



Scotiabank Green Bond Framework

Investor Presentation

July 2019

Scotiabank[®]

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We strive to ensure we are addressing the Environmental, Social and Governance (ESG) topics that matter most to our business and to our stakeholders, and on which we stand to make the greatest positive impact.

That's a Sustainable Business.



Sustainable Business

The four pillars of our Sustainable Business strategy – **Trust, Climate Change, Economic Inclusion and Young People** – are the lens through which we create economic, social and environmental value for our customers, employees, communities and our planet, while also delivering returns for our shareholders.



As part of our commitment to sustainable business initiatives, we are supporters, signatories or members of the following:



The UN has established 17 Sustainable Development Goals (SDGs), we identified six in which we can make the most progress:



ESG at Scotiabank

Environmental

- **\$8.5 billion** in loans and credit facilities to the renewable energy sector in 2018
- Part of the **UN Environment Program Finance Initiative** pilot project addressing the **Taskforce on Climate-Related Financial Disclosures** (TCFD)
- Reporting annually to **CDP** since 2004
- Established an internal price on carbon and on track to **achieve GHG reduction target of 10% by 2021** (based on 2016)
- New approach to working at head office has **reduced square feet per employee by 40%** and expected to reduce paper use by 86%

Social

- Launched the **Scotiabank Women Initiative** to advance women-led businesses through access to capital, education and mentorship
- **34% of VP+ roles globally** are held by women
- **\$250 million commitment** over 10 years to help employees adapt to the digital economy
- **\$80 million globally** to support communities in which we operation in donations, sponsorships and other forms of assistance, with **70% directed towards young people** in the community

Governance

- First Canadian financial institution to establish a **Corporate Governance Office** in 2014, with a direct reporting line to the Chair of the Board
- **38% of the Board of Directors is female**
- Published a global **Human Rights Statement** signed by our President and CEO in 2016, and updated in 2019 to reflect our commitment to Indigenous People's rights
- Ranked **top 1% of global financial institutions for corporate governance** by the Dow Jones Sustainability Index

Environment credentials

Addressing climate change is an essential part of creating a sustainable future.

We have set targets in our own operations, are transparent in our reporting, and seeking new opportunities in our core business activities to address climate change.

TRANSPARENCY IN REPORTING

Scotiabank has been reporting to CDP since 2004. Our submission is publically available on our website.

ALIGNMENT WITH TCFD

Scotiabank started implementing the recommendations of TCFD in our 2018 Annual Report and 2018 Sustainable Business Report.

REDUCING OUR OWN IMPACT

Our GHG reduction target (10% by 2021, based on 2016 levels) is supported by an Internal Carbon Price (\$15/tonne) that helps to fund energy efficiency initiatives.

RENEWABLE ENERGY FINANCING

In 2018 we were proud to have provided over \$8.5 billion in renewable energy financing, up from \$4.7 billion in 2017.

GREEN BOND UNDERWRITING

Scotiabank was the Joint Bookrunner on the first green bond public offering in Peru, and the only green bond in Mexico positively endorsed by two SPOs.

PARTNERSHIPS

Patron Supporter of the Conference Board of Canada's Centre on Low Carbon Growth Economy, member of UN Global Compact, UNEP FI, PRI and CPLC.

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Scotiabank Green Bond Framework

Scotiabank has prepared the Green Bond Framework in line with the ICMA Green Bond Principles 2018, with the following core components:

1. Use of Proceeds

- Eligible categories include renewable energy, energy efficiency, pollution prevention and control, environmentally sustainable management of living natural resources and land use, terrestrial and aquatic biodiversity conservation, clean transportation, sustainable water and wastewater management, and green buildings

2. Process for Evaluation and Selection

- The Bank's Asset & Liability Committee (ALCO) will oversee the implementation of the Framework. ALCO voting members include the CFO, CRO, Treasurer, and business line heads.
- All Eligible Green Assets are subject to a consistent review with Scotiabank's applicable environmental and social risk management policies.

