

Equator Principles Implementation Report

Calendar Year 2024

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 serves as a benchmark for project due diligence and monitoring for 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 to identify, assess, manage, and report E&S 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 E&S 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 approval 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 its 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 the 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

Scotiabank applied the EP framework to fourteen (14) project finance transactions and one (1) project-related corporate loan that reached financial close in 2024. 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 [EPA's Signatories & EPFI Reporting webpage](#).

| Project Finance Loans | A | B | C |
|------------------------------|----------|----------|----------|
| Sector | 1 | 8 | 5 |
| Mining | 0 | 0 | 0 |
| Infrastructure | 0 | 2 | 5 |
| Oil & Gas | 1 | 2 | 0 |
| Power | 0 | 4 | 0 |
| Others | 0 | 0 | 0 |
| Region | 1 | 8 | 5 |
| Americas | 1 | 8 | 5 |
| Europe, Middle East & Africa | 0 | 0 | 0 |
| Asia Pacific | 0 | 0 | 0 |
| Country Designation | 1 | 8 | 5 |
| Designated Country | 1 | 7 | 5 |
| Non-Designated Country | 0 | 1 | 0 |
| Independent Review | 1 | 8 | 5 |
| Yes | 1 | 8 | 4 |
| No | 0 | 0 | 1 |

| Project-Related Corporate Loans | A | B | C |
|---------------------------------|----------|----------|----------|
| Sector | 1 | 0 | 0 |
| Mining | 0 | 0 | 0 |
| Infrastructure | 1 | 0 | 0 |
| Oil & Gas | 0 | 0 | 0 |
| Power | 0 | 0 | 0 |
| Others | 0 | 0 | 0 |
| Region | 1 | 0 | 0 |
| Americas | 1 | 0 | 0 |
| Europe, Middle East & Africa | 0 | 0 | 0 |
| Asia Pacific | 0 | 0 | 0 |
| Country Designation | 1 | 0 | 0 |
| Designated Country | 0 | 0 | 0 |
| Non-Designated Country | 1 | 0 | 0 |
| Independent Review | 1 | 0 | 0 |
| Yes | 1 | 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

Scotiabank participated in financing each of the following projects where the relevant EPs standards and requirements were applied. These transactions were subject to Scotiabank's own enhanced environmental and social risk due diligence procedures, including a third-party assessment of compliance with the EPs. Where gaps or areas for improvement were identified during due diligence Scotiabank worked with the relevant clients to address such issues immediately or embed solutions into action plans embedded within the credit agreements.

Cedar LNG Partners LP, Cedar LNG Export Facility Project, Canada.

Scotiabank acted as Lead Agent when financing the Cedar Liquefied Natural Gas (LNG) project in 2024. Cedar LNG is the world's first Indigenous majority-owned LNG project and will involve building a floating LNG terminal that will be located in the traditional territory of the Haisla Nation in Kitimat, British Columbia, Canada. The project will leverage Canada's abundant natural gas supply and growing LNG infrastructure to produce cost-competitive LNG for overseas markets. It has received support from neighboring Indigenous Nations and local communities after years of constructive engagement and collaboration to ensure the project is designed, constructed, and operated responsibly. Cedar LNG will contribute to global energy security while delivering jobs and economic prosperity for the Haisla Nation and the region.

This project was classified as Category A by Scotiabank under the EPs framework due to the nature and scale of the potential E&S risks and/or impacts, most notably consideration of Indigenous rights and climate change.

For more information about this project and its benefits, please refer to the [project website](#).

Parque Fotovoltaico Nuevo Quillagua SpA, Quillagua Project, Chile

Scotiabank participated in financing the addition of a battery energy storage system (BESS) to an operational, 103-megawatt (MW) solar power plant called Quillagua I in the Atacama Desert, in the Antofagasta region of Chile. This transaction also supported the construction of a new 127 MW solar power plant and BESS called Quillagua II in the same location. Renewable energy generated by these power plants will be stored by the BESSs, with excess energy able to supply Chile's electrical network. This project will help advance Chile's goal of generating 80% of its electricity from renewable sources by 2030.

This project was classified as Category B, having limited E&S risks and impacts that were site-specific and readily addressed by the project design, policies and management plans.

Invenergy Renewables Global LLC, Wagon Wheel Wind Project, USA

In 2024, Scotiabank participated in financing the Wagon Wheel Wind Project in Oklahoma, USA. This project involves constructing a wind power facility that will feature 176 turbines with a total capacity of 600 MW - enough electricity to power more than 210,000 homes. The project will benefit people and the economy to the tune of more than 200 jobs during construction and \$255 million invested in local tax revenue, land costs and lease payments, and wages over its life. It will also support the growth of sustainable energy assets in the USA that will help to offset greenhouse gas emissions in the power sector.

This project was classified as Category B under the EPs framework having limited E&S risks and impacts that were site-specific and readily addressed by the project design, policies and management plans.

For more information about this project and its benefits, please refer to the [project website](#).

Aguas Pacifico SpA and Acueducto San Isidro Quilapilun SpA, Aconcagua Project – Desalinated Water Supply, Chile

Scotiabank participated in financing the construction of a seawater desalination plant and its water distribution system in the Valparaíso *and* Metropolitan regions of Chile. This infrastructure will help address the freshwater deficit in both regions, a vital agricultural area. It will be the first drought proof source of fresh water for human consumption, agriculture, and various industrial activities in the region. Additionally, diverse rural sanitary services will gain access to a safe and stable source of water, and at least 2,000 jobs will be created during construction. The plant will also operate entirely on renewable power.

This project was classified as Category B, having limited E&S risks and impacts that were site-specific and readily addressed by the project design, policies and management plans.

For more information about this project and its benefits, please refer to the [project website](#).