



Green Bond Report

July 2021

Scotiabank

Introduction

As a leading Bank in the Americas, we are here for every future. For our clients and customers, communities, employees, and our shareholders. Scotiabank acknowledges the unique role we can play in the transition to a low-carbon, more resilient economy by accelerating climate solutions through our core business activities and enabling our customers, employees and communities to thrive. Scotiabank's Climate Commitments are Scotiabank's formal pledge to our stakeholders to proactively manage the risks and leverage the opportunities presented by our changing climate. To date we have mobilized over CAD \$28 billion out of CAD \$100 billion pledged to be deployed by 2025 to reduce the impacts of climate change through lending, investing, financing and advisory, as well as investments in our direct operations and communities.

In July 2019, we issued our inaugural USD \$500 million 3.5-year Green Bond.¹ This second Green Bond Report provides investors with an overview of the estimated impact of the use of proceeds as at January 31, 2021. An amount equivalent to the net proceeds from the Green Bond were allocated to refinance eligible green assets, which refer to new or existing assets, businesses or projects that meet the Scotiabank Green Bond Framework Eligibility Criteria.

KPMG, our independent auditor, has provided limited assurance on the information denoted by the symbol + in the Report. See the Appendix for KPMG's Limited Assurance Report.

Green Bond Summary

Issuer

The Bank of Nova Scotia (Scotiabank)

Issue Date

July 18, 2019

Currency

USD

Issued Amount

\$500 million

Tenor

3.5 years

Maturity Date

January 18, 2023

ISIN

US064159QD10

Aligned with UN Sustainable Development Goals



About Scotiabank

Scotiabank is a leading bank in the Americas. Guided by our purpose: "for every future," we help our customers, their families and their communities achieve success through a broad range of advice, products and services, including personal and commercial banking, wealth management and private banking, corporate and investment banking, and capital markets. With a team of approximately 90,000 employees and assets of over \$1.1 trillion (as at April 30, 2021), Scotiabank trades on the Toronto Stock Exchange (TSX: BNS) and New York Stock Exchange (NYSE: BNS). For more information, please visit our website and follow us on Twitter @ScotiabankViews.

(1) Equivalent to CAD \$651,509,254 as per the USD-CAD exchange rate on July 18, 2019 (settlement date). Green Bond proceeds refers to issued amount, net of commissions. Net proceeds of the bond total USD \$498,515,000.

