

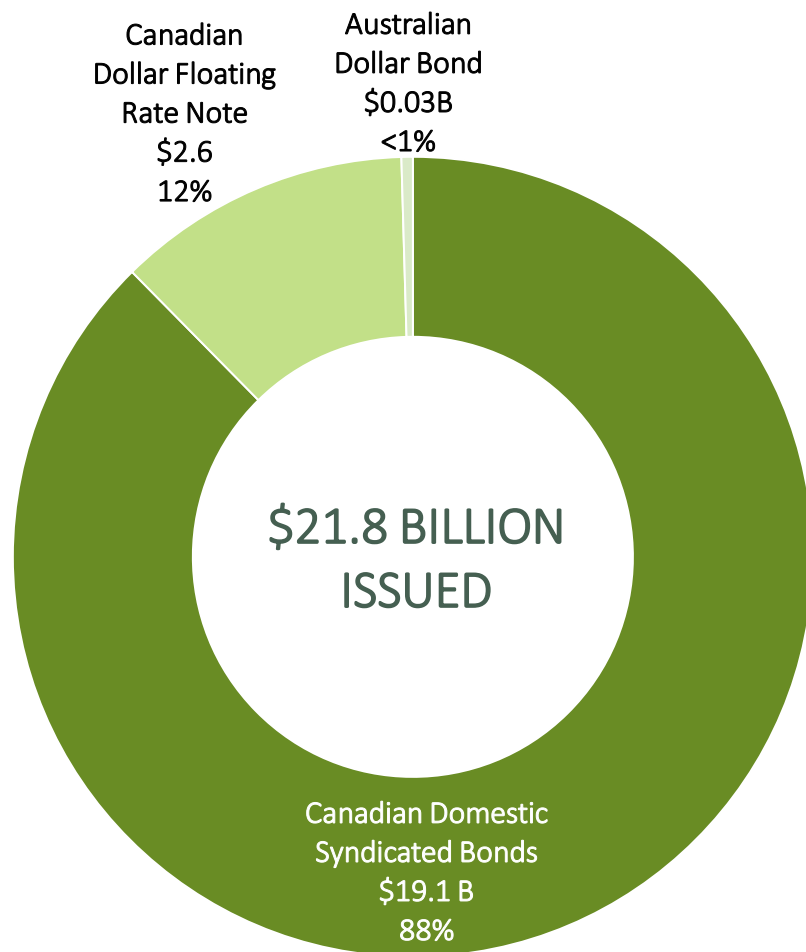


Wabakimi Provincial Park, ON

Province of Ontario

 GREEN BOND PRESENTATION

BORROWING PROGRAM



2023–24 Borrowing Status

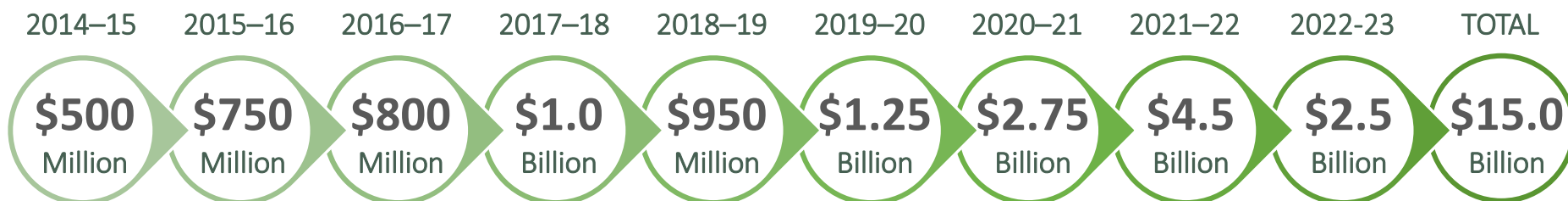
Total Borrowing Requirement:	\$34.7 B
Borrowing Completed:	\$21.8B (62.7%)
Domestic:	\$19.9 B (>99%)
International:	\$0.03 B (< 1%)
Average Term:	16.3 years

*Face Value \$2.5 billion

Note: As of December 4, 2023. Numbers may not add due to rounding.

ONTARIO'S GREEN BOND PROGRAM

- Ontario's Environment Plan¹, released in 2018, was updated in November 2020 and the Green Bond program continues to be included as an initiative to address Climate Change.
- Ontario is currently the largest and most frequent issuer of Canadian dollar Green Bonds:



- A total of 28 projects have received or will receive funding from Ontario's twelve Green Bond issues, with funding allocated towards clean transportation, energy efficiency and conservation, and climate adaptation and resilience projects.

Ontario's Previous Green Bond Issues:

Format	Listing	Green Bond Indices
Global Canadian dollar	Luxembourg Stock Exchange Euro MTF	Bloomberg MSCI Green Bond Index
Domestic Medium Term Note	Luxembourg Green Exchange	ICE BofA Merrill Lynch Green Bond Index
		S&P Green Bond Index
		Solactive Green Bond Index

ONTARIO'S GREEN BOND PROGRAM

- Ontario remains committed to the Green Bond market. Subject to market conditions, Ontario plans to continue to issue multiple Green Bonds each fiscal year, including in 2023–24.
- Ontario's Green Bond program has been recognized with the following awards in recent years:
 - **Environmental Finance Bond Awards 2019**
Green Bond of the Year — Local/Municipality (2018 Green Bond issue)
 - **Climate Bonds Initiative 5th Green Bond Pioneer Awards**
Largest Subnational Green Bond Issuer Over the Past 10 Years

Green Bond Principles

- Since March 2016, Ontario has been a member of the Green Bond Principles (GBP) group, maintained by the International Capital Market Association.




















