

Sustainable Finance Framework

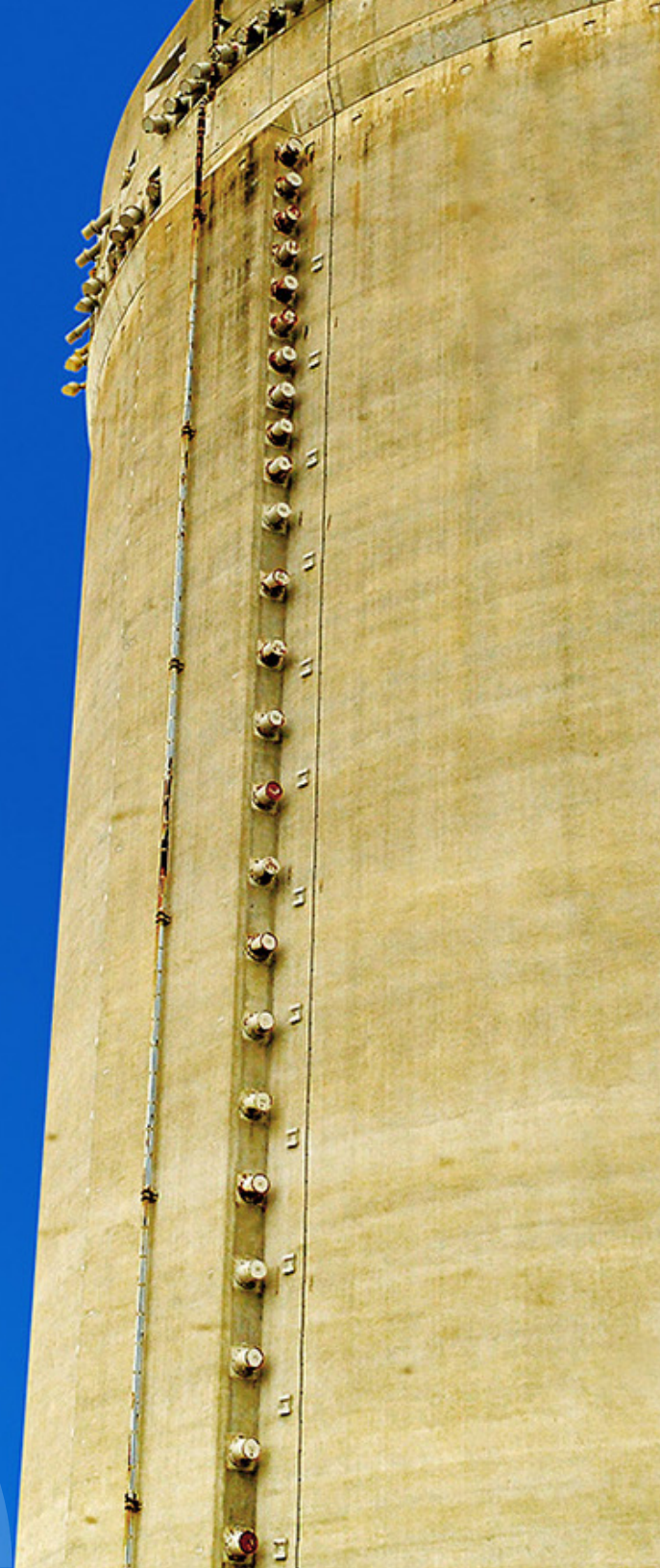


ONTARIO
POWER
GENERATION

June 2024

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01 Overview

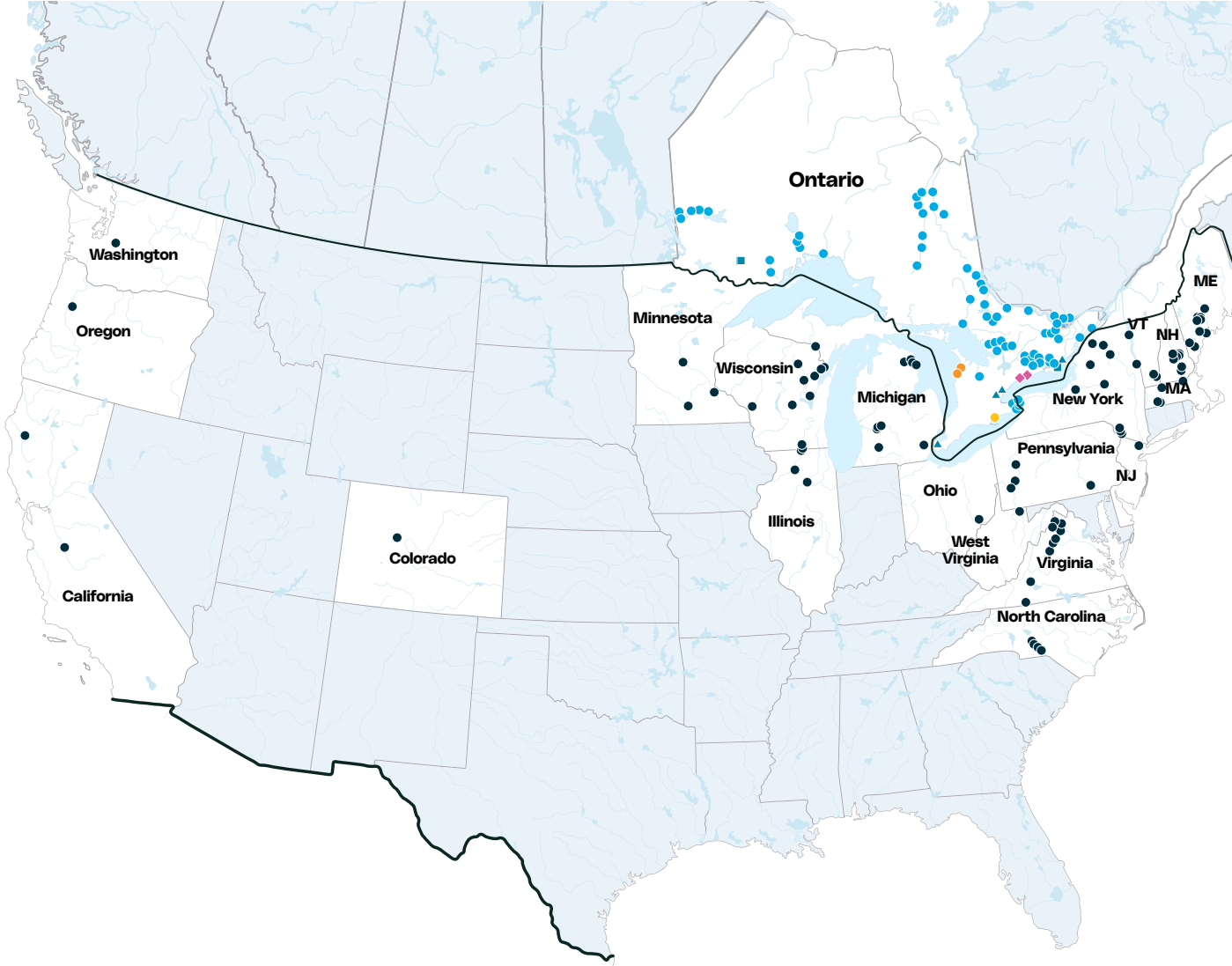
Ontario Power Generation Inc. (OPG) is the province's largest clean power generator and a clean technology leader.

OPG meets about half of Ontario's electricity needs with one of the most diverse generating portfolios in North America.

As at Dec. 31, 2023, we owned and operated in Ontario two nuclear stations, 66 hydroelectric stations, two thermal generating stations, one solar facility, and four combined-cycle gas generating stations, which are operated by our subsidiary, Atura Power. Additionally, we owned two other nuclear generating stations in Ontario, which are leased on a long-term basis to Bruce Power L.P. In the United States, OPG owned and operated 85 hydroelectric stations and held minority interests in 14 hydroelectric and two solar facilities through our subsidiary, Eagle Creek Renewable Energy, as at Dec. 31, 2023.

OPG is a commercial enterprise incorporated under the Business Corporations Act (Ontario) and is wholly owned by the Province of Ontario.

As at Dec. 31, 2023, OPG's in-service generating capacity was 18,236 megawatts (MW).



Legend

- ◆ Nuclear Stations
- Leased Nuclear Stations
- Thermal Stations
- Solar Facility
- Canada Hydroelectric Stations
- US Hydroelectric Stations
- ▲ Atura Power Combined Cycle Stations

By building and operating low-carbon generating stations, we have helped the province avoid millions of tonnes of greenhouse gas emissions. In 2014, we completed one of the world's single-largest climate change actions by closing the last of our coal stations. These actions, coupled with our ambitious goals of becoming a net-zero company by 2040 and enabling a net-zero economy by 2050, will continue to position our company as a global clean energy leader for decades to come. OPG also continues to prioritize its social commitments, including our work with Indigenous communities to advance our Reconciliation Action Plan, and our efforts to become a world-leading equity, diversity, and inclusion (ED&I) employer by 2030 by enacting our ED&I Strategy.