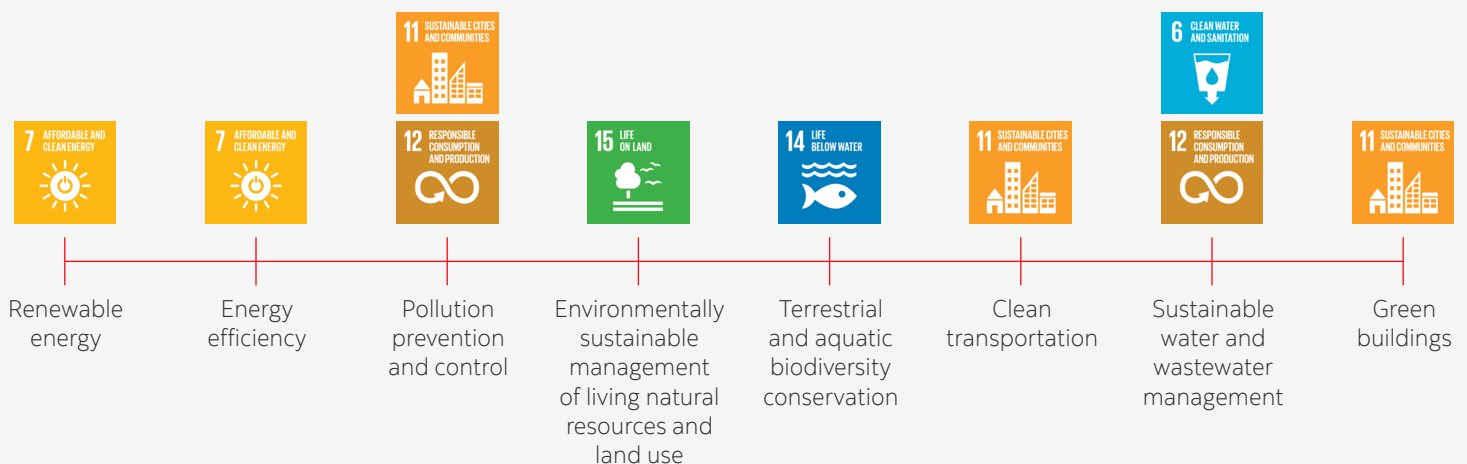
Summary of Green Bond Framework

Scotiabank's Green Bond Framework was launched in June 2019. It was developed in line with the International Capital Market Association's (ICMA) Green Bond Principles 2018 and follows its four key components:

1. Use of Proceeds;
2. Process for Project Evaluation and Selection;
3. Management of Proceeds; and
4. Reporting

As stated in the Scotiabank Green Bond Framework, an amount equivalent to the net proceeds of Scotiabank's Green Bonds will be allocated exclusively to finance or refinance, in whole or in part, new or existing Eligible Green Assets, which refer to loans made by Scotiabank for assets, businesses or projects that meet Scotiabank's Green Bond Framework Eligibility Criteria as defined below. A business will be considered eligible for financing using a Scotiabank Green Bond only if it derives 90% or more of its revenues from activities in the below list of eligible categories. Sustainalytics, an independent provider of sustainability research, analysis and services to investors and other financial institutions globally, has provided an assessment and Second-Party Opinion on Scotiabank's Green Bond Framework and its alignment with the Green Bond Principles.

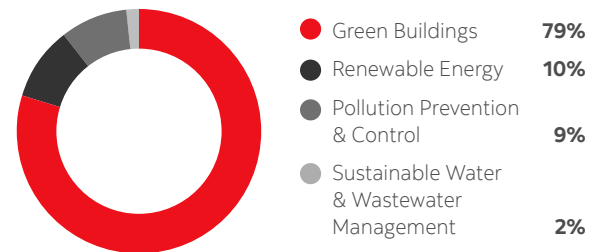
Eligible Categories and Alignment with UN Sustainable Development Goals









Allocation of Bond Proceeds and Impact

The net proceeds from the Green Bond were allocated to refinance eligible green assets, which refer to new or existing assets, businesses or projects that meet the Scotiabank Green Bond Framework Eligibility Criteria, and remain fully allocated as at January 31, 2021.²⁺ The allocation for eligible green assets is presented below for the Green Buildings, Renewable Energy, Pollution Prevention & Control, and Sustainable Water & Wastewater Management categories, including how each category aligns to the Sustainable Development Goals, and the estimated impact.

Allocation of proceeds⁺



Green Bond Category	Category Description	Impact
 Green Buildings	Loans related to existing or new construction/renovation of residential and commercial buildings that have received or expect to receive green building certification (e.g., LEED® Gold or Platinum) based on the design, construction or operation plans	Scotiabank's loan share of the green building category includes approximately 1,074,919 square feet of certifiable green real estate space (LEED® Gold or Platinum) across Canada that, once completed and operational, will lead to an estimated: <ul style="list-style-type: none"> • 5,259 eMWh of energy saved annually – the equivalent of powering 205 households in Canada³ • 402 tonnes of CO₂e emissions avoided annually³
 Renewable Energy	Loans related to the acquisition, development, manufacturing, construction, operation and maintenance, distribution and transmission of renewable energies	Scotiabank's loan share of the renewable energy category supports a 299.4 MW wind energy project located in the United States with a total installed capacity of 130,088 MWh, enough to power 5,757 average American households. The project is expected to avoid an estimated 104,858 tonnes of CO ₂ e annually.
  Pollution Prevention and Control	Loans related to activities that contribute to soil remediation, waste prevention and collection, waste reduction and waste recycling	Scotiabank's loan share of this category includes a large paper manufacturer and recycler in Latin America. By utilizing recycled content to produce their products, the company was able to divert 1.34 million tonnes of paper and cardboard from landfill in 2020. Their products are certified by the Forest Stewardship Council® for recycled content and their clean transportation system, that uses reverse logistics fuel efficiency and increased use of rail, led to the avoidance of 2,413 tons of CO ₂ e emissions in 2020.
  Sustainable Water and Wastewater Management	Loans related to activities that improve water quality, distribution efficiency and conservation	Scotiabank's loan share of this category includes a public-private water utility serving over 300,000 residential, commercial and industrial users in Colombia. In 2020, total water treated increased by 4.3% to over 93 million cubic metres and total users increased by 2.8% from 2019.

