

# Equator Principles Implementation Report

## Calendar Year 2025

The [Equator Principles](#) (EPs) form a voluntary, internationally recognized environmental and social (E&S) risk management framework that provides resources to financial institutions for the identification, assessment, and management of E&S risks and impacts when financing in-scope development projects. It serves as a benchmark for project due diligence and monitoring for lenders, supporting each individual institution's 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 act as Bank liaisons with 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 fifteen (15) project finance transactions that reached financial close in 2025. The tables below break down these transactions by their E&S risk category,<sup>1</sup> sector, region, country designation, and whether an independent review was carried out. There were no project-related corporate loans or project finance advisories to report.

For our full report refer to the [EPA's Signatories & EPFI Reporting webpage](#).

| Project Finance Loans        | A        | B        | C        |
|------------------------------|----------|----------|----------|
| <b>Sector</b>                | <b>5</b> | <b>7</b> | <b>3</b> |
| Mining                       | 0        | 0        | 0        |
| Infrastructure               | 0        | 0        | 3        |
| Oil & Gas                    | 5        | 3        | 0        |
| Power                        | 0        | 4        | 0        |
| Others                       | 0        | 0        | 0        |
| <b>Region</b>                | <b>5</b> | <b>7</b> | <b>3</b> |
| Americas                     | 5        | 7        | 3        |
| Europe, Middle East & Africa | 0        | 0        | 0        |
| Asia Pacific                 | 0        | 0        | 0        |
| <b>Country Designation</b>   | <b>5</b> | <b>7</b> | <b>3</b> |
| Designated Country           | 4        | 7        | 3        |
| Non-Designated Country       | 1        | 0        | 0        |
| <b>Independent Review</b>    | <b>5</b> | <b>7</b> | <b>3</b> |
| Yes                          | 5        | 7        | 3        |
| No                           | 0        | 0        | 0        |

<sup>1</sup> 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 promptly or integrate remedial measures into action plans embedded within the credit agreements.

### Project Gabriela – Photovoltaic Power Plant (PV) and Battery Energy Storage System (BESS), Chile

Project Gabriela is a large-scale solar-plus-storage initiative situated in the Antofagasta Region of Chile, approximately 71 km southeast of Sierra Gorda and 110 km south of Calama. The facility is designed to have a solar generation capacity of 272 MW and a battery energy storage system providing 1,100 MWh, with energy transmitted via a dedicated 220 kV substation and transmission line to the National Electric System (SEN). Construction commenced in March 2022, operations are expected to start in May 2026, and the project is expected to operate for 30 years until 2053, followed by a planned decommissioning phase.

As one of Chile's largest hybrid PV-BESS assets, Gabriela is expected to play a role in enhancing the country's renewable baseload and improving grid flexibility through load-shifting and ancillary services. The project is designed to support grid stability, contributing to the diversification of Chile's long-term clean electricity supply under a contracted hybrid power purchase agreement (PPA) starting in May 2026.

Project Gabriela was classified as Category B under the Equator Principles, reflecting limited environmental and social risks and impacts that are site-specific, largely reversible, and readily addressed through established project design measures, environmental permitting, and management plans. The Project is designed to advance Chile's clean-energy portfolio while adhering to national regulations and upholding commitments to community-focused initiatives, including local hiring, educational programs, and safety support.

### Project Domeyko – PV and BESS, Chile

Project Domeyko is a utility-scale, hybrid solar & storage project development located approximately 30 km south of Vallenar in the Huasco Province, Atacama Region, Chile. The project has secured a 15-year private PPA with Abastible S.A., covering both stored-energy sales and capacity revenues, providing an anchor for financial sustainability and long-term operations.

The Project is designed to increase renewable integration in northern Chile, complementing regional mining and industrial demand with stable, dispatchable solar energy. The project is intended to support grid reliability, reduction of carbon intensity, and economic benefits through low-carbon infrastructure deployment. The location is outside regulated urban areas, with no major land-use conflicts and no critical biodiversity sensitivities identified in the available documentation.

The Domeyko Project is expected to deliver important community and social benefits, beginning with stronger regional economic development driven by large-scale PV and BESS deployment. Construction and long-term operations will generate local jobs, increase demand for regional suppliers, and stimulate broader economic activity through related services and community spending. At the same time, by supplying dispatchable clean energy and reducing grid volatility, the project is designed to enhance local energy resilience across the Huasco Province, intending to help surrounding communities benefit from more reliable power and reduced exposure to supply shortages or volatile spot-market prices.

