

Ontario Power Generation Green Bond Framework

May 2018

Overview

Ontario Power Generation (OPG or “the Company”) is Ontario’s largest clean electricity provider. With a generation portfolio that is more than 99 per cent free of carbon and smog emissions, OPG is committed to sustainable operations and being a leader in climate change mitigation. We believe reliable, clean power is fundamental to a healthy environment and a strong, low-carbon economy.

OPG’s green bonds are used to finance and/or refinance projects in renewable energy generation and to support the development of clean technologies.

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

1. Eligible Projects

Proceeds obtained from OPG’s green bond issuance shall be used to finance and/or refinance “Eligible Projects”, a group of selected projects that offer tangible environmental benefits. OPG’s look-back period for Eligible Projects is 24 months prior to the date of issuance.

Without limitation, Eligible Projects generally fall into the categories specified in the table below.

Area	Description	Categories
Renewable Energy Generation	Investments that help supply energy from renewable sources	<ul style="list-style-type: none">• Solar Energy<ul style="list-style-type: none">○ Construction of new solar energy facilities○ Maintenance and/or refurbishment of existing solar energy facilities • Wind Energy<ul style="list-style-type: none">○ Construction of new wind energy facilities○ Maintenance and/or refurbishment of existing wind energy facilities • Hydroelectricity<ul style="list-style-type: none">○ Construction of new run-of-river hydroelectricity projects

Area	Description	Categories
		<ul style="list-style-type: none"> ○ Refurbishment, modernization, and/or maintenance of existing hydroelectricity 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
Energy Efficiency and Management	Investments that help reduce energy consumption or help manage and store energy	<ul style="list-style-type: none"> ● Transportation Efficiency/Electrification ● Industrial Efficiency ● Climate change and eco-efficient products, production technologies and process

OPG’s green bonds can also be used to finance the acquisition, including minority equity participation, of Eligible Projects.

Exclusionary Criteria

OPG has developed a list of exclusionary criteria for the Use of the Proceeds. OPG commits to not knowingly use the proceeds for financing of assets/projects that involve the following:

1. Nuclear energy technology, equipment or infrastructure
2. Generation from fossil fuels

2. Process of Project Evaluation and Selection

OPG Green Oversight Committee is made up of members of OPG senior management team, including its Chief Financial Officer, Chief Administrative Officer and President Renewable Generation. This Committee is responsible for the ultimate review and selection of the green projects that will qualify as Eligible Projects.

Projects are 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

OPG green bond proceeds will be held in a segregated account consisting of cash and/or short-term money market instruments. As Eligible Projects require funding, money will be released from the segregated account to offset the green funding commitments.

4. Transparency & Reporting

Allocation Reporting

OPG will update investors annually in regards to the use of proceeds and OPG's green bond program developments. The reports will include a complete list of Eligible Projects to which green bond proceeds have been allocated, a brief description of the Eligible Projects, amounts allocated and the remaining balance of funds that have not yet been allocated.

Impact Reporting

Where feasible, the report will include qualitative and quantitative environmental performance indicators (e.g. greenhouse gas emissions reduced/avoided, renewable energy generation, capacity of renewable energy plant constructed or rehabilitated).