3. Management of Proceeds









- Scotiabank's Treasury team is in charge of monitoring the allocation of the proceeds to the Eligible Green Assets on a nominal equivalence basis, as well as managing the Eligible Green Asset Portfolio. The net proceeds can be attributed to Eligible Green Assets originated or refinanced up to 36 months before the issuance.
- Scotiabank will use its best efforts to substitute any Eligible Green Assets that are no longer eligible, as soon as practical once an appropriate substitution option has been identified.
- The balance of the tracked proceeds should be adjusted on a quarterly basis, in order to match the allocation to Eligible Green Assets re/financed during this period

4. Reporting

- A year after the Green Bond's issuance date, and every year thereafter until full allocation of the bond, Scotiabank will update investors on how the bond proceeds are allocated and share information on loans financed by the bond, in its Green Bond Annual Report. Reporting will be produced at the relevant Green Category level

Alignment with UN SDGs

The Scotiabank Green Bond Framework aligns with the six UN Sustainable Development Goals (SDGs) identified here.

Use of Proceeds Category	SDG	SDG Target Alignment
Renewable Energy	 7 AFFORDABLE AND CLEAN ENERGY	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Energy Efficiency	 7 AFFORDABLE AND CLEAN ENERGY	7.3 By 2030, double the global rate of improvement in energy efficiency
Pollution Prevention and Control	 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse
Environmentally Management of Living Resources and Land Use	 15 LIFE ON LAND	15.A Mobilize and significantly increase financial resources from all sources to conserve and sustainably use biodiversity and ecosystems
Terrestrial and Aquatic Biodiversity Conservation	 14 LIFE BELOW WATER	14.2 By 2020, sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts, including by strengthening their resilience, and take action for their restoration in order to achieve healthy and productive oceans
Clean Transportation	 11 SUSTAINABLE CITIES AND COMMUNITIES	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons
Sustainable Water and Wastewater Management	 6 CLEAN WATER AND SANITATION	6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity
Green Buildings	 11 SUSTAINABLE CITIES AND COMMUNITIES	11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management

Eligibility Criteria

The Scotiabank Green Bond Framework aligns with the six UN Sustainable Development Goals (SDGs) identified here.

Eligible Categories

Examples of Eligible Green Assets

Renewable Energy



Loans related to the acquisition, development, manufacturing, construction, operation and maintenance, distribution and transmission of renewable energies such as:

- Offshore and Onshore Wind
- Concentrated Solar Power
- Solar Photovoltaic
- Tidal
- Geothermal
- Small scale hydro (<25 MW) and run-of-river
- Waste Biomass

Energy Efficiency



Loans related to activities that contribute to the reduction of energy consumption and help manage and store energy such as:

- Energy efficient investments in new or refurbished buildings which result in energy savings higher than 20%; including but not limited to retrofit, thermal insulation and/or upgrade of air conditioning system
- Energy Storage Systems
- Energy Efficient Lighting (LED lighting)
- Energy Efficient District Heating and Cooling
- Smart grid investments for more efficient transmission and distribution of energy

Pollution prevention and control



Loans related to activities that contribute to soil remediation, waste prevention and collection, waste reduction and waste recycling such as:

- Development, operation and upgrade of recycling (metals, plastic and paper) plants
- Facilities, systems and equipment that are used to divert waste from landfills

Environmentally sustainable management of living natural resources and land use



Loans related to activities that contribute to the sustainable management of living natural resources and land use as well as the natural ecosystem protection or restoration such as:

- Environmentally sustainable agriculture certified by recognized third-party certifications such as EU Organic, USDA Organic or Canada Organic
- Environmentally sustainable animal husbandry certified by recognized third-party certifications such as Rainforest Alliance or Fairtrade
- Climate smart farm inputs such as biological crop protection certified by recognized third-party certifications such as Rainforest Alliance or Fairtrade
- Environmentally sustainable fishery and aquaculture, certified by recognized third-party certifications such as Marine Stewardship Council, Aquaculture Stewardship Council or Friend of the Sea
- Sustainable forest management, including afforestation or reforestation, and certifications to recognized third-party standards such as Forest Stewardship Council (FSC) and the Programme for the Endorsement of Forest Certification (PEFC)
- Preservation or restoration of natural landscapes (habitat is appropriate for the location and is maintained in good health)

Eligibility Criteria

The Scotiabank Green Bond Framework aligns with the six UN Sustainable Development Goals (SDGs) identified here.