Project Domeyko was classified as Category B, as its potential environmental and social risks are limited, site-specific, and manageable, with appropriate mitigation measures in place through the project's environmental assessment, stakeholder engagement processes, and environmental and social management systems.

### Tallgrass TPCO2 Pipeline Project, USA

The Tallgrass Trailblazer project (TPCO2) is a landmark carbon capture, transportation, and sequestration initiative designed to help decarbonize industrial activity across the U.S. Midwest. The project converts 392 miles of the existing Trailblazer natural gas pipeline into a dedicated CO<sub>2</sub> corridor and adds more than 350 miles of new laterals connecting regional ethanol producers to the system. Captured CO<sub>2</sub> will be transported to Wyoming, where Tallgrass has secured extensive pore space for permanent geological sequestration in deep saline formations. Spanning Nebraska, Wyoming, and Colorado, the project leverages existing infrastructure to minimize new land disturbance while enabling long-term emissions reductions at scale.

TPCO<sub>2</sub> is a carbon capture and sequestration (CCS) system with initial contracted volumes exceeding four million tonnes of CO<sub>2</sub> annually and total system capacity of up to sixteen million tonnes per year. The project will support rural economies by creating thousands of construction jobs, including dozens of permanent positions.

This project was classified as Category B under the Equator Principles because its potential environmental and social risks and impacts are expected to be limited in number, generally site-specific and readily addressed through mitigation measures. The project also repurposes existing pipeline infrastructure, which further reduces the overall risk.

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

### Bay Runner Pipeline Project, USA

The Bay Runner Pipeline is a high-capacity intrastate natural gas transmission project in South Texas designed to transport up to 2.64 billion cubic feet per day of natural gas from the Agua Dulce Hub area in Nueces County to the Rio Grande liquefied natural gas (LNG) export facility in Cameron County (Brownsville area). The system includes approximately 142 miles of 42-inch mainline plus an approximate 3.9-mile 48-inch delivery lateral, an upstream low-pressure header, two compressor stations, and multiple metering/regulation and block-valve facilities. A key feature of the design is that the route is co-located with the existing Valley Crossing Pipeline for more than 99% of its length, which reduces new ground disturbance and leverages an already-established corridor under a federal and state permitting framework. Construction commenced on October 1, 2025, with the first tranche scheduled to enter service by July 31, 2026 and full system in-service scheduled for July 31, 2027.

The project provides additional energy infrastructure and includes measures designed to reduce and control its environmental and social impacts. By largely using an existing corridor, and through measures such as horizontal directional drilling at sensitive crossings and restoration with native species, the project is designed to minimize incremental habitat and water-resource disturbance. No resettlement is required, and stakeholder engagement and human-rights screening have been incorporated within a U.S. legal and regulatory context, with ongoing monitoring and management systems intended to support compliance and performance during construction and operations. Overall, the project aims to support regional energy supply and associated economic activity while incorporating certain measures to limit environmental and community risks, targeted, and manageable through established controls.

The project is classified as Category B under the Equator Principles, reflecting limited, generally site-specific

risks that are expected to be largely reversible and readily addressed through mitigation and management measures.

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

### **NextDecade, Rio Grande Liquefied Natural Gas (RGLNG) Project, USA**

The Rio Grande LNG (RGLNG) Project by NextDecade is a natural gas liquefaction and export terminal located on the northern bank of the Brownsville Ship Channel in Cameron County, Texas. The development is structured in phases, with Phase 1 comprising three liquefaction trains, storage facilities, marine operations, and common infrastructure. In 2023, Scotiabank provided financing for this initial stage. The location offers direct marine access and is close to major U.S. gas hubs, making supply and logistics efficient.

In 2025, Scotiabank also participated in financing an expansion of the RGLNG facility, which included the addition of Train 4 and Train 5. Each new train increases LNG capacity by around 6 million tonnes per annum (mtpa) and includes an additional LNG storage tank and supporting utilities, all integrated into the existing plant. The expansion employs the same technology, EPC contractor, and shared infrastructure as Phase 1, streamlining project execution and intending to reduce additional environmental and social impacts. Feed gas for the expanded terminal will be delivered through both new and existing pipelines linked to the Agua Dulce hub.

Classified as Category A under the Equator Principles due to its size and coastal LNG terminal development, the Project addresses risks through extensive permitting, mitigation, and monitoring programmes.

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