



UK Tax Strategy

This published UK tax strategy is in accordance with the requirements of Para 19(4) of Schedule 19 to the Finance Act 2016. The tax strategy and principles set out herein applies to all UK taxation matters for all of the UK subsidiaries and the UK branch (collectively "Scotiabank UK") of The Bank of Nova Scotia as listed in Appendix 1 ("Scotiabank" or the "Bank") for the year ended 31 October 2022.

1. Background

Scotiabank, headquartered in Canada, is a global financial services provider offering a broad range of advice, products and services, including personal banking and commercial banking, wealth management and private banking, corporate and investment banking, and capital markets. Scotiabank has operations in approximately 50 countries worldwide.

Scotiabank operates in the United Kingdom (the "UK") through its UK branch and subsidiaries, and primarily offers corporate and investment banking and capital markets services.

Scotiabank identifies its core values as Integrity, Respect, Accountability and Passion. Scotiabank has adopted the *UK Code of Practice on Taxation for Banks* and is committed to full compliance with UK taxation laws and regulations.

2. Tax Risk Management

As a Canadian multinational bank with global operations, Scotiabank has clear accountability, strong governance and a robust risk management culture. Scotiabank has very little appetite for reputational, legal, regulatory or taxation risk.

Scotiabank strives to maintain strong tax risk management with a goal to ensure that the Bank fully complies with all filing obligations and tax disclosure requirements in all jurisdictions in which the Bank operates. The Bank monitors proposed changes in tax law, jurisprudence, and government pronouncements to identify any potential impact on the group. The Bank carefully manages taxation issues which can arise from cross border activity and has transfer pricing policies in place to ensure that income is taxed based on where value is created.

UK tax compliance and reporting is managed by the UK tax team, and supported by the Bank's controls framework.

Controls have been implemented for all key tax compliance and reporting processes and are subject to regular scrutiny in order to identify any areas for improvement. Procedural documents are reviewed by internal audit and are subject to an annual refresh, whilst key risk indicators are monitored on a monthly basis.

In the UK, in order to monitor tax risks, tax staff are involved in the planning, implementation and documentation of new and significant business activities impacting UK operations.

The following principles govern the UK tax function's approach to tax risk:

- All key tax risks are identified and effectively managed;
- All tax compliance is properly controlled and managed to meet Scotiabank UK's requirement and desire to comply with the principles contained in the *UK Code of Practice on Taxation for Banks*;
- Scotiabank UK aims to take filing positions for which the underlying economic consequences are consistent with the spirit and letter of the law. In the rare occurrence that a filing contains a position which may be open to interpretation, the issue will be fully disclosed to HMRC; and
- Scotiabank UK does not promote arrangements to other parties for which the tax result is against the intentions of Parliament, nor does it tolerate transactions undertaken which are known to perpetrate tax avoidance by clients or counterparties.

3. Governance Arrangements

Scotiabank is committed to upholding high standards of business conduct and ethics as reflected in Scotiabank's published *Code of Conduct*.

Scotiabank UK's tax risk management is governed through the global Tax Risk Management Framework which applies to all of the Bank's branches, as well as its direct and indirect subsidiaries. The Framework is aligned with the Bank's Enterprise-Wide Risk Management Framework and it covers the Bank's approach to tax risk governance, tax risk appetite, and tax risk identification, mitigation and reporting.

A fundamental principle of the Code of Conduct which underpins these frameworks is that all Scotiabankers (employees, directors, officers and contingent workers, etc.) must acknowledge, at least annually, that they abide by the laws that govern their activities in all jurisdictions in which they operate, and thereby acknowledge that they do not act in the furtherance of tax evasion.

The UK operations adhere to the strategy and principles outlined in the Framework. The Global Head of Taxation oversees the Bank's tax affairs and tax risk management and governance.

The UK branch and subsidiaries are governed by the London Executive Committee and their Boards of Directors, respectively. References to the "Board" below refer to both governance bodies.

The Board has oversight of UK tax risk management and tax compliance. The Board are provided with materials to review the tax affairs and tax risks of their respective entities at least quarterly. The update materials summarise significant tax issues as well as outline proposed future changes.

The CFO Europe, who is also Scotiabank UK's Senior Accounting Officer, communicates with and advises the Board on the tax affairs and risks of Scotiabank UK. The CFO Europe works closely with the UK Chief Risk Officer to ensure that tax matters are in line with the Bank's overall risk appetite.

Day-to-day responsibility for Scotiabank UK's tax affairs is the responsibility of the UK Tax Director, with the exception of employment taxes which are the responsibility of the Head of HR Europe.

Scotiabank UK has adopted a tax policy which sets out key responsibilities and escalation paths for managing and identifying tax risks.

4. Attitude towards UK Tax Planning

Scotiabank values its reputation among clients, regulators and the public as a "low risk" business and seeks to manage its tax risk such that it is able to maintain this reputation. The management of the Bank's tax affairs reflects the regulatory, legal and commercial environment in which Scotiabank operates.

Scotiabank UK recognises its responsibility to pay the correct amount of tax in each of the jurisdictions in which it operates, adhering to the spirit and letter of the tax law. Any tax planning opportunities undertaken are evaluated to determine whether the risks presented by any tax planning opportunities are acceptable. Scotiabank UK will engage in tax planning activities that are driven by genuine commercial/economic activities. Scotiabank UK will not engage in any activity where the sole benefit is tax related. The test is generally based on the existence and importance of commercial/economic purpose. Independent external advice will be taken where there is uncertainty around the correct tax implications of a piece of tax planning, or uncertainty regarding the correct interpretation of a piece of tax legislation that is likely to have a significant impact on Scotiabank UK.

5. Relationship with Her Majesty's Revenue and Customs ("HMRC")

Scotiabank UK strives to be open, transparent, and collaborative with HMRC.

Scotiabank UK seeks to uphold a proactive and productive dialogue with HMRC in order to enhance cooperation and to improve HMRC's understanding of the business. The Bank aims to maintain its low UK tax risk rating as determined by HMRC's Business Risk Review process.

Where appropriate, complex or uncertain proposed transactions are disclosed and discussed with HMRC to ensure certainty before they are undertaken. Any uncertainties regarding tax filings would also be discussed with HMRC prior to submission.

If in an unlikely event Scotiabank UK identifies an issue in a submitted tax filing, it would fully disclose the issue to HMRC. Scotiabank is committed to full compliance with all filing obligations and tax disclosure requirements.

Appendix 1

The following Scotiabank entities are subject to the UK Tax Strategy:

- The Bank of Nova Scotia, London Branch
- Scotiabank Europe plc
- Scotia Waterous (UK) Limited
- SPS UK Trustee Limited