



July 2020

Green Bond Report

Scotiabank

Introduction

At Scotiabank, we are here *for every future*. For our clients and customers, communities, employees, and our Bank and 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. We are well underway on our journey to mobilize CAD \$100 billion 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 Green Bond Report provides investors with an overview of the estimated impact of the use of proceeds as at January 31, 2020. The net proceeds from the Green Bond were used to refinance and allocated to 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

Link to 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 97,000 employees and assets of over \$1.2 trillion (as at April 30, 2020), 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.

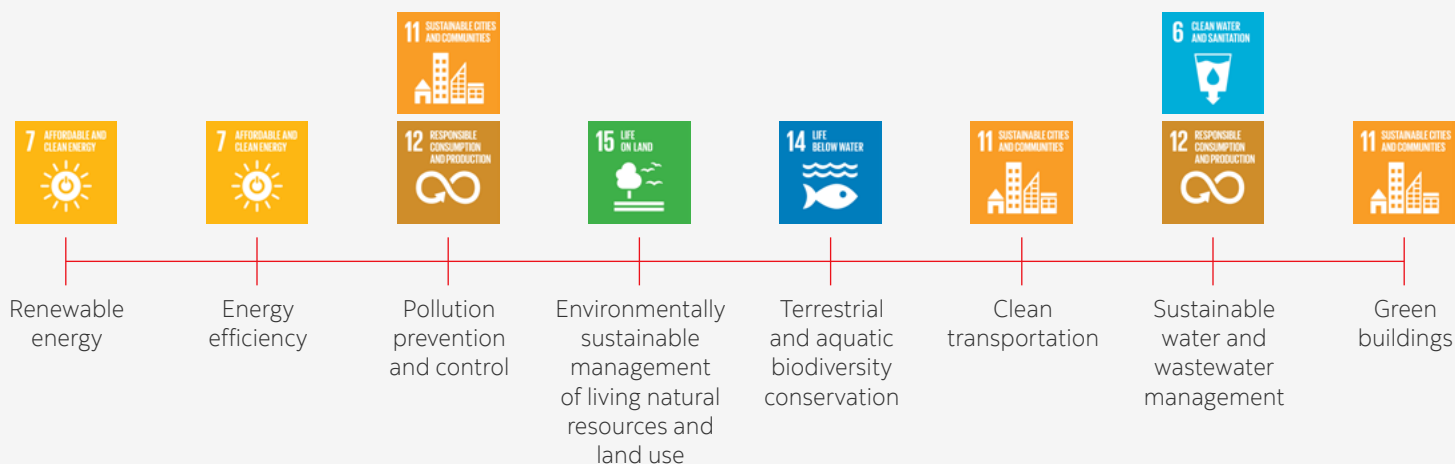
Summary of Green Bond Framework

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

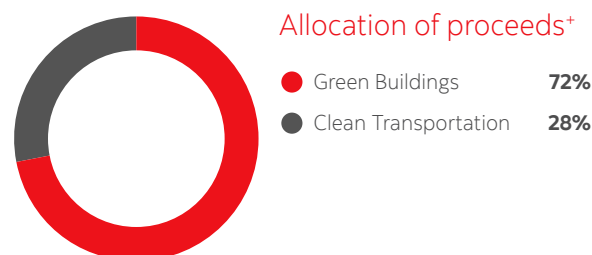
As stated in the Scotiabank Green Bond Framework, an amount equivalent to the net proceeds of Scotiabank's Green Bonds will be allocated exclusively to finance or refinance, in whole or in part, new or existing Eligible Green Assets, which refer to loans made by Scotiabank for assets, businesses or projects 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 Link to UN Sustainable Development Goals



Allocation of Bond Proceeds and Impact

The net proceeds from the Green Bond were used to refinance and allocated to 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, 2020.^{2,+} The allocation for eligible green assets are presented below for the green building and clean transportation categories, including how each category links to the Sustainable Development Goals, and the estimated impact.



