



Scotiabank

SUSTAINABLE ISSUANCE FRAMEWORK

APRIL 2024

Table of Contents

- 2 Introduction
- 5 Sustainable Issuance Framework
 - 6 Use Of Proceeds
 - 6 Eligible Green Categories
 - 10 Eligible Social Categories
 - 12 Process For Project Evaluation And Selection
 - 13 Management Of Proceeds
 - 14 Reporting
- 15 Appendix: Impact Measurement
- 17 Disclaimer



SUSTAINABLE ISSUANCE FRAMEWORK

Introduction

Guided by our purpose – *for every future* – Scotiabank (the “Bank”) helps our clients, 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.

Our vision is to be the most trusted bank wherever we operate, and along with our purpose, the aspiration to build trust guides our ESG efforts. It shapes how we utilize our advice, expertise, and capital to address significant environmental and social challenges. We have embedded key ESG priorities within our strategy, including supporting our clients in navigating the risks and complexities of a changing climate, and fostering inclusion and engagement for the wellbeing of our employees and communities.

Governance of ESG at Scotiabank

The Bank’s [Board of Directors](#) oversees the management of the Bank’s business and sets the tone at the top, promoting trust and confidence with our shareholders, clients, employees, regulators and communities. Several committees and councils composed of senior leaders from across the Bank provide oversight of regular ESG-related updates to our senior leadership, Board and Board committees.



¹ The Asset & Liability Committee (“ALCO”)’s oversight is enhanced by an ALCO ESG Sub-Committee. Further details are provided in the Process for Projects Evaluation and Selection section.

SUSTAINABLE ISSUANCE FRAMEWORK**Managing Environmental & Social Risk**

ESG risks are complex and there is often an interplay with other risk types. We integrate ESG risks into the Bank's existing risk management frameworks to manage them consistently with applicable laws and regulations, industry standards and practices, and the Bank's risk appetite.

Scotiabank's ESG Risk Management Framework guides the Bank in its approach to managing ESG risks. The Bank's ESG Risk team collaborates with credit and lending teams across our business to help them assess environmental and climate change risks for transactions in diverse sectors and geographies.

Please refer to [Scotiabank's ESG-related policies](#) for more information on ESG risk management.

Environment

We are making efforts to achieve environmental objectives across our operations, business activities and value chain. Through our refreshed climate goals, we aim to support the transition to a low-carbon economy across our footprint and collaborate on efforts to address climate change. We also explore solutions to reduce waste and protect biodiversity in areas where we operate.

Our climate goals: As the impacts of climate change on the global economy become increasingly pronounced², financial institutions recognize that they must maintain sound climate-risk management practices³. In recognition of this growing imperative, the Office of the Superintendent of Financial Institutions in Canada (OSFI) finalized Guideline B-15 – Climate Risk Management in 2023, creating a framework for the integration and disclosure of climate-related risks in the Canadian financial system⁴. At the same time, climate change, and the need for a global energy transition, presents financial institutions and their clients with unique business opportunities. Scotiabank recognizes that these mounting climate-related risks and economic opportunities call on us to take stock of the role we can play and take action to support our clients and our communities in the climate transition.

Our climate goals comprise three pillars:

**FINANCING CLIMATE SOLUTIONS**

by providing climate-related financing⁵, to clients in all sectors including certain carbon intensive sectors

**ADVANCING TO NET-ZERO**

by working with clients to reduce emissions and setting 2030 sectoral emissions intensity reduction targets to keep us on course to meet our goal of achieving net-zero financed emissions by 2050

**REDUCING OUR OWN EMISSIONS**

by introducing solutions to minimize the Bank's direct impact on climate change

² Intergovernmental Panel on Climate Change, 2023: Summary for Policymakers. In: Climate Change 2023: Synthesis Report. Contribution of Working Groups I, II and III to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change [Core Writing Team, H. Lee and J. Romero (eds.)]. IPCC, Geneva, Switzerland, pp. 1-34, doi: 10.59327/IPCC/AR6-9789291691647.001.

³ Basel Committee on Banking Supervision, 2022: [Principles for the Effective Management and Supervision of Climate-Related Financial Risks](#). Bank for International Settlements.

⁴ Guideline B-15 ("B-15"), effective fiscal year-end 2024 for Domestic Systemically Important Banks, including Scotiabank, outlines OSFI's expectations related to the management and disclosure of climate-related risks by federally regulated financial institutions.

⁵ As defined by the Bank's [Climate-related Finance Framework](#) that defines those products and services that are eligible for inclusion in the Bank's target to provide \$350 billion by 2030 in climate-related finance.

SUSTAINABLE ISSUANCE FRAMEWORK

Social

We work to achieve our purpose – *for every future* – for our employees, communities, and clients. This includes promoting a diverse, inclusive culture where employees are empowered to reach their full potential. Through our community investments, partnerships, and programs, we support more inclusive, equitable communities and foster economic resilience. To expand the benefits of financial inclusion to more people and bring added convenience and support to all clients, we provide trusted products and services.

Our social goals include:

- Promoting economic inclusion by investing \$500 million by 2030 through our ScotiARISE community investment initiative
- Creating and maintaining a diverse and inclusive workplace culture through our 2025 Diversity, Equity and Inclusion Goals⁶
- Increasing economic and professional opportunities for women led businesses by deploying \$10 billion in capital by 2025 in Canada through the Scotiabank Women Initiative
- Helping to address the issue of affordable housing by providing [\\$10 billion](#) by 2030 in innovative lending, investing and underwriting solutions for retail, commercial and corporate clients who support the objectives of Canada's National Housing Strategy

We are supporters, signatories to or members of the following



For more information about Scotiabank's approach to ESG please visit scotiabank.com/sustainability.

⁶ The Bank's 2025 DEI goals are relative to our 2020 baseline year.

