Equator Principles Implementation Report

For the Period: November 1st, 2022, to December 31st, 2023

The Equator Principles (EPs) form a voluntary, internationally recognized environmental and social (E&S) risk management framework that supports financial institutions with identifying, assessing, and managing E&S risks and impacts when financing in-scope development projects. It's intended to serve as a baseline for project due diligence and monitoring in the banking sector, enabling responsible risk decision-making. Scotiabank, in partnership with our clients, has voluntarily applied the EPs to in-scope transactions since 2006.

Scope

The EP framework is designed for large industrial and infrastructure projects that are funded using project finance loans; project-related corporate loans; project-related refinance and acquisition finance loans; and/or bridge loans that meet specific financial and non-financial criteria, such as the size of the loan or estimated capital cost of the project. Project finance advisories can also fall within its scope.

Integration

The Bank has established governance structures and risk management elements that identify, assess, manage, and report ESG risks. These elements are described in the Bank's ESG Risk Management Framework. The framework, in conjunction with its supporting policies, processes, and guidelines, assists the Bank in managing ESG risks in a manner that is consistent with regulatory requirements, industry standards, best practices, and its risk appetite. Scotiabank's commitments as a signatory to the EPs are captured in this Framework.

At the transaction-level, Scotiabank accounts for potential adverse E&S risks and impacts as part of our credit due diligence and adjudication processes, including the application of the EPs, when applicable. Information on the EPs and a process for determining whether a project and transaction will comply with its requirements, are embedded within the Bank's credit risk due diligence policies and procedures. This includes a detailed questionnaire that is completed by the Banking unit responsible for the transaction. This questionnaire is reviewed and effectively challenged by Scotiabank's ESG Risk team (part of Global Risk Management, a second line of defence) prior to being submitted with the credit proposal to the appropriate Credit Risk unit for adjudication and approval. In addition, all Category A project transactions are automatically referred to a senior management-level credit committee for review to ensure adequate oversight of credit proposals with heightened E&S risks.

Dedicated Resources & Training

Scotiabank has a dedicated group of specialists within its ESG Risk team who develop, implement, and maintain it's ESG risk management program, including policies, processes, tools, and training pertaining to the EPs. This ESG Risk team also serves as a technical resource to banking and credit teams across the Bank, providing advice and counsel on the nature and materiality of potential E&S risks and impacts. All transactions that apply the EPs are referred to this team for review and effective challenge prior to being submitted to the Credit Risk unit for adjudication.

Members of the ESG Risk team also serve as representatives of the Bank to the Office of EPs. They actively participate in working groups and voting processes to enhance the framework and its application, and play a

key role in communicating updates from the Office of the EPs to the Bank's management. They are also responsible for facilitating Scotiabank's annual EP reporting.

The Bank has an in-house E&S risk due diligence training program that includes a detailed review of the EP framework to ensure our business banking and credit officers have a strong understanding of its scope and requirements, and our internal review process. This training is provided at least annually.

Scotiabank's EPs Reporting for the Period

Fourteen project finance transactions and three project-related corporate loans applied the EPs framework and reached financial close from November 1, 2022, to December 31, 2023. The tables below breakdown these transactions by their E&S risk category,[1] sector, region, country designation, and whether an independent review was carried out. There were no project finance advisories to report.

For our full report refer to the EP's Signatories & EPFI Reporting webpage.

Project Finance Loans	A	B	C
Sector	**6**	**0**	**8**
Mining	0	0	0
Infrastructure	0	0	8
Oil & Gas	3	0	0
Power	2	0	0
Others	1	0	0
Region	**6**	**0**	**8**
Americas	6	0	8
Europe, Middle East & Africa	0	0	0
Asia Pacific	0	0	0
Country Designation	**6**	**0**	**8**
Designated Country	5	0	8
Non-Designated Country	1	0	0
Independent Review	**6**	**0**	**8**
Yes	6	0	6
No	0	0	2

Project-Related Corporate Loans	A	B	C
Sector	**3**	**0**	**0**
Mining	0	0	0
Infrastructure	2	0	0
Oil & Gas	1	0	0
Power	0	0	0
Others	0	0	0
Region	**3**	**0**	**0**
Americas	3	0	0
Europe, Middle East & Africa	0	0	0
Asia Pacific	0	0	0
Country Designation	**3**	**0**	**0**
Designated Country	2	0	0
Non-Designated Country	1	0	0
Independent Review	**3**	**0**	**0**
Yes	3	0	0
No	0	0	0

[1] The E&S standards, and level of due diligence, monitoring and reporting that are applied to a project depends on its location and the magnitude of the potential E&S risks and impacts, which are ranked as either Category A, B or C. Category A refers to projects with potential significant adverse E&S risks and/or impacts that are diverse, irreversible, or unprecedented. Category B refers to projects with potential limited adverse E&S risks and/or impacts that are few, generally site-specific, largely reversible, and readily addressed through mitigation measures. Category C refers to projects with minimal or no adverse E&S risks and/or impacts. Each bank is responsible for categorizing the magnitude of the project risks as part of its EP review and due diligence process.