- (2) As per Scotiabank's Green Bond Framework, pending the allocation or reallocation, as the case may be, of the net proceeds, Scotiabank will invest the balance of the net proceeds, at its own discretion, in cash and/or cash equivalents and/or other liquid marketable instruments, consistent with the Bank's liquidity management activities.
- (3) Emission reduction and energy savings values may not be comparable with previously published values in prior year due to updated methodology used for calculation that more effectively captures the benefits of emission reduction projects.

Allocation of Bond Proceeds and Impact

Notes on Impact Methodology

Green Buildings

- GHG emissions avoided is calculated in tonnes of carbon dioxide equivalents (tonnes of CO₂e). The annual GHG emissions avoided were estimated by applying regionally specific carbon intensity factors to the estimated energy savings. The term “CO₂e” or ‘Carbon dioxide equivalent’ is used to describe greenhouse gases in a common unit. For any quantity and type of greenhouse gas, CO₂e signifies the amount of CO₂ which would have the equivalent global warming impact. Emission factors were obtained from Environment and Climate Change Canada’s National Inventory Report (1990-2019).
- Energy saved is calculated in equivalent-Megawatt hours (eMWh), and accounts for energy from both natural gas and electricity. When reporting on total energy savings, the term “equivalent” is used to describe different energy sources in one unit, consisting of electricity and natural gas.
- Impact measurement metrics for green buildings were calculated using data provided by the borrowers on the expected energy use of green building projects once completed. The annual energy savings were estimated by comparing the expected average energy to a baseline building. In the LEED® rating system, a baseline building is required to be used as a reference point to evaluate the expected energy efficiency of a LEED® applicant design building. A LEED® baseline building is designed to hold location, geometry and occupancy factors constant but has a minimally compliant envelope, HVAC and lighting design compared to a building designed to achieve LEED certification. To provide additional context, the annual energy saved is also presented in comparison to the energy consumed by an average Canadian household, as reported by Statistics Canada for the year 2015.
- To calculate the impact associated with the Green Bond proceeds directed to green buildings, Scotiabank’s loan share of each project was applied, as well as the portion of the loan share to which proceeds were allocated.

Renewable Energy

- Project information (e.g. installed capacity) is based on public information reported by the borrower. The impact metrics were calculated using a U.S. national average wind capacity factor of 40% applied to the expected installed capacity of the wind energy project. To provide context, energy production was compared to average U.S. household consumption, as reported by the U.S. Energy Information Administration (EIA) for the year 2015.
- The avoided emissions were calculated by applying the non-baseload factor for the electricity grid in which the wind energy project is located. Use of non-baseload factors provides a better estimate of the emissions reductions associated with reduced electricity use, reflecting the fact that when the load decreases, non-baseload or “peak load” power output is reduced first.
- The impact of this category has been apportioned to Scotiabank’s loan share of the project, as well as the portion of the loan share to which proceeds were allocated.

Pollution Prevention & Control and Sustainable Water & Wastewater Management

- Impact metrics are based on public information reported by the borrower. The impact of these categories has not been apportioned to Scotiabank’s loan share. A portion of the loan share to which proceeds were allocated has been applied in the Allocation of Proceeds.

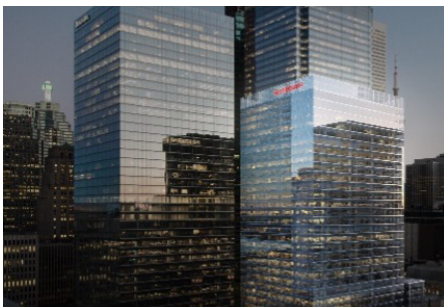
Example Projects

The Scotiabank Green Bond proceeds are allocated to a portfolio of projects and companies aligned to the Eligible Categories as outlined on page 3. The following are examples of eligible assets included.