Sustainable Issuance Framework

Scotiabank has prepared this Sustainable Issuance Framework (“the Framework”) in line with the International Capital Market Association’s (“ICMA”) Green Bond Principles 2021 (with June 2022 Appendix), Social Bond Principles 2023 and Sustainability Bond Guidelines 2021, as well as the Asia Pacific Loan Market Association (“APLMA”), Loan Market Association (“LMA”), and Loan Syndications and Trading Association’s (“LSTA”) Green Loan Principles 2023 and Social Loan Principles 2023 with the following four core components:

1. **USE OF PROCEEDS**
2. **PROCESS FOR PROJECT EVALUATION AND SELECTION**
3. **MANAGEMENT OF PROCEEDS**
4. **REPORTING**

This Framework allows Scotiabank, certain subsidiaries, and other funding entities⁷ to raise sustainable financing through green, social, and sustainability instruments (collectively, “Sustainable Instruments”) in private or public format, in accordance with this Framework including, but not limited to:

- Bonds
- Notes
- Debentures
- Loans
- Certificates
- Commercial paper
- Deposits
- Guaranteed investment certificates (“GICs”)
- Market-linked notes
- Securitizations

Where:

- Proceeds from a green instrument will be exclusively allocated to finance and/or refinance⁸ Eligible Green Assets
- Proceeds from a social instrument will be exclusively allocated to finance and/or refinance⁸ Eligible Social Assets
- Proceeds from a sustainability instrument will be allocated to finance and/or refinance⁸ a combination of Eligible Green Assets and Eligible Social Assets

This Framework replaces and updates Scotiabank’s Sustainable Bond Framework (2021).

Second Party Opinion

Scotiabank has obtained a Second Party Opinion from Moody’s Investors Service on this Framework. The Second Party Opinion is published on Scotiabank’s website. This opinion provides an independent assessment of the Framework and ensures alignment with the transparency and reporting requirements of ICMA’s Green Bond Principles, Social Bond Principles, and Sustainability Bond Guidelines, as well as APLMA, LMA and LSTA’s Green Loan Principles and Social Loan Principles.

⁷ E.g., asset-backed securities funding vehicles.

⁸ Eligible Assets are considered to be “financed” from the net proceeds of a Sustainable Instrument when the Eligible Asset is financed after the issuance of a Sustainable Instrument. Eligible Assets are considered to be “refinanced” from the net proceeds of a Sustainable Instrument when the Eligible Asset was financed before the issuance of a Sustainable Instrument. Accordingly, net proceeds raised through the issuance of Sustainable Instruments under this Framework can be used to finance new Eligible Assets or to refinance existing Eligible Assets.

SUSTAINABLE ISSUANCE FRAMEWORK

1. USE OF PROCEEDS

The net proceeds from Sustainable Instruments will be allocated to finance or refinance⁸, in whole or in part, new or existing Eligible Green and/or Social Assets (collectively referred to as “Eligible Assets”), which are loans originated by Scotiabank or certain subsidiaries for new or existing assets, businesses or projects that meet the Eligibility Criteria as defined below.

General corporate purpose loans will qualify as Eligible Assets to be financed by using proceeds of a Sustainable Instrument only if the business derives 90% or more of its revenues from activities in the below list of eligible categories.

ELIGIBILITY CRITERIA

Eligible Green Categories

Activities that are eligible to be funded as Eligible Green Assets must fulfill relevant criteria as outlined below under one or more of the following Eligible Categories.

Eligible Green Categories	Description
<p>Low-Carbon Energy</p> 	<p>Eligible Assets related to the acquisition, development, refurbishment, manufacturing, construction, operation, and maintenance of the following low-carbon energy sources:</p> <p>Electricity Generation</p> <ul style="list-style-type: none"> • Wind • Solar <ul style="list-style-type: none"> – Photovoltaic generation facilities – Concentrated solar power facilities • Hydropower⁹ • Ocean power • Geothermal with direct emissions less than 100 gCO₂e/kWh • Biomass or biogas power with lifecycle emissions less than 100 gCO₂e/kWh: <ul style="list-style-type: none"> – Feedstock is from waste materials, or – Feedstock from certified sustainable crops¹⁰ <p>Transmission and Distribution</p> <ul style="list-style-type: none"> • Electricity transmission and distribution infrastructure and equipment that complies with at least one of the following criteria: <ul style="list-style-type: none"> – Average system grid emissions factor is below the threshold value of 100 gCO₂e/kWh, over a rolling five-year period, or – Over 67% of newly enabled generation capacity is below the generation threshold value of 100 gCO₂e/kWh, over a rolling five-year period • Development or improvement of existing or new transmission and distribution systems dedicated to connecting renewable energy generation capacity to the grid <ul style="list-style-type: none"> – Note: Direct connection of fossil fuel power plants to the grid will be excluded <p>Green Hydrogen and Ammonia</p> <ul style="list-style-type: none"> • Production, transport, distribution, or use of the following: <ul style="list-style-type: none"> – Hydrogen produced through electrolysis powered by renewable energy sources – Ammonia produced from hydrogen that complies with the above criteria

⁹ Run of river without artificial reservoir or hydropower projects in operation before 2020 must have a power density of over 5 W/m² or operate with lifecycle emissions below a threshold of 100 gCO₂e/kWh; hydropower projects in operation in 2020 or after must have a power density of over 10 W/m² or operate with lifecycle emissions below a threshold of 50 gCO₂e/kWh. Includes refurbishment of existing eligible hydro facilities, provided the size of the dam or reservoir is not increased. Includes pumped hydro.

¹⁰ Waste feedstock limited to non-recyclable municipal solid waste, forestry, or sustainable agriculture residues. Non-waste feedstock from sustainable agriculture with credible certifications (e.g., Roundtable for Sustainable Biomaterials, International Sustainability and Carbon Certification, Bonsucro Roundtable for Responsible Soy) that does not compete with food sources or is not sourced from areas with high biodiversity and carbon stock.