Eligible Categories Examples of Eligible Green Assets

Terrestrial and aquatic biodiversity conservation



Loans related to activities that contribute to the enhancement or conservation of terrestrial or aquatic biodiversity, such as:

- Protection of coastal, marine and watershed environments certified by credible third-party certifications such as the Marine Stewardship Council

Clean Transportation



Loans related to low carbon transport assets and the acquisition, development, manufacturing, construction, operation and maintenance of infrastructure dedicated to low-carbon transport such as:

Private Transport

- Electric vehicles
- Hybrid vehicles (with CO2 emission threshold of <75gCO2/p-km)
- Charging stations

Public Transport

- Train: Rolling stock and vehicles for electrified public transport, such as electrified rail, trams, and trolleybuses
- Buses with no direct emissions (electric or hydrogen). Hybrid buses (same threshold as above)
- Transportation infrastructure (expansion of metro/train network, station upgrade)

Sustainable Water and Wastewater Management



Loans related to activities that improve water quality, distribution efficiency and conservation, such as:

- Flood prevention, flood defence or storm water management subject to appropriate environmental assessments, internal approvals and external certifications
- Water treatment infrastructure, including wastewater treatment systems
- Water distribution systems with improved efficiency
- Water capture and storage infrastructure, including storm water management systems, water distribution systems, aquifer storage, and sewer systems

Green Buildings




Loans related to existing or new construction/renovation of residential and commercial buildings that have received or expect to receive based on the design, construction or operation plans any of the following certifications:

- Leadership in Energy and Environmental Design (LEED) Gold or Platinum, Energy STAR (minimum of 75), Building Owners and Managers Association (BOMA) Gold or Platinum, Building Research Establishment Environmental Assessment Method (BREEAM) Excellent or Outstanding (or equivalent internationally recognized standards)

Sustainalytics Second Party Opinion


Sustainalytics provided a
Second Party Opinion for
the Scotiabank Green Bond
Framework




Second-Party Opinion Scotiabank Green Bond

Evaluation Summary


Sustainalytics is of the opinion that the Scotiabank Green Bond Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2018. This assessment is based on the following:




USE OF PROCEEDS The eligible categories for the use of proceeds are aligned with those recognized by the Green Bond Principles. Sustainalytics considers that projects in the areas of renewable energy, energy efficiency, pollution prevention and control, environmentally sustainable management of living natural resources and land use, terrestrial and aquatic biodiversity conservation, clean transportation, sustainable water and wastewater management, and green buildings will lead to positive environmental impacts and advance the UN Sustainable Development Goals, in particular Goals 6, 7, 11, 12, 14, and 15.




PROJECT EVALUATION / SELECTION Scotiabank's Asset & Liability Committee, which includes senior executives, is charged with reviewing and approving eligible assets, as well as ongoing oversight and the coordination of reporting. This is in line with market practice.



MANAGEMENT OF PROCEEDS Scotiabank's Treasury team is responsible for the management of proceeds, and will earmark an amount equivalent to the net proceeds for allocation to eligible green assets originated or refinanced no more than 36 months prior to issuance. Allocations will be tracked on a quarterly basis, and Scotiabank will, on a best efforts basis, substitute other assets should a given loan no longer be considered eligible. This is in line with market practice.



REPORTING Scotiabank has committed to annual allocation and, where feasible, impact reporting. Allocation reporting will be provided at the category level, and will also disclose the balance of unallocated proceeds. Impact reporting will include relevant quantitative performance indicators. This is in line with market practice.