Bay Adelaide North Toronto, Canada

Scotiabank acted as a Co-lead Arranger and Joint Bookrunner for the construction financing of Bay Adelaide North, the third and final tower in the Bay Adelaide Centre office and retail complex in downtown Toronto.

Targeting LEED® Platinum Core and Shell certification, the sustainably designed and operated property will feature use of sustainable building materials, Enwave deep water cooling, 30 parking spaces for electric, hybrid and carpooling vehicles, 400 bike stalls and changing rooms with shower facilities and lockers. It will also connect to Toronto's 27-kilometre PATH underground walkway.



[Click here for more information on Bay Adelaide North](#)

Aguas de Cartagena Cartagena, Colombia

Scotiabank provided project financing to Aguas de Cartagena (Acuacar), a fully integrated public-private water utility company in Colombia, for expansion and improvement of "El Bosque" water treatment plant. Acuacar serves over 300,000 residential, commercial and industrial users in the city of Cartagena and is focused on efficient and sustainable management of the water system serving the city.

In conjunction with sustainable water management, Acuacar is focused on applying a sustainability lens across many of its ancillary processes such as installing solar panels on the water treatment plant, which enabled Acuacar to increase green energy generation by 25% in 2020.



[Click here for more information on Aguas de Cartagena](#)

The Pacific Vancouver, Canada

Scotiabank acted as the Administrative Agent and Lead Arranger for a syndicated construction financing for The Pacific, a 39-storey residential tower with 224 units and the restoration of an iconic heritage house (Leslie House). The Pacific will target a measurable reduction in energy and water use through LEED® Gold certification, high-performance triple-glazed windows on the north and south facades and balconies on the east and west facades that naturally cool the building with shade.

Adjacent to The Pacific will be 825 Pacific, a multi-purpose commercial building for local artists built to meet international Passive House standards. It will be the first such building in Vancouver. When in operation, 825 Pacific will produce nearly zero greenhouse gas emissions. Upon completion, the building will be transferred to the City as an in-kind Community Amenity Contribution and will be operated by a non-profit arts and culture organization.



[Click here for more information on The Pacific](#)

Appendix

KPMG Independent Limited Assurance Report



Independent Limited Assurance Report to the Bank of Nova Scotia

We have been engaged by the management of Bank of Nova Scotia ('Scotiabank') to undertake a limited assurance engagement in respect of certain information disclosed in the Scotiabank Green Bond Report as at January 31, 2021 ('the Report') as described below.

Subject Matter Information and Applicable Criteria

The scope of our limited assurance engagement, as agreed with management, comprises the following information (collectively, the 'Subject Matter Information'):

- Full allocation of proceeds (as presented on page 4)
- Allocation of proceeds to eligible categories (as presented on page 4).

The Subject Matter Information, as presented in the Report, is denoted by the symbol +.

We have not performed any procedures with respect to other information included in the Report and, therefore, no conclusion on the Report as a whole is expressed.

There are no mandatory requirements for the preparation, publication or review of sustainability performance information. As such, Scotiabank applies its Green Bond Framework (version June 2019, which can be found [here](#) as at the date of the Report) and definitions included in the Report (collectively the 'Applicable Criteria').

Management's responsibilities

Management is responsible for the preparation and presentation of the Subject Matter Information, in accordance with the Applicable Criteria, current as at the date of our report. Management is also responsible for establishing and maintaining appropriate internal control systems from which the reported Subject Matter Information is derived.

Our responsibility and professional requirements

Our responsibility in relation to the Subject Matter Information is to perform a limited assurance engagement and to express a conclusion based on the work performed. We conducted our engagement in accordance with International Standard on Assurance Engagements 3000 (ISAE 3000) (Revised) Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the Auditing and Assurance Standards Board. ISAE 3000 requires that we plan and perform the engagement to obtain the stated level of assurance, in accordance with the Applicable Criteria.