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 1,350,995 square feet of certified 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"> • 20,735 eMWh of energy saved annually – the equivalent of powering 800 households in Canada • 2,511 tonnes of CO₂e emissions avoided annually
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	Public transportation projects supporting improved mobility and connectivity, for example: <ul style="list-style-type: none"> • A bus terminal expansion to increase capacity and interconnectivity between three regional transit providers. The inter-regional terminal will integrate access to subway, train service and regional bus services, helping to improve mobility and commuting across regional boundaries. • A redeveloped transit station that will act as a Mobility Hub by providing integrated transit facilities for rail and bus service, and will feature a new pedestrian bridge, eight new bus bays and more than 750 new parking spaces.

(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.

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).
- Energy saved is calculated in equivalent-Megawatt hours (eMWh), and accounts for energy from both natural gas and electricity.
- Impact measurement metrics for green buildings were calculated using data provided by the Canada Green Building Council (CaGBC). The energy use of the green buildings to which proceeds were allocated was estimated based on the average energy use per square foot of LEED® certified buildings in Canada of similar size, type, location and LEED® certification level. The annual energy savings was estimated by comparing the expected average energy use per square foot to a baseline building and applying the square footage of the green building projects. 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 holds location, geometry and occupancy factors constant but has minimally compliant envelope, HVAC and lighting design. To provide additional context, the annual saved energy 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.

Clean Transportation

- Impact metrics for the clean transportation category are based on public information reported by the borrower. The impact for this category has been apportioned to Scotiabank's loan share.

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.

True North Square Winnipeg, Canada

Scotiabank acted as a Lead Arranger for a mixed-use tower that will form part of True North Square in downtown Winnipeg. True North Square will feature four towers spanning over one million square feet of Class A office, residential, retail, hotel and public space.

Targeting LEED® Gold Core and Shell certification, the towers have been designed with resource efficiency in mind, incorporating a range of features to reduce water and energy consumption. Further sustainability initiatives at True North Square include bike to work facilities, a proactive recycling and waste management system, and smart landscaping that utilizes native, low-irrigation plants and natural fertilizers.



<https://www.truenorthsquare.com/>

100 Queens Quay East Toronto, Canada

Scotiabank acted as the lead syndicate agent for 100 Queens Quay East, a key component of the Menkes' "Sugar Wharf" redevelopment in Toronto.

Adding to ongoing revitalization efforts in Toronto's waterfront district, the waterfront Sugar Wharf community is set to feature 4.6 million square feet of new office, residential and retail space, and will be anchored by a two-acre public park.

The first phase of the Sugar Wharf development is 100 Queens Quay East, a 24-storey, 675,000 square foot office building that is targeting LEED® Platinum certification and planned to feature a green roof and a range of efficiency features.



<http://www.menkes.com/commercial/projects/100-queens-quay-east/gallery>

Cooksville GO Station Greater Toronto Area, Canada

Scotiabank acted as a sole Lender for the re-development of Metrolinx's Cooksville GO Station on GO Transit system's Milton commuter rail line.

The Cooksville GO Station acts as a Mobility Hub by providing integrated transit facilities for GO rail service, GO bus service and the City of Mississauga's MiWay bus service.

The re-development will feature a new station with a large public plaza, more than 750 additional parking spaces, eight new bus bays and a new pedestrian bridge. Cooksville GO Station will also connect to the future Hurontario light rail transit line.



<https://www.gotransit.com/en/the-future-go/improvements/cooksville>

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, 2020 ('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, 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 comply with applicable professional standards, including *International Standard on Quality Control 1*.

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 assured information, and applying analytical and other evidence gathering procedures to the assured information, as appropriate.

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 the relevant rules of professional conduct/code of ethics applicable to the practice of public accounting and related to assurance engagements, issued by various professional accounting bodies, which are 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, 2020, 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 14, 2020

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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