



INDEPENDENT AUDITOR'S REPORT

To Management of Ontario Power Generation Inc.

Opinion

We have audited the Green Bond Use of Proceeds Report (the "Use of Proceeds Report" related to the proceeds of Ontario Power Generation Inc. (OPG)'s Green Bond as at 31 December 2020.

In our opinion, the accompanying Use of Proceeds Report is prepared, in all material respects, in accordance OPG's Green Bond Framework dated March 2018 (the "Green Bond Framework").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Use of Proceeds Report* section of our report. We are independent of OPG in accordance with the ethical requirements that are relevant to our audit of the Use of Proceeds Report in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 2 of the Use of Proceeds Report, which describes the basis of accounting. The Use of Proceeds Report was prepared to assist OPG in disclosing its use of proceeds allocation activities related to the Green Bond. As a result, the Use of Proceeds Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance

Management is responsible for the preparation of the Use of Proceeds Report in accordance with the Green Bond Framework, and for such internal control as management determines is necessary to enable the preparation of the Use of Proceeds Report that is free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing OPG's financial reporting process.

Auditor's Responsibilities for the Audit of the Use of Proceeds Report

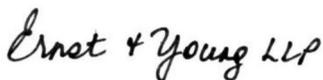
Our objectives are to obtain reasonable assurance about whether the Use of Proceeds Report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Use of Proceeds Report.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Use of Proceeds Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of OPG's internal control.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Yours truly,



Chartered Accountants
Licensed Public Accountants

March 31, 2021
Toronto, Canada

Ontario Power Generation
Schedule of Use of Green Bond Proceeds
As of December 31, 2020
(million of dollars)

Balance as of December 31, 2019	-
Add: Net proceeds from 2020-1 and 2020-2 Green Bonds	1,193.0
Net proceeds available for allocation	<u>1,193.0</u>
Proceeds used for the allocation to Eligible Projects:	
CUBE	1,116.4
Nanticoke Solar	76.6
Total allocated proceeds	1,193.0
Remaining unallocated proceeds	-

Notes to the Schedule of Use of Green Bond Proceeds

1. Background

In April 2020, OPG issued the third and fourth green bond offerings under its existing Medium Term Note Program. The dual-tranche offering consisted of a \$400 million 5-year tranche with a coupon interest rate of 2.89 percent and an \$800 million 10-year tranche with a coupon interest rate of 3.22 percent. The net proceeds were primarily used to finance the acquisition of CUBE and the construction of Nanticoke Solar Generating Station.

As at September 30, 2020, OPG has allocated all the net proceeds from all green bond offerings to Eligible Projects.

2. Basis of Accounting

Proceeds from OPG's Green Bond issuance are restricted in purpose and will only be used to finance Eligible Projects, a group of selected projects that offer tangible environmental benefits, as defined in OPG's Green Bond Framework. The Schedule of Use of Green Bond Proceeds was prepared to track on a cash basis the allocation of proceeds from the issuance of the OPG Green Bond on April 8, 2020 to the Eligible Projects that were approved by OPG Green Oversight Committee under the OPG Green Bond Framework.

The Green Bond Principles, 2018: Voluntary Process Guidelines for Issuing Green Bonds as well as OPG's Green Bond Framework dated May 2018 describe the basis of allocating the use of proceeds and other relevant information for the green bond. This Schedule of Use of Green Bond Proceeds was prepared to assist OPG in disclosing its use of proceeds allocation activities related to the bond. As a result, it may not be suitable for another purpose.