Board policies establish the parameters for the management of the Company. OPG has a number of Board policies, including those pertaining to the environment, nuclear safety, safe operations, employee health and safety, Indigenous relations, business conduct, risk management, and disclosure. OPG's core values of safety, integrity, excellence, inclusion and innovation clarify what is important to the organization and guide our behaviour.

**A net-zero
carbon
company by
2040**



**A net-zero
carbon
economy by
2050**

02

Sustainability at OPG

OPG believes that operating in a sustainable manner, consistent with environmental, social, and governance (ESG) principles, is fundamental to the long-term success of our company, and to our ability to deliver value and enhance the prosperity and well-being of the places and people we serve.

The long-term success of OPG is intrinsically linked to our ESG performance. As a power generator and a business owned by the Province of Ontario, we have a responsibility to the environment, to communities, and to the people of the province. Over several years, OPG has worked to integrate ESG across our business. ESG is integrated in our corporate strategy and business model, throughout our risk management framework and policy requirements, and within our performance targets. Our Board of Directors and senior management directly oversee our ESG performance and reporting, and ESG performance helps determine executive compensation.



Climate Change Plan

To underline our commitment to climate action, OPG's Climate Change Plan outlines our path to achieving two ambitious net-zero goals:

1. OPG commits to be a net-zero carbon company by 2040. We will implement and invest in carbon reductions and offsets that achieve an overall balance between emissions produced and emissions removed or displaced from the atmosphere.

2. OPG commits to be a catalyst to help the markets where we operate achieve net-zero carbon emissions by 2050. We will be a leading energy innovation company, advancing clean technology solutions.

OPG's Climate Change Plan includes specific interim actions to be taken in the areas of mitigation, adaptation, innovation, and leadership. As demand, technologies, and policy changes advance, so will our plan.

Refer to our website, www.opg.com, for more information on our Climate Change Plan.

Nuclear sustainability

As Canada's largest generator of clean, low-carbon electricity from nuclear energy, OPG has a critical role to play in the country's work to mitigate climate change. We also have an extensive responsibility to sustainably manage our nuclear power generation.

We are a leader in the safe and environmentally sound management of nuclear power. Our

Nuclear Sustainability Services (NSS) division is responsible for the safe management of nuclear by-products, including from plant refurbishments, and future decommissioning projects. For the permanent disposal of used fuel, OPG supports the used-fuel Deep Geological Repository (DGR) being developed by the Nuclear Waste Management Organization (NWMO). We sustainably manage water used

by our nuclear generating stations for cooling purposes by requiring all station wastewater effluent to the environment to meet strict site-specific compliance obligations, including temperature limitations to protect aquatic life. OPG has and continues to build mutually beneficial relationships with local communities and Indigenous communities on whose territories we operate.



Indigenous Reconciliation Action Plan

OPG is committed to advancing Reconciliation with Indigenous communities through our Reconciliation Action Plan (RAP). We released our RAP in October 2021. The RAP outlines the overall goals and the supporting actions OPG will take in five key areas: leadership, relationships, people, economic empowerment, and environmental stewardship as outlined below:

- **Leadership**
Commit to Reconciliation as a journey and track progress on accountability with metrics and targets around commitments
- **Relationships**
Build positive and mutually beneficial relationships with Indigenous communities and peoples based on respect and understanding
- **People**
Create an engaged and inclusive workforce that reflects the broad diversity of Indigenous communities and peoples across our company
- **Economic empowerment**
Advance economic Reconciliation with Indigenous communities and businesses through meaningful engagement, collaboration, and partnership
- **Environmental stewardship**
Be a trusted partner in environmental stewardship and an ally in addressing climate change



The RAP is our road map for how we intend to work in partnership with Indigenous communities, businesses, and organizations to advance Reconciliation. It's also about how we intend to grow and continue learning as an organization.

In the years since we released the RAP, we published the Reconciliation Action Plan – 2022 Annual Report measuring our progress against our 2022 goals, met our short-term goals and continue to revise our approach and targets, just as the plan intended. As a living, breathing document, our RAP and its actions and goals will change over time.

