

Second-Party Opinion

Ontario Power Generation Green Bond Framework



Evaluation Summary

Sustainalytics is of the opinion that the Ontario Power Generation Green Bond Framework is credible and impactful and aligns to the four core components of the Green Bond Principles 2018. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds – Renewable Energy Generation, Energy Efficiency and Management, and Climate Adaptation and Resilience – are aligned with those recognized by the Green Bond Principles 2018. Sustainalytics considers that investments in the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG 7 and 11.



PROJECT EVALUATION / SELECTION The Ontario Power Generation (OPG) Treasury group will be responsible for evaluating and selecting projects in collaboration with internal experts and stakeholders. Eligible Projects will be subject to the Company's risk management policies. Sustainalytics considers the project selection process in line with market practice.



MANAGEMENT OF PROCEEDS OPG's Treasury group will track and oversee the allocation of proceeds. Pending allocation, proceeds will be held in cash and/or short-term money market instruments. The company intends to allocate proceeds within 36 months of issuance. This is in line with market practice.



REPORTING OPG intends to report on the allocation of proceeds to investors on an annual basis. Allocation reporting will include the balance amount of allocated and unallocated proceeds, as well as the description of projects. The company also intends to report relevant impact metrics. Sustainalytics views OPG's allocation and impact reporting as aligned with market practice.

Evaluation Date	April 12, 2021 ¹
Issuer Location	Toronto, Canada

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¹ In April 2021, OPG made changes to their 2018 Green Bond Framework. The scope of Sustainalytics' update consists of assessing a new green eligibility criterion, and confirming that the changes remain compliant with the intentions of the original Framework and green bond market practice.

Introduction

Ontario Power Generation, together with its subsidiaries, ("OPG", or the "Company") generates and sells electricity in Ontario, Canada, contributing approximately half of the electricity consumed in the province. The Company, a corporation wholly-owned by the Province of Ontario, generated 82.1 Terawatt-hours (TWh) of electricity in FY 2020.² OPG is committed to ensuring that its "energy production is reliable, safe and environmentally sustainable."³

OPG has developed the Ontario Power Generation Green Bond Framework (the "Framework") under which it intends to issue green bonds and use the proceeds to finance and/or refinance, in whole or in part, existing and/or future projects that support renewable energy and energy efficiency in Ontario. The Framework defines eligibility criteria in three areas:

1. Renewable Energy Generation
2. Energy Efficiency and Management
3. Climate Adaptation and Resilience

OPG engaged Sustainalytics to review the Ontario Power Generation Green Bond Framework, dated April 2021,⁴ and provide a Second-Party Opinion on the Framework's environmental credentials and its alignment with the Green Bond Principles 2018 (GBP).⁵ This Framework has been published in a separate document.⁶

Scope of work and limitations of Sustainalytics' Second-Party Opinion

Sustainalytics' Second-Party Opinion reflects Sustainalytics' independent⁷ opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework's alignment with the Green Bond Principles 2018, as administered by ICMA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer's sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.7, which is informed by market practice and Sustainalytics' expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of OPG's management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. OPG representatives have confirmed (1) they understand it is the sole responsibility of OPG to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics' opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and OPG.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible

² OPG, "Generating power with purpose", (2021), at: <https://www.opg.com/documents/2020-financial-results/>
³ <https://www.opg.com/about/Pages/about.aspx>

⁴ This is an update to OPG's Green Bond Framework dated May 2018, for which Sustainalytics provided a Second-Party Opinion, at: https://www.sustainalytics.com/wp-content/uploads/2018/06/OPG_GB_SPO.pdf

⁵ The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>.