SUSTAINABLE ISSUANCE FRAMEWORK

Energy Efficiency¹¹

Eligible Assets related to projects, products or systems that contribute to reduced energy consumption, and the management and storage of energy, including:

- Energy efficiency projects that result or are expected to result in a minimum 30% energy efficiency improvement including:
 - Efficiency improvements for transmission and distribution of energy
 - Centralized energy control systems, purchase of efficient industrial appliances, smart meters, HVAC systems, grid technology and energy efficient lighting (LED)
 - Mobile network updates to reduce energy consumption¹², such as (but not limited to) replacement of legacy copper wiring with fiber optic networks, replacement of legacy 2G and 3G networks with 5G and LTE networks
 - Software aimed at reducing power consumption, server virtualization, and remote data management of mobile networks
- Energy storage systems connected to low-carbon energy or grids with average system grid emissions factor less than 100 gCO₂e/kWh, over a five-year rolling period
- District heating and cooling distribution networks that use greater than 90% renewable fuel sources and/or waste heat

Nuclear Energy



Note: Scotiabank shall identify at issuance if it intends to finance eligible nuclear energy projects with the proceeds of a given instrument¹³.

Eligible Assets related to the acquisition, development, refurbishment, manufacturing, construction, operation, and maintenance of nuclear energy:

- Development and safe operation of new and existing nuclear projects¹⁴:
 - New installations to produce electricity
 - New installations for process heat for district heating, industrial processes
 - Increasing operational lifespan or output of existing facilities, component replacement of existing facilities, while maintaining or improving operational safety
 - Research and development (“R&D”) of advanced technologies that produce energy from nuclear processes with minimal waste from the fuel cycle
- All nuclear related projects will go through environmental & social risk management review and will be financed only in jurisdictions in which processes are in place to pursue viable options for the secure, long-term storage of high-level radioactive waste

Green Buildings



Eligible Assets related to the acquisition, development, construction, renovation, operation, and maintenance of residential and commercial buildings that have achieved one of the following criteria:

- Received, or expect to receive, based on their design, construction or operation plans, certification according to third party verified building standards or other relevant international equivalent including:
 - LEED
 - Gold or Platinum for all properties other than industrial and data centres
 - Silver for the following:
 - Data centres
 - Industrial buildings designed to achieve a minimum 20% energy efficiency improvement
 - ENERGY STAR (minimum score of 85)
 - BOMA BEST (Gold or Platinum)
 - BREEAM (Excellent or Outstanding)
 - CaGBC Zero Carbon Building
- Data centres with a power usage effectiveness (PUE) of below 1.5 and that have received or expect to receive, based on their design, construction or operation plans, eligible certifications listed above
- Refurbishment projects that achieve, or intend to achieve, energy savings or emission reduction of at least 30%, based on a third-party assessment
- A top 15% energy-performing building in the relevant national or regional building stock¹⁵

¹¹ Equipment and technologies used for fossil fuel activities are excluded under this category.

¹² Spectrum acquisition and license renewal expenditures are excluded.

¹³ Allocation to nuclear will be excluded unless expressly indicated at the time of issuance.

¹⁴ Within jurisdictions that have adequate regulations governing nuclear safety and that adhere to standards defined by the International Atomic Energy Agency addressing site selection, operational safety, and waste management.

¹⁵ For buildings in the EU, primary energy demand is at least 10% lower than the threshold set for the nearly zero-energy buildings (NZEB) requirements in national measures.

SUSTAINABLE ISSUANCE FRAMEWORK

Pollution
Prevention &
Control

Eligible Assets related to the acquisition, development, construction, operation, and maintenance of land, facilities, systems, or equipment used for prevention, collection, remediation, treatment of contaminated soil, or reduction and recycling of waste:

- Soil remediation projects where the remediation is not related to the contamination or negative environmental externality from the borrower's own activities
- Processes, infrastructure, and technology that facilitate recycling and waste reduction
- Facilities, systems, and equipment that are used to collect and divert waste from landfills and support the segregation of waste
- Treatment of bio-waste through anaerobic digestion in dedicated plants that segregate recyclables from the feedstock and produce / utilize biogas and digestate where methane emissions are less than 1285 gCH₄/tonne of waste input or 100 gCO₂e/kWh
- Treatment of bio-waste through composting (aerobic digestion) in dedicated facilities that produce / utilize compost
- Biogas capture and/or production of biogas (biosynthetic, renewable natural gas) through landfill gas capture from closed or decommissioned landfill with gas capture efficiency greater than 75% for power and heat

Activities related to the acquisition, construction, research, development, infrastructure, operation and maintenance of carbon capture, utilization and storage (CCUS) facilities, systems, or equipment including:

- CCUS and direct air capture projects with dedicated geological storage or storage of CO₂ in concrete
- Note: CCUS for upstream enhanced oil recovery is excluded

Environmentally
Sustainable
Management of
Living Natural
Resources

Eligible Assets related to the sustainable management of living natural resources and land use, as well as the protection or restoration of natural ecosystems, through:

Sustainable Food and Agriculture

- Certified agricultural crop production (e.g., Canada Organic; USDA Organic; Round Table on Responsible Soy Association Standard (RTRS); among others)
- Programs to promote regenerative farming practices
- Techniques and equipment that improve conventional agricultural crop production
- Integrated cropland-livestock-forestry systems that utilize sustainable forestry management plans for smallholders^{16, 17}
- Climate smart farm inputs, such as Rainforest Alliance certified biological crop protection
- Certified environmentally sustainable fishery and aquaculture operations (e.g. Marine Stewardship Council (MSC) and Global G.A.P for Aquaculture Integrated Farm Assurance for Aquaculture, among others)