In that spirit, we went back to the original goals and commitments outlined when we launched our plan, to see where we could improve, and which goals needed more of our attention and effort.

In a subsequent refresh of the RAP, we plan to recap our journey so far, including the progress we made in 2023. We also plan to share our outlook for the future, with new goals and actions for 2024 and beyond. With a renewed focus, we hope we can continue to take effective, concrete steps on our journey to Reconciliation.



Rationale for issuance of Sustainable Finance Framework

As of year-end 2023, OPG is Canada's largest corporate issuer of green bonds on a cumulative basis. Since 2018, OPG, including subsidiaries, has issued more than \$3 billion under its green bond program. Expanding our eligible green Use of Proceeds in this Sustainable Finance Framework ("the Framework") will allow us to continue to fund environmentally beneficial projects that decarbonize the electricity system. The Independent Electricity System Operator (IESO) estimates that Ontario's electricity system capacity requirement could increase to 88,000 MW by 2050 from 42,000 MW as of November 2023. In addition, about 20,000 MW of current electricity generating capacity will remain in operation in 2050, with the remainder coming to the end of its useful life or

being phased-out over the next three decades, including natural gas electricity generation resources. This means that Ontario may be required to build upwards of 69,000 MW of new generation by 2050 to ensure that a reliable and operable electricity system is maintained¹. With our diverse mix of generating assets, record of innovation, and successful track record of delivering projects on time and on budget, OPG is uniquely positioned to help deliver this electricity system capacity for the future.

Introducing social categories focused on Indigenous Reconciliation in this framework will enable OPG to further our commitment to engage and work with Indigenous communities, businesses, and organizations to advance

Reconciliation. OPG is striving to meaningfully reduce the systematic barriers to economic participation. The Truth and Reconciliation Commission of Canada outlined 94 Calls to Action urging all levels of government and non-governmental organizations to work together to repair the harm caused by residential schools and to advance Reconciliation. Call to Action #92 specifically calls on corporate Canada to help create a better future, including by ensuring Aboriginal peoples have equitable access to jobs, training, and education opportunities in the corporate sector, and that Aboriginal communities gain long-term sustainable benefits from economic development projects².

¹ Independent Electricity System Operator (IESO) "[IESO Submission on the Proposed Clean Electricity Regulations](#)" dated November 2, 2023

² [Truth and Reconciliation Commission of Canada - NCTR](#)

Sustainable Finance Framework

OPG's Sustainable Finance Framework has been developed in line with the Green Bond Principles 2021³ ("GBP"), Social Bond Principles 2023⁴ ("SBP") and Sustainability Bond Guidelines 2021⁵ ("SBG") published by the International Capital Market Association ("ICMA"). The Framework is based on the four core components of the principles, being:

1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting

Under the Framework, OPG and its subsidiaries may issue Green, Social, Sustainability Bonds, and other debt financing instruments which fund eligible Green and Social Assets/Projects (collectively, "Sustainable Finance Instruments"), according to the prevailing terms described in the documentation. The Framework also describes the manner in which OPG's Sustainable Financing Instruments support and contribute towards meeting select United Nations Sustainable Development Goals⁶ ("SDGs").

1. Use of Proceeds

An amount equivalent to the net proceeds from the issuance of Sustainable Finance Instruments will be used to finance or refinance, in part or in full, Eligible Projects (as defined below) providing tangible environmental and/or social benefits.

OPG will follow the process described in the Framework and use our professional judgment, discretion, and sustainability expertise to identify the Eligible Projects.

³ International Capital Market Association, "[The Green Bond Principles \(GBP\) 2021](#)" published on June 2021










⁴ International Capital Market Association, "[The Social Bond Principles \(SBP\) 2023](#)" published on June 2023


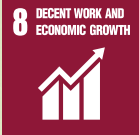






⁵ International Capital Market Association, "[The Sustainability Bond Guidelines \(SBG\) 2021](#)" published on June 2021

⁶ Members of the United Nations adopted the [SDGs](#) in 2015 with the goal of achieving them by 2030