⁶ The Ontario Power Generation Green Bond Framework is available on OPG's website at: <https://www.opg.com/investor-relations/green-bonds/>

⁷ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics' hallmarks is integrity, another is transparency.

projects expected to be financed with bond proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realized allocation of the bond proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that OPG has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Ontario Power Generation Green Bond Framework

Sustainalytics is of the opinion that the Ontario Power Generation Green Bond Framework is credible and impactful, and aligns to the four core components of the GBP. Sustainalytics highlights the following elements of OPG's Green Bond Framework:

- Use of Proceeds:
 - The eligible categories – Renewable Energy Generation, Energy Efficiency and Management and Climate Adaptation and Resilience – are aligned with those recognized by the GBP.
 - OPG has defined a look-back period of 36 months prior to the issuance of the respective bond to refinance eligible projects, which Sustainalytics views as in line with market practice.
 - Within the Renewable Energy Generation category, OPG may finance the construction, refurbishment, upgrade and/or maintenance of wind, solar and hydroelectric projects.
 - The Framework specifies that new hydroelectric projects will be limited to run-of-river with low storage capacity. OPG has confirmed that all new hydroelectric projects will be subject to an environmental and social risk assessment performed by a third party with no significant risk or negative impact identified. In view of this confirmation, Sustainalytics considers projects in this category to be aligned with market expectation.
 - In addition, OPG has disclosed to Sustainalytics that it intends to refurbish and upgrade the safety features of one of its hydroelectric projects. The Company has confirmed to Sustainalytics that the project will not increase the reservoir's size or capacity (refer to Section 2 for further discussion of relevant risk mitigation information). This is aligned with market practice.
 - Under the Energy Efficiency and Management category, OPG intends to finance projects or assets aimed at reducing energy consumption, increasing energy efficiency and building storage capacity.
 - In this category, OPG is considering investments in electric vehicle (EV) infrastructure, such as charging stations. Sustainalytics considers these to be aligned with market practice.
 - Furthermore, OPG has disclosed that it intends to invest in energy storage facilities such as pump hydroelectric storage, and battery storage. Sustainalytics considers these to be aligned with market practice.
 - OPG has communicated to Sustainalytics, that it intends to finance nature-based solutions for carbon capture and sequestration such as reforestation activities using native trees, shrubs and wetland restoration. Sustainalytics encourages OPG to prioritize projects where positive environmental impacts can be quantified.
 - Climate Adaptation and Resilience expenditures may include investments in projects that reduce damage to the environment from potential extreme weather events, including stormwater management, flood defense and mitigation systems. OPG has confirmed that a vulnerability assessment and/or an adaptation plan will be prepared for large projects.

- Sustainalytics encourages OPG to perform vulnerability assessment and develop an adaptation plan for each project irrespective of size.
- Under the Framework, OPG does not intend to finance projects and/or assets that involve power generation from fossil fuels.
 - Project Evaluation and Selection:
 - OPG's Treasury group will be responsible for identifying and evaluating projects that fit the eligibility criteria outlined in the Framework. The Treasury group will work with OPG's Operations and Environment groups, in collaboration with internal experts and stakeholders, to assess the eligibility of selected projects. Projects will be assessed using a financial and risk-based approach according to OPG's risk management policies and will be aligned with the Company's Code of Business Conduct Policy⁸ and Environmental Policy.⁹
 - Based on the project evaluation and selection process, Sustainalytics considers this process to be in line with market practice.
 - Management of Proceeds:
 - Net bond proceeds will be deposited to OPG's general account (or to the account of a subsidiary) and earmarked for allocation to eligible projects. The allocated and unallocated proceeds will be tracked and monitored by OPG's Treasury group.
 - Unallocated proceeds will be held in cash and/or short-term money market instruments. The Company intends to fully allocate net proceeds within 36 months of the issuance of the respective green bond.
 - Based on OPG's tracking process and the disclosure around management of unallocated proceeds, Sustainalytics considers this process to be in line with market practice.
 - Reporting:
 - The Company commits to reporting annually to its investors on the allocation of proceeds. Allocation reporting will include the amounts allocated to eligible projects, the balance of unallocated proceeds, as well as the list and descriptions of eligible projects.
 - OPG intends to include impact reporting with qualitative and quantitative environmental performance indicators. Some of the potential impact metrics include greenhouse gas (GHG) emissions avoided, renewable energy generated, or capacity of renewable energy plants constructed or refurbished.
 - Based on the commitment to both allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

Alignment with Green Bond Principles 2018

Sustainalytics has determined that the Ontario Power Generation Green Bond Framework aligns to the four core components of the GBP. For detailed information, please refer to Appendix 1: Green Bond/Green Bond Programme External Review Form.

