of whom are in the process of conducting racial equity audits.

For instance, Scotiabank's Truth and Reconciliation Action Plan ("T-RAP") "acknowledge[s] the barriers the financial system has created for Indigenous Peoples"⁵ but fails to include any commitments related to its investment activities. Shareholders have limited insight on Scotiabank's efforts to advance Indigenous reconciliation in its investment activities. In contrast, peer banks RBC⁶ and BMO⁷ have guidelines on Indigenous rights and some reference to UNDRIP in their responsible investment considerations.

While Scotiabank's Human Rights Statement identifies lending practices and Indigenous rights as priorities, Scotiabank's T-RAP postpones action on financial product gaps for Indigenous clients until 2028.⁸ This delay runs counter to pressing appeals from Indigenous organizations who continue to highlight

¹<https://www.canada.ca/en/employment-social-development/corporate/portfolio/labour/programs/employment-equity/reports/act-review-task-force/chapter-1.html#h2.5>

² <https://www150.statcan.gc.ca/n1/daily-quotidien/220921/dq220921a-eng.htm>

³https://www.scotiabank.com/content/dam/scotiabank/corporate/Documents/Scotiabank_2023_ESG_Report_Final.pdf

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https://www.scotiabank.com/content/dam/scotiabank/canada/common/documents/Scotiabank_Human_Rights_Statement.pdf

⁵ https://www.scotiabank.com/content/dam/scotiabank/canada/common/truth-reconciliation/Truth-and-Reconciliation_Action-Plan_English.pdf

⁶ <https://www.rbcgam.com/documents/en/other/rbc-gam-proxy-voting-guidelines.pdf>

⁷ https://bmo.bynder.com/m/168655cc7022655c/original/social_equality_approach_policy_en.pdf

⁸ https://www.scotiabank.com/content/dam/scotiabank/canada/common/truth-reconciliation/Truth-and-Reconciliation_Action-Plan_English.pdf

systemic discrimination and restricted access to capital in the financial sector as an enduring obstacle to economic reconciliation.^{9,10,11}

Scotiabank's efforts to address lack of access to credit and capital for other racially minoritized groups, such as its \$100 million Black-led Business Financing Program,¹² have insufficient disclosures on progress, preventing shareholders from assessing the merit and effectiveness of these products.

A racial equity audit of Scotiabank's business and employment practices, in line with existing best practices, would enhance Scotiabank's capacity to identify, address, mitigate and prevent legal, regulatory, and reputational risks associated with systemic discrimination. It would also enhance Scotiabank's market competitiveness by enabling it to create more inclusive financial products to meet a rapidly diversifying customer base, thereby positioning Scotiabank to deliver long-term value to shareholders.

⁹ <https://www.bankofcanada.ca/wp-content/uploads/2023/10/sdp2023-25.pdf>

¹⁰ <https://www.sac-isc.gc.ca/eng/1712932096213/1712932133185>

¹¹ https://fnfmb.com/sites/default/files/2024-01/2023-10-16_idb_pre-scoping_study_final_report.pdf

¹² <https://www.scotiabank.com/ca/en/small-business/business-banking/loans-leases/blbfp.html#:~:text=Who%20can%20apply%20for%20loans,for%20loans%20under%20the%20program>