Eligible projects

Green project category	Eligible criteria	Alignment with UN SDGs
<p>Renewable energy</p>	<p>Investments related to the construction, development, operation, acquisition, maintenance, refurbishment, and connection/transmission of the following renewable energy generation sources:</p> <ul style="list-style-type: none"> • Solar PV • Wind • Refurbishment, repowering, modernization, and/or maintenance of existing hydroelectric facilities with the purpose of increasing generation efficiency, operational life span, and/or renewable energy output while maintaining or improving the level of operational safety • Run-of-river hydroelectric power • Hydrogen (<math><36.4\text{g CO}_2\text{e/MJ}</math>) 	   
<p>Nuclear energy</p>	<ul style="list-style-type: none"> • Investments in new build projects and existing works, including: <ul style="list-style-type: none"> - Research, development, construction, deployment, and safe operation of new facilities that directly produce, or are required to support the production of, safe and reliable generation of electricity or heat using a nuclear source - Maintenance and/or refurbishment of existing facilities 	    

Green project category	Eligible criteria	Alignment with UN SDGs	
Energy efficiency and management	<ul style="list-style-type: none"> Acquisition, connection, construction, development, installation, and operation of energy storage, or clean fuel storage solutions 		
			
Clean transportation	<p>Development, procurement, operation, and maintenance of dedicated low-carbon assets</p> <ul style="list-style-type: none"> Zero-emission vehicles Supporting clean transportation infrastructure, such as electric charging stations, hydrogen refueling stations, hydrogen transportation trailers 		
Climate adaptation and resilience	<ul style="list-style-type: none"> Flood protection and stormwater management Extreme weather resistant infrastructure and other forms of flooding mitigation 		

Social project category	Eligible criteria	Alignment with UN SDGs
Socioeconomic advancement and empowerment	<ul style="list-style-type: none"> • Expenditures and program investments related to enabling opportunities for Indigenous communities and majority-owned Indigenous businesses and organizations. Examples include but are not limited to: <ul style="list-style-type: none"> - Procurement of products and services from Indigenous-owned businesses - Programs that empower Indigenous-owned businesses through training, education on potential business opportunities, and mentoring (including internal OPG capacity building and developing a supply chain dedicated to increasing Indigenous procurement) • Financing provided to Indigenous communities, Indigenous-owned corporations or partnerships, etc. to enable equity participation in projects of OPG or its subsidiaries 	  
Employment generation, and programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises	<ul style="list-style-type: none"> • Expenditures and program investments to provide specialized training, development, mentorship, and employment opportunities to Indigenous persons. Examples include but are not limited to: <ul style="list-style-type: none"> - Develop and support recruitment strategies for Indigenous students with post-secondary institutions - Bursaries, Scholarships, and Awards Program to expand the John Wesley Beaver Memorial Scholarship program as well as subsidiary scholarship programs - Initiatives related to OPG's Indigenous Opportunities Network ("ION") 	  

Definitions: In Canada, the term Indigenous peoples (or Aboriginal peoples) refers to First Nations, Métis, and Inuit peoples.

Exclusions: For avoidance of doubt, OPG commits to not knowingly use the proceeds for financing assets/projects that primarily use fossil fuels to generate electricity.

The proceeds can also be used to finance the acquisition, including minority equity participation, of Eligible Projects.



2. Process for Project Evaluation and Selection

OPG's Treasury team will be responsible for reviewing and selecting Eligible Projects in collaboration with internal experts and stakeholders, which include Operations, Environment, Indigenous Relations, and Supply Chain teams.

Projects are evaluated based on this Framework, ability to provide required reporting, and timing of spend to ensure it is within the window prescribed. Projects are also evaluated using financial and risk-based analyses as well as strategic considerations. OPG has formal risk management policies, procedures, and systems in place to identify, assess, and mitigate risks to the Company. OPG's [Code of Business Conduct Policy](#) and [Environmental Policy](#) establish the Company's parameters for ethical behaviour and environmental management, respectively.

3. Management of Proceeds

Proceeds from Sustainable Finance Instrument issuances will be deposited to OPG or our subsidiaries' general account and an amount equal to the net proceeds will be earmarked for allocation to Eligible Projects. The proceeds could be held in cash and/or short-term money market instruments prior to allocation. OPG and its subsidiaries intend to fully allocate the Sustainable Finance Instrument proceeds to eligible projects within 36 months from the issuance date. OPG's look-back period for Eligible Projects is 36 months prior to the date of issuance. If an Eligible Project is no longer deemed eligible pursuant to the eligibility criteria set forth in this Framework, the net proceeds from the Sustainable Finance Instrument previously allocated to such project will be allocated to another Eligible Project as soon as reasonably practicable. The Treasury group will be responsible for tracking the allocation of the net proceeds to Eligible Projects.