Section 2: Sustainability Strategy of OPG

Contribution of framework to Ontario Power Generation's sustainability strategy

Sustainalytics is of the opinion that OPG demonstrates a commitment to sustainability with a focus on three key environmental areas: (i) climate change, (ii) decarbonizing Ontario and renewable energy, and (iii) biodiversity. The Company has formulated a series of priorities to advance its sustainability strategy, of which Sustainalytics highlights the following for being particularly aligned with the objectives of the Framework:

- Climate Action Plan¹⁰ – In 2020, OPG published its Climate Action Plan which sets out the Company's goals and actions in four key areas, namely: mitigate, adapt, innovate and lead. Within each of these areas, OPG has set short-, medium- and long-term targets to be met by the years 2025, 2040 and 2050, respectively. As part of its medium to long term commitments, the Company has stated its intention to be net-zero carbon emissions by 2040 accounting for OPG's direct (owned or controlled generating stations) and indirect (purchased energy) activities. In order to achieve this, OPG

⁸ OPG, "Code of Business Conduct Policy", at: <https://www.opg.com/document/opg-code-of-business-conduct/#:~:text=Ontario%20Power%20Generation%20Code%20of%20Business%20Conduct%202020-%E2%96%A0%20Only%20dispose&text=OPG%20has%20a%20zero%20tolerance.%2C%20forgery%2C%20and%20willful%20deceit..>

⁹ OPG, "Environmental Policy", at: <https://www.opg.com/document/environmental-policy/#:~:text=OPG%20shall%20work%20to%20prevent,leader%20in%20climate%20change%20mitigation.>

¹⁰ OPG, "Our Climate Change Plan", (2020), at: <https://www.opg.com/climate-change/>

contemplates optimizing energy storage technologies to improve water efficiency of hydroelectric facilities by 2040 and implementing nature-based solutions such as planting 35 million trees by 2050 as well as other renewable energy solutions.¹¹

- Decarbonizing Ontario and Renewable Energy – In 2014, OPG phased-out Ontario's coal power generation fleet, significantly reducing the province's carbon footprint.¹² Additionally, the Company's renewable energy strategy is to focus on expanding hydroelectric and solar projects.¹² These investments are complemented by OPG's efforts to electrify transportation through its support of Plug'n Drive¹³ and the global EV100 commitment¹⁴, to expand electric vehicle usage and infrastructure in Ontario.¹⁵
- Protecting Biodiversity – OPG articulates its biodiversity strategy as the "4 Rs of biodiversity" – retain ecology, restore habitats, replace habitats and recover species.¹⁶ Through its habitat preservation initiatives, the Company has planted more than 7 million trees since 2000, enhanced or restored over 210 acres of grassland since 2014, and 102 acres of wetlands since 2015.¹⁶ OPG has partnered with a variety of wildlife organizations including the Ottawa Valley Wild Bird Care Centre, Local Enhancement & Appreciation of Forests (LEAF), Ontario Nature, Earth Rangers, Birds Studies Canada and Toronto Wildlife Center to support initiatives that protect wildlife populations in Ontario.¹⁶

Based on the above, Sustainalytics is of the opinion that the Ontario Power Generation Green Bond Framework is aligned with the company's overall sustainability strategy and initiatives and will further the Company's action on its key environmental priorities.

Well-positioned to address common environmental and social risks associated with the projects

While Sustainalytics recognizes that the net proceeds from the bonds issued under the Framework will be directed towards eligible projects that are expected to have positive environmental impact, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks associated with the eligible projects could include land use and biodiversity issues associated with large-scale infrastructure projects, waste generated during construction, community and indigenous relations, and occupational health and safety.