Sustainable Forest Management

- Commercial forests and sustainable forest management certified with Forest Stewardship Council (FSC) or Programme for the Endorsement of Forest Certification (PEFC)
- Afforestation or reforestation of native forests and/or high conservation value forests
- Preservation, restoration, or expansion of natural landscapes

Clean
Transportation

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

- Electric and hydrogen fuel cell vehicles
- Electric vehicle charging stations for private and public transport
- Public transportation:
 - Electrified rail, trams, and trolleybuses
 - Passenger rail (<50 gCO₂e/pkm; 0 gCO₂e/pkm after 2025)
 - Freight rail¹⁸ (<25 gCO₂e/tkm; 0 gCO₂e/tkm after 2025)
 - Hybrid buses (<50 gCO₂e/pkm; 0 gCO₂e/pkm after 2025)
 - Activity mobility infrastructure such as public walking and cycling

¹⁶ Excludes industrial meat production and industrial livestock management.

¹⁷ Based on local definition or in absence of a local definition, using FAO definition where smallholders are small-scale farmers, pastoralists, forest keepers, fishers who manage areas varying from less than one hectare to 10 hectares, or SMEs as defined in footnote 30.

¹⁸ The primary purpose should not be the transportation of fossil fuels or fossil fuel freight, where information is available to review.

SUSTAINABLE ISSUANCE FRAMEWORK

<p>Clean Transportation Continued</p> 	<ul style="list-style-type: none"> • Cargo and passenger ships¹⁸ and supporting infrastructure: <ul style="list-style-type: none"> – Zero-emission and low-carbon vessels powered by electricity, green hydrogen or green ammonia – Supporting infrastructure for eligible vessels, such as facilities to refuel green hydrogen and green ammonia, batteries, supporting renewable power use
<p>Terrestrial & Aquatic Biodiversity Conservation</p> 	<p>Eligible Assets related to the enhancement or conservation of terrestrial or aquatic biodiversity including:</p> <ul style="list-style-type: none"> • Protection, conservation, and restoration of coastal, marine and watershed environments • Wildlife habitat management, rehabilitation, restoration, and conservation of ecosystems from a degraded state and rewilding projects • Restoration of upland and lowland peatlands to enhance the sequestration and long-term storage of carbon from the atmosphere
<p>Sustainable Water & Wastewater Management¹⁹</p>  	<p>Eligible Assets related to the improvement of water quality, conservation, and/or efficiency, where water and wastewater efficiency projects result in a 20% improved energy efficiency or water efficiency through reduced leakage:</p> <ul style="list-style-type: none"> • Collection, treatment, recycling, or reuse of water, rainwater, or wastewater including wastewater treatment systems and desalination plants²⁰ • Water supply infrastructure and distribution systems with improved efficiency • Water capture, storage and distribution including storm water management systems • Water metering activities to support conservation and water-use efficiency
<p>Circular Economy Adapted Products, Production Technology, & Processes</p>   	<p>Eligible Assets related to promoting a circular economy including the design, development, manufacturing and/or distribution of circular economy adapted products, production technologies and processes, including:</p> <ul style="list-style-type: none"> • R&D for products, processes and technologies using bio-based materials (such as biopolymers/bioplastics) • R&D for mechanical and molecular recycling capabilities, such as polyester renewable technology and carbon renewal technology • Procurement of recycled / waste / resource-efficient materials as an input²¹ • Production of new resource-efficient/low-carbon bio-based products that are Roundtable on Sustainable Biomaterials (RSB)-certified • Production of end-use plastic products with i) at least 90% of recycled, renewable and/or bio-based input, and ii) at least 90% is not intended for single use consumer products, and iii) all products are recyclable • Refurbishment, reconditioning and repairing of products for reuse given their original purpose is retained with minimal requirement of pre-processing • Procurement of recycled and reusable packaging made from certified sustainable paper products such as FSC
<p>Climate Adaptation & Resilience</p> 	<p>Eligible Assets related to measures that contribute to reducing vulnerability to climate change impacts based on vulnerability assessments and adaptation plans:</p> <ul style="list-style-type: none"> • Climate change adaptation infrastructure for natural disasters, such as flood defense, early warning systems, and wildfire mitigation and management • Development and/or use of information and communications technology solutions for the purpose of collecting, transmitting, storing, and using data to facilitate climate adaptation and resilience

¹⁹ Equipment and technologies used for fossil fuel activities are excluded under this category.

²⁰ Desalination plants will be limited to those powered by renewables or whose average carbon intensity of the electricity used for desalination is at or below 100 gCO₂e/kWh and that have waste management plans for brine disposal.

²¹ Eligible projects will have sustainable sourcing of materials across environmental and social considerations, where information is available to review.

SUSTAINABLE ISSUANCE FRAMEWORK

Eligible Social Categories

Activities that are eligible to be funded as Eligible Social Assets must fulfill relevant criteria as outlined below under one or more of the following Eligible Categories.