Evaluation date	June 18, 2019
Issuer Location	Toronto, Canada

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Sustainalytics ESG Risk Rating Summary Report



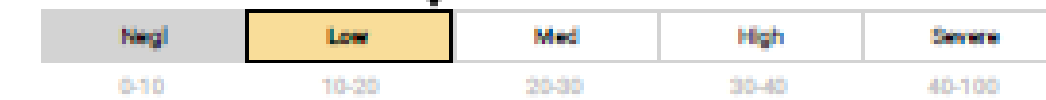
SUSTAINALYTICS ESG RISK RATING SUMMARY REPORT

Date: Apr 1, 2019

The Bank Of Nova Scotia

19.2 /100 Low

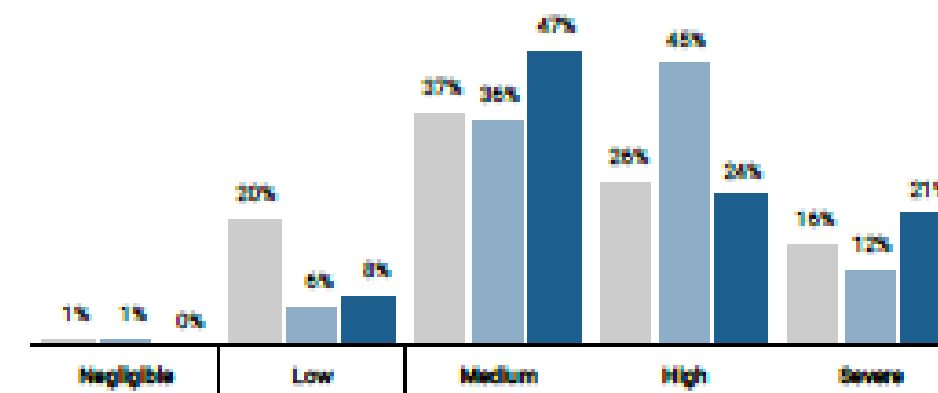
Diversified Banks | Canada | TSE:BNS



Rating Overview

The company is at low risk of experiencing material financial impacts from ESG factors, due to its medium exposure and strong management of material ESG issues. The company is noted for its strong corporate governance performance, which is reducing its overall risk. Although the company has a high level of controversies, its favourable risk assessment is primarily due to its above average policies and programmes.

ESG Risk Rating Distribution



Relative Performance

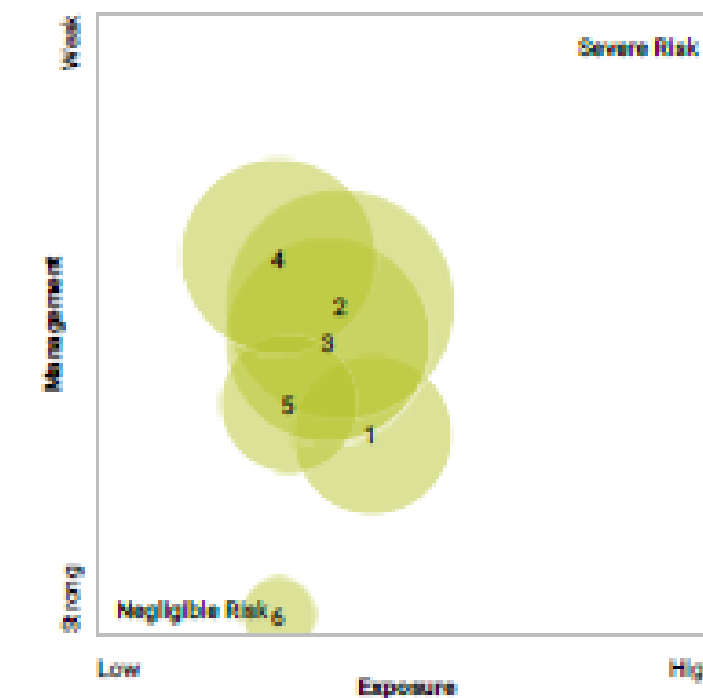
	Rank (1 st = lowest risk)	Percentile (1 st = lowest risk)
Global Universe	1764 out of 9765	19th
Banks (Industry Group)	43 out of 717	7th
Diversified Banks (Subindustry)	20 out of 301	7th

Attribution Analysis

Top Material Issues

Issue	Score	ESG Risk Rating
1 Corporate Governance	3.1	Low
2 Product Governance	4.4	Low
3 Business Ethics	3.9	Low
4 ESG Integration - Financials	3.8	Low
5 Human Capital	2.6	Low
6 Data Privacy and Security	1.4	Negligible

▲ Significant event



○ Circle size = Contribution to ESG Risk Rating



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