Sustainalytics is of the opinion that OPG is able to manage and/or mitigate potential risks through the implementation of the following:

- Environmental Policy¹⁷ which articulates the Company's compliance obligations and environmental commitments as well as its intention to exceed the specified minimum objectives, where feasible. Additionally, the policy states that OPG will manage its project sites by maintaining or enhancing natural areas and protecting species of concern, and communicate environmental performance to stakeholders. Since 1999, the Company has maintained an ISO 14001-certified environmental management system which covers the construction, operation, and decommissioning of all generating stations and associated structures.
- Electricity projects completed in the Province of Ontario are subject to the requirements of the Environmental Assessment Act.¹⁸ Based on the size and type of project, the Electricity Projects Regulation sets out the regulatory requirements that must be followed. Specifically, wind turbines greater than 2 MW and all hydroelectric projects up to 200 MW are subject to a Class B Environmental Screening Process.
- Indigenous Relations Policy¹⁹ which acknowledges that OPG "operates within the traditional territories of Indigenous Peoples." The Company is committed to respecting the treaty rights of First Nations, carrying out a relationship based on the principles of respect and integrity, and working with Indigenous communities to build mutually beneficial relationships. OPG has demonstrated this commitment through several joint ventures with First Nation communities.

¹¹ OPG, "Our Climate Change Plan", (2020), at: <https://www.opg.com/climate-change/>

¹² OPG, "Renewable Energy", (2021), at: <https://www.opg.com/protecting-the-environment/renewable-generation/>

¹³ Plug'n Drive is a non-profit organization committed to increasing public awareness and understanding of electric vehicles, launching North America's first EV Discovery Centre, in Toronto, at: <https://www.opg.com/protecting-the-environment/decarbonizing-ontario/>

¹⁴ This is an initiative led by The Climate Group, bringing together companies committed to accelerating the transition to electric vehicles at: <https://www.theclimategroup.org/ev100>

¹⁵ OPG, "Decarbonizing Ontario", (2021), at: <https://www.opg.com/protecting-the-environment/decarbonizing-ontario/>

¹⁶ OPG, "Protecting Biodiversity", (2021), at: <https://www.opg.com/protecting-the-environment/protecting-biodiversity/>

¹⁷ OPG, "Environmental Policy", (2019), at: <https://www.opg.com/document/environmental-policy/#:~:text=OPG%20shall%20work%20to%20prevent,leader%20in%20climate%20change%20mitigation>

¹⁸ Ontario, "Environmental Assessment Act, R.S.O. 1990, C.E.18", (2020), at: <https://www.ontario.ca/laws/statute/90e18>

¹⁹ OPG, "Indigenous Relations Policy", (2019), at: <https://www.opg.com/document/indigenous-relations-policy-pdf/>

- OPG's Employee Health and Safety Policy²⁰ outlines the Company's commitment to the prevention of workplace injuries, illnesses and improving safety throughout its operations.²⁰ Through the policy, OPG sets annual health and safety targets.
- The Company's Safe Operations Policy²¹ outlines its overall approach to safety, including minimizing risk to the public and contractors through the implementation of health and safety measures throughout its operations as well as engagement with the public.

In addition to the above, OPG has shared for Sustainalytics' review the Environmental and Impact Assessment pertaining to the dam safety project to be financed by the 2021 issuance. This assessment includes a detail study of the existing environmental conditions, measures for the reduction, elimination of construction impacts, and a post-construction assessment plan to ensure the restoration of affected areas. Sustainalytics notes that no long-term adverse impacts have been identified in this study.

Based on the above-mentioned policies and assessments, Sustainalytics is of the opinion that OPG has implemented adequate measures and is well-positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

Section 3: Impact of Use of Proceeds

All three use of proceeds categories are aligned with those recognized by the GBP. Sustainalytics has focused below on where the impact is specifically relevant in the local context.