Eligible Social Categories	Description
<p data-bbox="94 510 321 573">Access to Essential Services</p> <div data-bbox="94 594 267 674">   </div>	<p data-bbox="376 510 1526 604">Eligible Assets related to existing or new development, construction, operation, renovation and/ or maintenance of facilities, services, systems, or equipment for public, subsidized and/or non-profit facilities that provide access and affordability to target populations²², including:</p> <p data-bbox="376 611 500 642">Healthcare</p> <ul data-bbox="376 646 1526 884" style="list-style-type: none"> • Hospitals, clinics, health-care centres, hospices, and medical and diagnostic equipment • Mental healthcare services (e.g., medical hospitals, psychiatric, and substance abuse facilities) • Public health systems, including emergency response and disease control services • Health and medical education, including emergency medical response training • Healthcare and medical research • Investments in digital healthcare which expands and augments healthcare service delivery provided by public, subsidized and/or non-profit facilities <p data-bbox="376 894 521 926">Care Centres</p> <ul data-bbox="376 930 1526 1024" style="list-style-type: none"> • Facilities and services for elder care, childcare and refugees • Development of and free / discounted access to recreation centres, cultural centres, museums, and libraries in target areas or for target populations <p data-bbox="376 1035 492 1066">Education</p> <ul data-bbox="376 1071 1526 1203" style="list-style-type: none"> • Universities, colleges, schools, and early learning services • Activities that target inclusion of excluded and/or marginalized populations in the education system • Investments in digital learning which expands, and augments education service delivery provided by public, subsidized and/or non-profit facilities
<p data-bbox="94 1245 329 1276">Affordable Housing</p> <div data-bbox="94 1297 267 1377">   </div>	<p data-bbox="376 1245 1526 1360">Eligible Assets related to existing or new development, construction, operation, renovation and/or maintenance of facilities, services, systems, or equipment used for accredited or registered affordable housing²³, halfway homes and shelters based on local or regional classification systems²⁴, or that contribute access to low-income population, including:</p> <ul data-bbox="376 1367 1526 1524" style="list-style-type: none"> • Rent-to-own programs for qualifying individual or family households whose income is below 80% area median income (“AMI”) or 120% of AMI in high-cost areas and where rents are ≤30% pre-tax income • Public and/or private programs that facilitate affordable housing for low-to-moderate income individuals in regions that economically underperform or suffer from multiple deprivations as measured in the local context^{25, 26}

²² Target populations will largely comprise low-income or disadvantaged populations or historically or systemically marginalized groups, based on factors including ethnicity, religion, gender or disability that continues to create barriers to accessing social services. Privately owned facilities in certain subsidiaries’ countries of operation may also be included where they reasonably increase accessibility for vulnerable populations in areas with limited access to public services.

²³ Based on relevant regional definitions, such as through Statistics Canada low-income measure, which is defined as 50% of median adjusted household income, where adjusted indicates that household size and associated needs are taken into account.

²⁴ Meets applicable definitions within the jurisdiction in which it is built/refurbished, including through programs such as the Investment in Affordable Housing (IAH) initiative of the Canada Mortgage and Housing Corporation (CMHC) or other regional equivalents, or similar programs in other jurisdictions such as DS19 – Social and Territorial Integration Program in Chile.

²⁵ As it pertains to any affordable housing lending in this section, loans supporting development of mixed-use housing will be included in the use of proceeds report on a pro rata basis according to the percentage of affordable housing units in the project.

²⁶ To the extent possible, Scotiabank will use credible definitions for low-to-moderate income individuals, including those defined by the relevant government agencies and multilateral development banks, in the region of financing.

SUSTAINABLE ISSUANCE FRAMEWORK

<p>Affordable Basic Infrastructure</p> 	<p>Eligible Assets related to the development, construction, operation, renovation and/or maintenance of facilities, services, systems, or equipment used for:</p> <ul style="list-style-type: none"> Development of infrastructure to provide underserved/remote communities²⁷ that have limited access or no access to services such as clean drinking water, sewers, sanitation, transportation²⁸, energy²⁹ and telecommunication infrastructure and services¹²
<p>Women-Owned Businesses</p>  	<p>Eligible Assets related to supporting micro-, small- and medium-sized enterprises (SMEs³⁰) which are at least 50% owned or led by women.</p>
<p>Leadership in Diversity & Inclusion</p>  	<p>Eligible Assets related to supporting SMEs³⁰ or projects demonstrating advancements in diversity and inclusion as identified and quantified through third party assessments or certifications. Diversity can include gender, ethnicity, visible minorities, sexual orientation and able-bodiedness, among other types</p>
<p>Creating Economic Resilience</p>  	<p>Eligible Assets related to supporting enterprises, organizations and/or governments, which support the socioeconomic development of Indigenous peoples, or excluded and/or marginalized populations and communities through:</p> <p><u>Access to Capital</u></p> <ul style="list-style-type: none"> Lending/financing to SMEs³⁰ in regions that economically underperform or suffer from multiple deprivations as measured in the local context Assistance provided to Indigenous Peoples, communities and/or government for socio-economic development, including loans supported by Indigenous Financial Services. This includes financing for Indigenous councils, and/or governments, and community owned enterprises <p><u>Initiatives Which Promote Economic Opportunities or Alleviate Economic Hardship</u></p> <ul style="list-style-type: none"> Programs designed for an emergency response to a crisis (economic or health, for example) to alleviate unemployment and/or provide support for individuals and businesses Projects and investments which increase access to banking services for underbanked populations³¹
<p>Food Security & Sustainable Food Systems</p>  	<p>Eligible Assets related to supporting sustainable food systems, food security, and reducing food loss and waste, including:</p> <ul style="list-style-type: none"> Programs that increase the provision of safe meals for vulnerable groups including low-income populations in regions of financing (e.g., food banks, food stamp programs) or to areas with a need to tackle food security Financing or training programs to smallholder and small-scale farmers¹⁷, such as: <ul style="list-style-type: none"> Training to increase nutritional quality of agricultural products Equipment and facilities that help prevent food loss and waste, improve productivity, and increase market access for farmers; and infrastructure and facilities such as warehouses to provide adequate storage, improve food conservation or improve connectivity in the food chain to avoid food losses

²⁷ To the extent possible, Scotiabank will use credible regional definitions for underserved or remote communities, including those defined by the relevant government agencies and multilateral development banks, in the region of financing.

²⁸ Examples include public roads for rural connectivity but exclude projects which would create fossil fuel lock-in in well-connected areas.

²⁹ Energy projects deriving less than 90% of power from renewable sources are excluded.