Appendix

KPMG Independent Limited Assurance Report



Assurance approach

We planned and performed our work to obtain all of the evidence, information and explanations we considered necessary in order to form our conclusion as set out below. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Subject Matter Information, and applying analytical and other evidence gathering procedures to the assured information, as appropriate. Our procedures included:

- Inquiries with relevant staff to understand the data collection and reporting processes for the Subject Matter Information;
- Assessment of the suitability and application of the criteria in respect of the Subject Matter Information;
- Where relevant, performing walkthroughs of data collection and reporting processes for the Subject Matter Information;
- Comparing the reported data for the Subject Matter Information to underlying data sources;
- Inquiries of management regarding key assumptions and where relevant, the re-performance of calculations;
- Reviewing the Subject Matter Information presented in the Report to determine whether it is consistent with other information included in the Report and our overall knowledge of, and experience with, the sustainability performance of Scotiabank.

The extent of evidence gathering procedures performed in a limited assurance engagement is less than that for a reasonable assurance engagement, and therefore a lower level of assurance is provided.

Independence, quality control and competence

We have complied with independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standard Board of Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies *International Standard on Quality Control 1* and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The engagement was conducted by a multidisciplinary team which included professionals with suitable skills and experience in both assurance and the applicable subject matter.

Our conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that, as at January 31, 2021, the Subject Matter Information as described above has not been prepared and presented, in all material respects, in accordance with the Applicable Criteria current as at the date of our report.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants, Licensed Public Accountants
July 22, 2021
Toronto, Canada

Appendix

Disclaimer

This Green Bond Report is provided for informational purposes only and is subject to change without notice.

The Bank of Nova Scotia (the “Bank”) does not assume any responsibility or obligation to update or revise any statements in this document, regardless of whether those statements are affected by the results of new information, future events or otherwise. No representation or warranty, express or implied, is or will be made in relation to the accuracy, reliability or completeness of the information contained herein. No liability whatsoever is or will be accepted by the Bank for any loss or damage howsoever arising out of or in connection with the use of, or reliance upon, the information contained in this document.

Nothing in this document shall constitute, or form part of, an offer to sell or solicitation of an offer to buy or subscribe for any security or other instrument of the Bank or any of its affiliates, or as an invitation, recommendation or inducement to enter into any investment activity, and no part of this document shall form the basis of or be relied upon in connection with any contract, commitment, or investment decision whatsoever. Offers to sell, sales, solicitation of offers to buy or purchases of securities issued by the Bank or any affiliate thereof may only be made or entered into pursuant to appropriate offering materials prepared and distributed in accordance with the laws, regulations, rules and market practices of the jurisdictions in which such offers, solicitations or sales may be made. Professional advice should be sought prior to any decision to invest in securities.

This material is not intended for distribution to, or use by, any person or entity in any jurisdiction where such distribution or use would be contrary to law or regulation. This Green Bond Report may contain forward-looking statements within the meaning of certain securities laws, including the “safe harbor” provisions of the U.S. Private Securities Litigation Reform Act of 1995 and any applicable Canadian securities legislation. Forward-looking

statements contained in this document may include, but are not limited to, statements regarding the Bank and its objectives, strategies and future performance. Such statements are typically identified by words or phrases such as “believe,” “expect,” “foresee,” “forecast,” “anticipate,” “intend,” “estimate,” “plan,” “goal,” “project,” and similar expressions of future or conditional verbs, such as “will,” “may,” “should,” “would” and “could.”

By their very nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties, which give rise to the possibility that the Bank’s predictions, forecasts, projections, expectations or conclusions will not prove to be accurate, that the Bank’s assumptions may not be correct, and that the Bank’s objectives, vision and strategic goals will not be achieved. Readers are cautioned not to place undue reliance on these statements as a number of risk factors, many of which are beyond the Bank’s control and effects of which can be difficult to predict, including difficulty identifying assets that meet the eligibility criteria, and the risk that eligible projects will be completed within any specified period or at all or with the results or outcome as originally expected or anticipated by the Bank, could cause results to differ materially from the expectations, targets, estimates or intentions expressed in such forward-looking statements.

The Bank cautions that the preceding list is not exhaustive of all possible risk factors and other factors could also adversely affect the Bank’s results, for more information, please see the Bank’s most recent Annual Report, as may be updated by quarterly reports. When relying on the forward-looking statements to make decisions with respect to the Bank and its securities, investors and others should carefully consider the preceding factors. Except as required by law, the Bank does not undertake to update any forward-looking statement in this document.

Contact us

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