Contribution of renewable energy to a low-carbon future

In order to achieve the commitments of the Paris Agreement, especially with regards to limiting global average temperature increase to 1.5°C, significant decreases to global GHG emissions will be required.²² Notably, GHG emissions from electricity and heat production account for 30% of global emissions.²³ According to the International Renewable Energy Agency (IRENA), the total share of renewable energy must rise to around two-thirds of the total primary energy supply by 2050 to meet the climate targets of limiting warming by 2°C.²⁴ Therefore, increasing the share of renewable energy generation will contribute substantially to meeting overall climate goals.

As a signatory of the Paris Agreement, Canada has committed to becoming a net-zero emission economy by 2050.²⁵ In working towards this goal, the Ontario government released the "Made-in-Ontario Environment Plan" in November 2018, including a new strategy to address climate change with a commitment to reducing the province's overall GHG emissions to 30% below 2005 levels by 2030.²⁶ The Province's plan intends to advance the electrification of the economy, which further highlights the need to invest in renewable energy generation to meet future electricity demand.

Sustainalytics believes that OPG is well-positioned to make an impact through the use of proceeds categories and that the green bonds proceeds will promote the adoption of renewable energies and support a shift towards a low-carbon economy.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 by the United Nations General Assembly and form an agenda for achieving sustainable development by the year 2030. The bond(s) issued under the Ontario Power Generation Green Bond Framework advances the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
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²⁰ OPG, "Our Board Policies", (2021), at: <https://www.opg.com/about-us/corporate-governance-and-leadership/our-operating-principles/our-board-policies/>

²¹ OPG, "Our Board Policies", (2021), at: <https://www.opg.com/about-us/corporate-governance-and-leadership/our-operating-principles/our-board-policies/>

²² European Commission, Paris Agreement, at: https://ec.europa.eu/clima/policies/international/negotiations/paris_en

²³ World Research Institute, "4 Charts Explain Greenhouse Gas Emissions by Countries and Sectors", (2020), at: <https://www.wri.org/blog/2020/02/greenhouse-gas-emissions-by-country-sector>

²⁴ International Renewable Energy Agency (IRENA), "Global Energy Transformation", (2018), at: https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2018/Apr/IRENA_Report_GET_2018.pdf

²⁵ Government of Canada, "Progress towards Canada's greenhouse gas emissions reduction target", at: <https://www.canada.ca/en/environment-climate-change/services/environmental-indicators/progress-towards-canada-greenhouse-gas-emissions-reduction-target.html>

²⁶ Ontario, "Climate Change Plan", at: <https://www.ontario.ca/page/climate-change>

Renewable Energy Generation	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Energy Efficiency and Management	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency
Climate Change Adaptation and Resiliency	11. Sustainable Cities and Communities	11.3 By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries

Conclusion

Ontario Power Generation has developed the Ontario Power Generation Green Bond Framework under which it may issue green bonds and the use of proceeds to finance projects related to Renewable Energy Generation, Energy Efficiency and Management as well as Climate Change Adaptation and Resiliency. Sustainalytics considers that the projects funded by the green bond proceeds are expected to have provide positive environmental impact by increasing Ontario's share of renewable energy and contributing to its climate change goals.

The Framework outlines a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the Framework is aligned with the overall sustainability strategy of the company and that the green use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 7 and 11. Additionally, Sustainalytics is of the opinion that OPG has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the use of proceeds.

Based on the above, Sustainalytics is confident that OPG is well-positioned to issue green bonds and that the OPG Green Bond Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles 2018.

Appendix

Appendix 1: Green Bond / Green Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	Ontario Power Generation
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:	Ontario Power Generation Green Bond Framework
Review provider's name:	Sustainalytics
Completion date of this form:	April 12, 2021
Publication date of review publication:	Update to OPG's Green Bond Framework Second-Party Opinion, published on May 9, 2018

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (*if applicable*)

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section (if applicable):

The eligible categories for the use of proceeds – Renewable Energy Generation, Energy Efficiency and Management, and Climate Adaptation and Resilience – are aligned with those recognized by the Green Bond Principles 2018. Sustainalytics considers that the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG 7 and 11.