4. Reporting

For each Sustainable Finance Instrument issued, OPG commits to publish an allocation and impact report annually until full allocation of the proceeds and in the event of any material changes until the relevant maturity date. This report will be made publicly available on our website.

Allocation reporting

OPG will update investors annually with regards to the use of proceeds by OPG and our subsidiaries. The reports will include a list of major Eligible Projects to which Sustainable Finance Instrument proceeds have been allocated, a brief description of the major Eligible Projects, amounts allocated, and the remaining balance of funds that have not yet been allocated.

Impact reporting

Where feasible and depending on the instrument issued, OPG will report on relevant green and/or social impact metrics on a proportion-funded basis and disclose our measurement methodology. Examples of impact metrics that may be reported are found in the table on the right.

Eligible Green Project Category	Potential quantitative impact metrics
Renewable energy generation	<ul style="list-style-type: none">• GHG emissions avoided (tCO₂e)• Grid emissions factor (tCO₂e/GWh)• Annual renewable energy production (GWh)
Nuclear	<ul style="list-style-type: none">• GHG emissions avoided (tCO₂e)• Grid emissions factor (tCO₂e/GWh)• Annual energy production (GWh)
Energy efficiency and management	<ul style="list-style-type: none">• GHG emissions avoided (tCO₂e)
Clean transportation	<ul style="list-style-type: none">• GHG emissions avoided (tCO₂e)

Eligible Social Project Category	Potential quantitative impact metrics
Socioeconomic advancement and empowerment	<ul style="list-style-type: none">• Annual value/rate of procurement spend with Indigenous suppliers• Number of Indigenous-owned businesses that are supplying products/services to OPG• Number and/or award value of procurement contracts with Indigenous-owned businesses
Employment generation, and programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises	<ul style="list-style-type: none">• Number and/or award value of bursaries, scholarships and awards

5. External Review

OPG's Sustainable Finance Framework is supported by a Second-Party Opinion ("SPO") and a post-issuance external verification on reporting to be conducted as follows:

Second-party opinion

OPG has retained S&P Global Ratings to provide a SPO on our Sustainable Finance Framework, to confirm alignment with the GBP 2021, SBP 2023, and SBG 2021. The SPO is available [here](#).

Post-issuance external verification on allocation reporting

OPG will provide annually on its website, and until full allocation, an assurance report on the allocation of the Sustainable Financing Instrument proceeds to eligible projects that will be verified by a third-party verification firm or auditor.



Disclaimer

The information contained in OPG's Sustainable Finance Framework (Framework) is provided as of the date of this Framework and is subject to change without notice. Neither OPG nor any of its subsidiaries or affiliates assume any responsibility or obligation to update or revise this Framework to reflect new information or the occurrence of future events or circumstances following the date of this Framework, except as otherwise required by applicable securities laws.

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This Framework may contain forward-looking statements within the meaning of applicable securities laws. Such forward-looking statements reflect OPG's current views regarding certain future events and circumstances. Any statement contained in this Framework that is not current or historical is a forward-looking statement. OPG generally uses words such as "anticipate", "believe", "budget", "foresee", "forecast", "estimate", "expect", "schedule", "intend", "plan", "project", "seek", "target", "goal", "strategy", "may", "will", "should", "could" and other similar words and expressions to indicate forward-looking statements. The absence of any such word or

expression does not indicate that a statement is not forward-looking. All forward-looking statements involve inherent assumptions, risks and uncertainties and, therefore, could be inaccurate to a material degree. In particular, forward-looking statements are not guarantees; they are based on estimates and assumptions that are subject to risks and uncertainties, both general and specific in nature. There is significant risk that OPG's predictions, forecasts, conclusions, expectations, estimates or projections will not prove to be accurate, that OPG's assumptions may not be correct, and that actual results may differ materially from such predictions, forecasts, conclusions, expectations, estimates or projections. Accordingly, no assurance can be given that any goal or plan set forth in forward-looking statements contained in this Framework, and readers are cautioned not to place undue reliance on such statements.

Further details regarding OPG's commitment to sustainable development, including information regarding the Company's environmental initiatives and performance, are provided in OPG's ESG reporting available on the Company's website at www.opg.com.



The logo for Ontario Power Generation, featuring the words "ONTARIO", "POWER", and "GENERATION" stacked vertically. "ONTARIO" and "GENERATION" are in white, while "POWER" is in a bright green color.

ONTARIO
POWER
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