³⁰ SMEs in Canada as defined by the Government of Canada Bureau of Statistics; SMEs in other countries as defined by the IFC Definitions of Targeted Sectors. This definition applies to any other references to SMEs in the document.

³¹ To the extent possible, Scotiabank will use credible regional definitions for identifying underbanked or unbanked areas.

SUSTAINABLE ISSUANCE FRAMEWORK**Exclusionary Criteria**

Scotiabank has developed a list of exclusionary criteria for the proceeds of Sustainable Instruments classified within this Framework. Scotiabank will not allocate financing received through Sustainable Instruments to any entity to which Scotiabank has given an industry tag³² pertaining to any of the following sectors:

- Weapons and related products
- Gambling
- Predatory lending
- Tobacco
- Adult entertainment

Scotiabank also maintains lending policies relating to specific sectors, including Scotiabank's Statement on Financing Coal and Scotiabank's Statement on Financing in the Arctic. See the [ESG Publications and Policies](#) page for more information.

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Project evaluation and selection is a key process in ensuring that the assets financed by a Sustainable Instrument meet the Eligibility criteria in the Framework. The Bank's Asset & Liability Committee ("ALCO") oversees the implementation of the Framework. ALCO is comprised of senior executive management including CEO, CFO, CRO, Treasurer and business line heads. ALCO's oversight is enhanced by the ALCO ESG Sub-Committee, whose mandate is to support ALCO in its accountabilities with respect to the Bank's Sustainable Instruments, and to oversee the implementation of the Framework. ALCO ESG Sub-Committee voting members include senior representatives from Group Treasury, Global Sustainability, ESG Risk, Finance, Sustainable Finance and the Bank's relevant business lines.

With support and advice from Scotiabank's ESG Risk and Social Impact & Global Sustainability departments, the ALCO ESG Sub-Committee is responsible for:

- Review, approval, and any amendments to the Framework
- Review and approval of the pool of Eligible Assets and any Eligible Asset additions ("Sustainable Asset Portfolio")
- Review and approval of the annual reporting required under the Framework
- Review of the Post Issuance External Verification Report
- Monitoring ongoing evolution of Sustainable Issuance market practices

All Eligible Assets are subject to review for compliance with Scotiabank's applicable environmental and social risk management policies³³.

³² Industry tags are codes that Scotiabank applied to clients at the time of onboarding for tracking purposes. The application of these codes may be updated from time to time. Examples of industry tags include (but are not limited to): (i) North American Industry Classification System (NAICS), (ii) Business Risk (RR), and (iii) Standard Industry Classification (SIC).

³³ See [Scotiabank Overview of ESG Risk Framework and Policy](#) for more details.

SUSTAINABLE ISSUANCE FRAMEWORK**3. MANAGEMENT OF PROCEEDS**

Scotiabank Group Treasury, with oversight from ALCO ESG Sub-Committee, is tasked with allocation of sustainable issuance proceeds to Eligible Assets on a portfolio basis. Scotiabank will review and monitor Eligible Assets at least on a semi-annual basis to ensure the total amount of Eligible Assets in the Sustainable Asset Portfolio is equal to or greater than the total net proceeds of all Sustainable Instruments outstanding. For the avoidance of doubt, Eligible Green Assets and Eligible Social Assets will be monitored separately to ensure total amounts under each category are equal to or greater than the total net proceeds of the respective Sustainable Instruments outstanding (i.e., green, social and sustainability funding instruments, respectively). The Sustainable Asset Portfolio will be dynamic with existing Eligible Assets maturing and new Eligible Assets being added. Scotiabank will endeavor to substitute any Eligible Assets that are no longer eligible as soon as practical, once an appropriate substitution option has been identified.

The net proceeds from Scotiabank's Sustainable Instruments will be deposited in the Bank's general account and an amount equal to the net proceeds will be earmarked for allocation to the Sustainable Asset Portfolio. Scotiabank aims to have an amount equal to the net proceeds of each Sustainable Instrument fully allocated within 18 months of issuance.

The payment of principal and interest on Sustainable Instruments issued by Scotiabank under the Sustainable Issuance Framework will be made from its general funds and will not be linked to the performance of any Eligible Assets.

Unallocated Proceeds

Pending the allocation or reallocation of the net proceeds, or if for any reason the total amount outstanding of applicable Sustainable Instruments is greater than the Sustainable Asset Portfolio, Scotiabank will allocate the balance of the net proceeds, at its own discretion, to cash, cash equivalents or other liquid marketable instruments consistent with the Bank's liquidity management activities.

SUSTAINABLE ISSUANCE FRAMEWORK**4. REPORTING**

Scotiabank will provide, or arrange the provision of, the following reports:

Allocation Reporting

On an annual basis, Scotiabank will publish a report in the Bank's annual ESG Report (or a separate sustainable issuance report, as appropriate) on the use of Sustainable Instrument proceeds, as long as Sustainable Instruments remain outstanding. Reporting will be produced on a portfolio basis, as grouped by Sustainable Instrument label (e.g., Green, Social and/or Sustainability)³⁴, at the relevant Green or Social eligible category level, and will include the following information:

- Net proceeds raised from each Sustainable Instrument
- Aggregate amount of funds allocated to each of the Eligible Asset categories, as grouped by Sustainable Instrument label
- The balance of unallocated proceeds at the reporting period end date

Impact Reporting

Scotiabank will also report annually on relevant quantitative environmental and social impact metrics where it is feasible to do so and where appropriate and applicable methodologies are available. Scotiabank intends to disclose the methodologies used to calculate any such metrics. Examples of impact indicators are disclosed in the Appendix. The reader should be aware that the methodologies relating to impact reporting are still evolving, may not be universal and standardized, and may change from time to time.

EXTERNAL REVIEW**Second Party Opinion**

Scotiabank has obtained a Second Party Opinion from Moody's Investors Service on this Sustainable Issuance Framework.