Use of proceeds categories as per GBP:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Renewable energy | <input checked="" type="checkbox"/> Energy efficiency |
| <input type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input type="checkbox"/> Clean transportation |
| <input type="checkbox"/> Sustainable water and wastewater management | <input checked="" type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBP | <input type="checkbox"/> Other (please specify): |

If applicable please specify the environmental taxonomy, if other than GBP:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

Ontario Power Generation's (OPG) Treasury group will be responsible for evaluating and selecting projects in collaboration with internal experts and stakeholders Eligible Projects will be subject to the Company's risk management policies. Sustainalytics considers the project selection process in line with market practice.

Evaluation and selection

- | | |
|--|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's environmental sustainability objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (please specify): |

Information on Responsibilities and Accountability

- Evaluation / Selection criteria subject to external advice or verification In-house assessment
- Other (please specify):

3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable):

OPG's Treasury group will track and oversee the allocation of proceeds. Pending allocation, proceeds will be held in cash and/or short-term money market instruments. The company intends to allocate proceeds within 36 months of issuance. This is in line with market practice.

Tracking of proceeds:

- Green Bond proceeds segregated or tracked by the issuer in an appropriate manner
- Disclosure of intended types of temporary investment instruments for unallocated proceeds
- Other (please specify):

Additional disclosure:

- Allocations to future investments only Allocations to both existing and future investments
- Allocation to individual disbursements Allocation to a portfolio of disbursements
- Disclosure of portfolio balance of unallocated proceeds Other (please specify):

4. REPORTING

Overall comment on section (if applicable):

OPG intends to report on allocation of proceeds to investors on an annual basis. Allocation reporting will include the balance amount of allocated and unallocated proceeds, as well as the description of projects. The company also intends to report on relevant impact metrics. Sustainalytics views OPG's allocation and impact reporting as aligned with market practice.

Use of proceeds reporting:

- Project-by-project On a project portfolio basis
- Linkage to individual bond(s) Other (please specify):

Information reported:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Allocated amounts | <input type="checkbox"/> Green Bond financed share of total investment |
| <input type="checkbox"/> Other (please specify): | |

Frequency:

- | | |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (please specify): | |

Impact reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify): |

Information reported (expected or ex-post):

- | | |
|---|--|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input checked="" type="checkbox"/> Energy Savings |
| <input type="checkbox"/> Decrease in water use | <input checked="" type="checkbox"/> Other ESG indicators (please specify): capacity of renewable energy plant constructed or rehabilitated |

Frequency

- | | |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (please specify): | |

List and descriptions of eligible projects.

Means of Disclosure

- | | |
|---|--|
| <input type="checkbox"/> Information published in financial report | <input checked="" type="checkbox"/> Information published in sustainability report |
| <input type="checkbox"/> Information published in ad hoc documents | <input type="checkbox"/> Other (please specify): |
| <input type="checkbox"/> Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review): | |

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- | | |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
|--|--|

- Verification / Audit
 Rating
- Other (*please specify*):

Review provider(s):

Date of publication:

ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP

- i. **Second-Party Opinion:** An institution with environmental expertise, that is independent from the issuer may issue a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
- ii. **Verification:** An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
- iii. **Certification:** An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognized external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. **Green Bond Scoring/Rating:** An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialized research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

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Sustainalytics, a Morningstar Company, is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies. The firm works with hundreds of the world's leading asset managers and pension funds who incorporate ESG and corporate governance information and assessments into their investment processes. The world's foremost issuers, from multinational corporations to financial institutions to governments, also rely on Sustainalytics for credible second-party opinions on green, social and sustainable bond frameworks. In 2020, Climate Bonds Initiative named Sustainalytics the "Largest Approved Verifier for Certified Climate Bonds" for the third consecutive year. The firm was also recognized by Environmental Finance as the "Largest External Reviewer" in 2020 for the second consecutive year. For more information, visit www.sustainalytics.com.

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The
**Green Bond
Principles**