EP Framework Application Examples

During the reporting period, Scotiabank participated in financing each of the following projects where the group of lenders, in combination with the Borrower, applied the relevant EPs standards and requirements for Category A projects.

Each of these transactions were subject to Scotiabank's enhanced environmental and social risk due diligence procedures, including a third-party assessment of compliance with the EPs framework, and senior management and/or executive-level committee oversight. Gaps or areas for improvement that were identified during due diligence were either addressed immediately, or incorporated into an action plan that was embedded within the credit agreement.

AES Dominicana Renewable Energy S.A., Solar & Wind Projects, Dominican Republic

Financing was provided to AES Dominicana Renewable Energy S.A. in support of six renewable energy projects in the Dominican Republic. The credit facilities would be used to design, build, and operate three greenfield solar projects (Mirasol, Peravia I and Peravia II) with a combined installed capacity of 240MWac, and refinance short-term debt for three operating renewable energy assets (Agua Clara wind farm, and Bayasol and Santanasol solar farms) with an installed capacity of 150MWac. At the time, this transaction was the largest financing for renewable energy projects for a Caribbean economy.

These assets will help diversify the energy matrix in the Dominican Republic and advance the country's commitment of reducing its greenhouse gas emissions by 27% by 2030. These projects are expected to displace roughly 441,000 tonnes of CO_{2eq} emissions per year, which is equivalent to taking 96,000 vehicles off the road every year. They will also support AES' decarbonization strategy to achieve net zero carbon emissions from electricity sales by 2040.

NextDecade, Rio Grande Liquified Natural Gas (RGLNG) Project, USA

NextDecade is building a natural gas liquefaction and export terminal along the northern shore of the Brownsville Ship Channel in Cameron County, Texas. At full scale, the RGLNG terminal will be able to produce 27 million tonnes of LNG per annum (Mtpa), which would be enough energy to heat and cool the equivalent of nearly 34 million households. By combining emissions reduction associated with a planned carbon capture and storage project, responsibly sourced gas, and NextDecade's pledge to use net-zero electricity, the RGLNG facility is expected to produce less carbon intensive LNG for the world.

For more information about this project and its benefits, please visit the project website.

Lima Airport Partners, Jorge Chavez International Airport Expansion Project, Peru

Lima Airport Partners is expanding the Jorge Chávez International Airport – one of the most important airports in Perú. The expansion project involves building a new runway, control tower, and passenger terminal, as well as the associated infrastructure and facilities. This project is expected to contribute to the continued development of Peru by more than doubling the operational capacity of the airport and having a direct impact on economic growth.

For more information about this expansion project, please refer to the project website.

Corporation Nacional del Cobre de Chile (CODELCO), Water Supply Project, Chile

CODELCO is constructing a seawater desalination plant and its related water conveyance, storage, and distribution system in northern Chile. The plant will be built south of Tocopilla City, and transport desalinated water roughly 160 kilometers inland, to an elevation of 3,000 metres, where it will be distributed to CODELCO's Rodomiro Tomic, Chuquicamata, and Ministro Hales copper mines in the Antofagasta region. This sustainable supply of water will improve the operational stability of these mines, while also helping CODELCO achieve its public sustainability commitment to reduce its continental water use by 60% by 2030. Through this project, CODELCO will contribute to reducing the environmental impact of pumping inland water and maintaining water resources for communities.

For more information about this project and its benefits, please refer to this media release by CODELCO.

Pattern Energy Group, SunZia Wind and Transmission Projects, USA

The SunZia Wind and Transmission developments will combine to be the largest clean energy infrastructure project in the history of the United States. The SunZia projects involve building a 3,500 MW wind farm that will span three counties in rural New Mexico and its related 550-mile transmission line that will deliver renewable, reliable and affordable electricity to Arizona and the Western U.S. These projects are also expected to generate $20.5 billion in total economic benefit, including more than $16 billion in direct economic investment, $3 billion in indirect and induced economic benefits across New Mexico and Arizona, and $1.3 billion in direct payments to local governments, communities, and schools.

For more information about these projects and their benefits, please visit the project website.