Post Issuance External Verification

On an annual basis, an external auditor will verify and provide third party assurance on the tracking of the Sustainable Instruments' proceeds and Eligible Asset compliance with the Framework.

³⁴ A green or sustainability issuance that contains nuclear assets will be disclosed separately in the allocation reporting.

SUSTAINABLE ISSUANCE FRAMEWORK

Appendix: Impact Measurement

Eligible Green Categories	Potential Quantitative Performance Measures
Low-Carbon Energy	<ul style="list-style-type: none"> CO₂ emission avoided (tCO₂e) Total installed capacity (MW)
Energy Efficiency	<ul style="list-style-type: none"> CO₂ emission avoided (tCO₂e) Expected Energy savings per year (MWh)
Nuclear Energy	<ul style="list-style-type: none"> Installed capacity refurbished/impacted by investments (MW) Expected production (GWh/year)
Green Buildings	<ul style="list-style-type: none"> CO₂ emission avoided (tCO₂e) Floor space of green real estate (m²)
Pollution Prevention and Control	<ul style="list-style-type: none"> CO₂ emission avoided (tCO₂e) Waste diverted from landfill (tonnes)
Environmentally Sustainable Management of Living Natural Resources and Land Use	<ul style="list-style-type: none"> Total surface financed (hectares)
Terrestrial and Aquatic Biodiversity Conservation	<ul style="list-style-type: none"> Total surface financed (hectares)
Clean Transportation	<ul style="list-style-type: none"> CO₂ emission avoided (tCO₂e) New clean transportation infrastructure built (km)
Sustainable Water and Wastewater Management	<ul style="list-style-type: none"> Volume of water saved / reduced / treated (m³) Total population served by the system
Circular Economy Adapted Products, Production Technologies, and Processes	<ul style="list-style-type: none"> Circular materials or circular design components produced (volume or %) Volume of recycled / waste / resource-efficient materials used as input (tons) Types of R&D of processes, products and technologies using bio-based materials
Climate Adaptation and Resilience	<ul style="list-style-type: none"> Area protected (m³) Number of adaptation and resilience measures installed (#) Types of adaptation and resilience measured installed

SUSTAINABLE ISSUANCE FRAMEWORK

Eligible Social Categories	Potential Quantitative Performance Measures
Access to Essential Services	<p><u>Healthcare</u></p> <ul style="list-style-type: none"> • Number of hospitals and other healthcare facilities built or refurbished (#) • New or improved service provided by number of beds (#) • Number of patients served (#) <p><u>Care Centres</u></p> <ul style="list-style-type: none"> • Number and type of facilities built or refurbished (#) • Number of children, refugees and elderly served (#) <p><u>Education</u></p> <ul style="list-style-type: none"> • Number of educational institutions funded by type and location (#) • Number of students served (#)
Affordable / Community Housing	<ul style="list-style-type: none"> • Number of affordable/community housing units built or refurbished (#) • Number of people with access to safe, affordable and sustainable housing (#)
Affordable Basic Infrastructure	<ul style="list-style-type: none"> • Additional people served by infrastructure type (#)
Women-Owned Business Lending	<ul style="list-style-type: none"> • Number of loans provided (#) • Value of loans provided (\$) • Number of women-owned businesses financed (#) • Number of women entrepreneurs supported (#) • Number of jobs supported (#)
Leadership in Diversity & Inclusion	<ul style="list-style-type: none"> • Number of loans provided (#) • Number of businesses supported (#) • Average performance of businesses on key diversity & inclusion metrics
Creating Economic Resilience	<ul style="list-style-type: none"> • Number of loans provided (#) • Value of financing provided (\$) • Number of Indigenous owned businesses financed (#) • Number of Indigenous communities supported (#) • Number of jobs supported (#) • Number and type of programmes funded (#)
Food Security and Sustainable Food Systems	<ul style="list-style-type: none"> • Number of programs installed (#) • Number of people from low-income populations and vulnerable groups supported (#)

Disclaimer

This Sustainable Issuance Framework is provided for informational purposes only and is subject to change without notice. The Bank of Nova Scotia (the “Bank”) may update or amend this Sustainable Issuance Framework periodically. Any updated or amended Sustainable Issuance Framework will be applied to Sustainable Instruments issued by the Bank following such updates or amendments.

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.

CAUTIONARY STATEMENT

This document is not required to be prepared or filed by the Bank under Canadian or U.S. securities laws. The information contained herein should not be read as necessarily rising to the level of materiality of disclosure required in our securities law filings, and such information should not be considered to be incorporated by reference into any such filings.

This document should not be used as a basis for trading in securities of the Bank or for any other investment decision, and it is not intended to constitute financial, legal, tax, investment, professional or expert advice.

FORWARD-LOOKING STATEMENTS

From time to time, our public communications include oral or written forward-looking statements. Statements of this type are included in this document, and may be included in other filings with Canadian securities regulators or the U.S. Securities and Exchange Commission, or in other communications. In addition, representatives of the Bank may include forward-looking statements orally to analysts, investors, the media and others. All such statements are made pursuant to the “safe harbor” provisions of the U.S. Private Securities Litigation Reform Act of 1995 and any applicable Canadian securities legislation. Forward-looking statements may include, but are not limited to, statements made in this document regarding the Bank’s financial projections, objectives, visions and goals, regarding the outlook for the Bank’s businesses and for the Canadian, U.S. and global economies, and regarding environmental, social and governance (“ESG”), including climate-related, projections, objectives, vision and goals (collectively, our “ESG Objectives”), such as our net-zero and interim emissions targets, our statement on thermal coal, and our climate-related finance target. Such statements are typically identified by words or phrases such as “believe,” “expect,” “aim,” “achieve,” “foresee,” “forecast,” “anticipate,” “intend,” “estimate,” “plan,” “goal,” “strive,” “target,” “project,” “commit,” “objective,” and similar expressions of future or conditional verbs, such as “will,” “may,” “should,” “would,” “might,” “can” and “could” and positive and negative variations thereof.

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 our predictions, forecasts, projections, expectations or conclusions will not prove to be accurate, that our assumptions may not be correct and that our ESG Objectives will not be achieved. We caution readers not to place undue reliance on these statements as a number of risk factors, many of which are beyond our control and effects of which can be difficult to predict, could cause our actual results to differ materially from the expectations, targets, estimates or intentions expressed in such forward-looking statements.

The future outcomes that relate to forward-looking statements may be influenced by many factors, which may cause the Bank’s actual performance to differ materially from that contemplated by forward-looking statements. Certain statements in this document are based on hypothetical or severely adverse scenarios and assumptions, and these statements should not necessarily be viewed as being representative of current or actual risk or forecasts of expected risk. For more information on potentially applicable risk factors, please see the “Risk Management” section of the Bank’s 2023 Annual Report, as may be updated by quarterly reports.

Material economic assumptions underlying the forward-looking statements contained in this document are set out in the 2023 Annual Report under the headings “Outlook”, as updated by quarterly reports. The “Outlook” and “2024 Priorities” sections are based on the Bank’s views and the actual outcome is uncertain. Readers should carefully consider the above-noted factors and other uncertainties and potential events.

Any forward-looking statements contained in this document represent the views of management only as of the date hereof and are presented for the purpose of assisting the reader in understanding the Bank’s ESG Objectives as at and for the periods ended on the dates presented, and may not be appropriate for other purposes. No representation or warranty, express or implied, is or will be made in relation to the accuracy, reliability or completeness of the information contained in this document. Except as required by law, the Bank does not undertake to update any forward-looking statements, whether written or oral, that may be made from time to time by or on its behalf.

Additional information relating to the Bank, including the Bank’s Annual Information Form, can be located on the SEDAR+ website at www.sedarplus.ca and on the EDGAR section of the SEC’s website at www.sec.gov.

SUSTAINABLE ISSUANCE FRAMEWORK**ADDITIONAL CAUTION REGARDING ESG-RELATED DISCLOSURES**

In setting and implementing our ESG Objectives, and in preparing this document, the Bank has made various assumptions, including about technological, economic, scientific and legal trends and developments, in light of an evolving policy and regulatory environment. As such, the data, analysis, strategy and other information set out in this document remain under development and subject to evolution, amendment, update and restatement over time. The Bank specifically cautions readers of the following:

- The terms “ESG”, “net-zero”, “carbon neutral”, “sustainable finance”, “carbon-related finance” and similar terms, taxonomies and criteria are evolving, and the Bank’s use of such terms may change to reflect such evolution. Any references to such terms in this document are references to the internally defined criteria of the Bank and not to any particular regulatory definition or voluntary standard.
- The Bank has assumed continued growth in its clients’ investments in and expenditures on ESG activities. The Bank has also assumed ordinary rates of growth and development of the Bank’s business, including in the products and services it provides to clients in all sectors, in its own investments, in its subsidiaries and in its geographic footprint. If any of these assumptions prove incorrect, the Bank may not be able to meet its ESG Objectives and may need to update or revise them.
- The evolution of the policy and regulatory environment relating to ESG issues, and climate-related issues in particular, may result in updates or revisions to forward-looking statements and other information contained in this document. There could also be changes to the market practices, taxonomies, methodologies, scenarios, frameworks, criteria and standards (collectively, “ESG Standards”) that governmental and non-governmental entities, the financial sector, the Bank and its clients use to classify, assess, measure, report on and verify ESG activities, including for inclusion toward the Bank’s ESG Objectives. In some cases, applicable ESG Standards may not yet exist. The Bank may update its ESG Objectives, its plans to achieve them, its progress toward them, and its estimates of the impact of this progress, as appropriate, in light of new and evolving ESG Standards.
- In setting and implementing its ESG Objectives, the Bank relies on data obtained from clients and other third-party sources. The Bank’s use of third-party data cannot be taken as an endorsement of the third-party or its data or be construed as granting any form of intellectual property. Although the Bank believes these sources are reliable, the Bank has not independently verified all third-party data, or assessed the assumptions underlying such data, and cannot guarantee their accuracy. The data used by the Bank in connection with its ESG Objectives may be limited in quality, unavailable, or inconsistent across sectors, and we have no guarantee that third parties will comply with our policies and procedures in respect of the collection of this data. Certain third-party data may also change over time as ESG Standards evolve. These factors could have a material effect on the Bank’s ESG Objectives and ability to meet them.
- The Bank and its clients may need to purchase carbon and clean energy instruments (“Environmental Attributes”) to meet its ESG Objectives. The market for Environmental Attributes is still developing and their availability may be limited. Some Environmental Attributes are also subject to the risk of invalidation or reversal, and the Bank provides no assurance of the treatment of any such Environmental Attributes in the future. There may also be changes to applicable regulations and standards that impact the market for Environmental Attributes. The maturity, liquidity and economics of this market may make it more difficult for the Bank to achieve its ESG Objectives.
- This document may provide addresses of or contain hyperlinks to websites that are not owned or controlled by the Bank. Each such address or hyperlink is provided solely for the recipient’s convenience, and the content of linked third-party websites is not in any way included or incorporated by reference into this document. The Bank takes no responsibility for such websites or their content, or for any loss or damage that may arise from their use. If you decide to access any of the third-party websites linked to this document, you do so at your own risk and subject to the terms and conditions of such websites.



Contact us

Scotiabank

40 Temperance Street, Toronto, Ontario Canada M5H 0B4

Tel: (416) 775-0798

E-mail: investor.relations@scotiabank.com

Scotiabank