EU Taxonomy

- Ontario funds Green Bond projects that contribute to environmental objectives set out in the EU Taxonomy, primarily in Climate Change Mitigation and Climate Change Adaptation.

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

- In 2018, Ontario's Green Bond project reporting began referencing the United Nations Sustainable Development Goals (UNSDGS). Ontario funds eligible Green Bond projects within Framework categories which primarily support the UNSDGS below:

	3 GOOD HEALTH AND WELL-BEING 	7 AFFORDABLE AND CLEAN ENERGY 	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	11 SUSTAINABLE CITIES AND COMMUNITIES 	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 	13 CLIMATE ACTION 	15 LIFE ON LAND 
Clean Transportation							
Energy Efficiency & Conservation							
Climate Adaptation & Resilience							



USE AND MANAGEMENT OF PROCEEDS

- Green Bond proceeds are paid into the Consolidated Revenue Fund of Ontario.
- The proceeds are invested short-term in Government of Canada treasury bills.
- An amount equal to the net proceeds of each Green Bond issue is recorded in a designated account in the Province of Ontario's financial records. These designated accounts are used to track the use and allocation of funds to eligible projects.
- Green Bond projects are expected to be funded **within one year from the date of issue**.

Assurance Audit

- An assurance audit is performed by the Auditor General of Ontario verifying amounts allocated to selected projects and tracking the amount of Green Bond proceeds.
- This assurance audit is expected within a year after the issue date. The most recent Assurance Audit was completed on November 18, 2022.

External Review

- Ontario's Green Bond Framework was developed in consultation with the Center for International Climate and Environmental Research — Oslo (CICERO) and is consistent with the GBP.

ONTARIO'S GREEN BOND FRAMEWORK

- Ontario's Green Bond Framework aligns with Ontario's Environment Plan.¹
- The Green Bond Framework sets out the types of projects that may be eligible for proceeds from Green Bonds. Eligible project categories include, without limitation:



Clean Transportation

- Public transit initiatives



Energy Efficiency and Conservation

- Public sector building efficiency improvements
- Buildings meeting recognized building codes



Clean Energy and Technology

- Smart grid infrastructure and energy storage
- Renewable investments (production, transmission, appliances, products)



Forestry, Agriculture and Land Management

- Sustainable forest management
- Preservation and restoration of natural landscapes



Climate Adaptation and Resilience

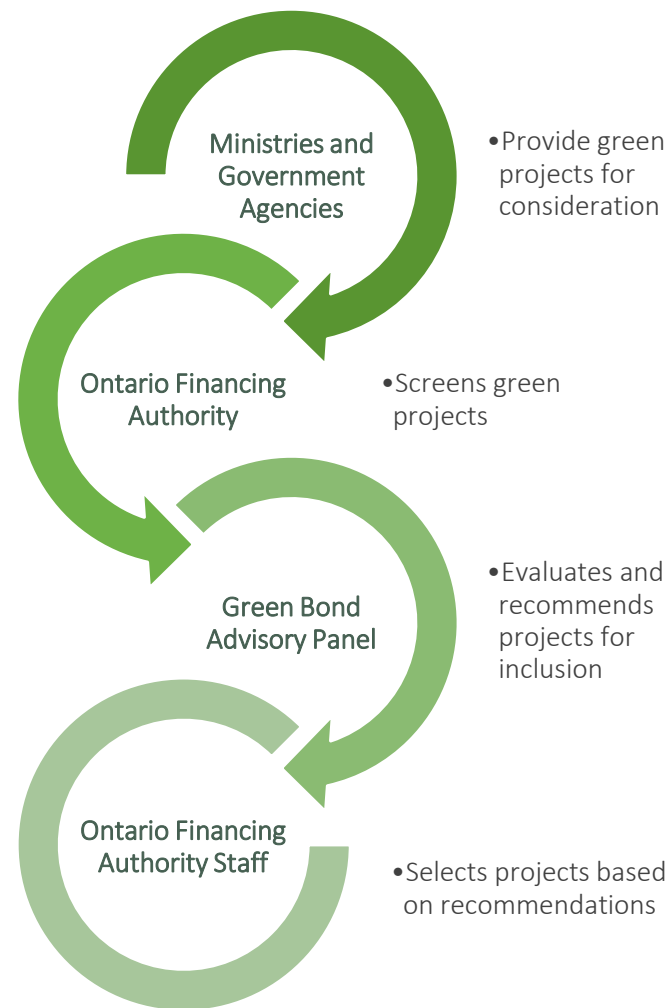
- Flood protection and storm water management, extreme weather resistant infrastructure

- Ontario is considering updating its Green Bond Framework. The update may include better alignment of framework categories with the Green Bond Principles through standardized wording, as well as the possible expansion from green to sustainable to allow for a greater breadth of potential bond offerings in the future.

Note 1: Examples of eligible projects have expanded to align with the Province's new environmental plan, *Preserving and Protecting our Environment for Future Generations: A Made-in-Ontario Environment Plan* (Ontario's Environment Plan).

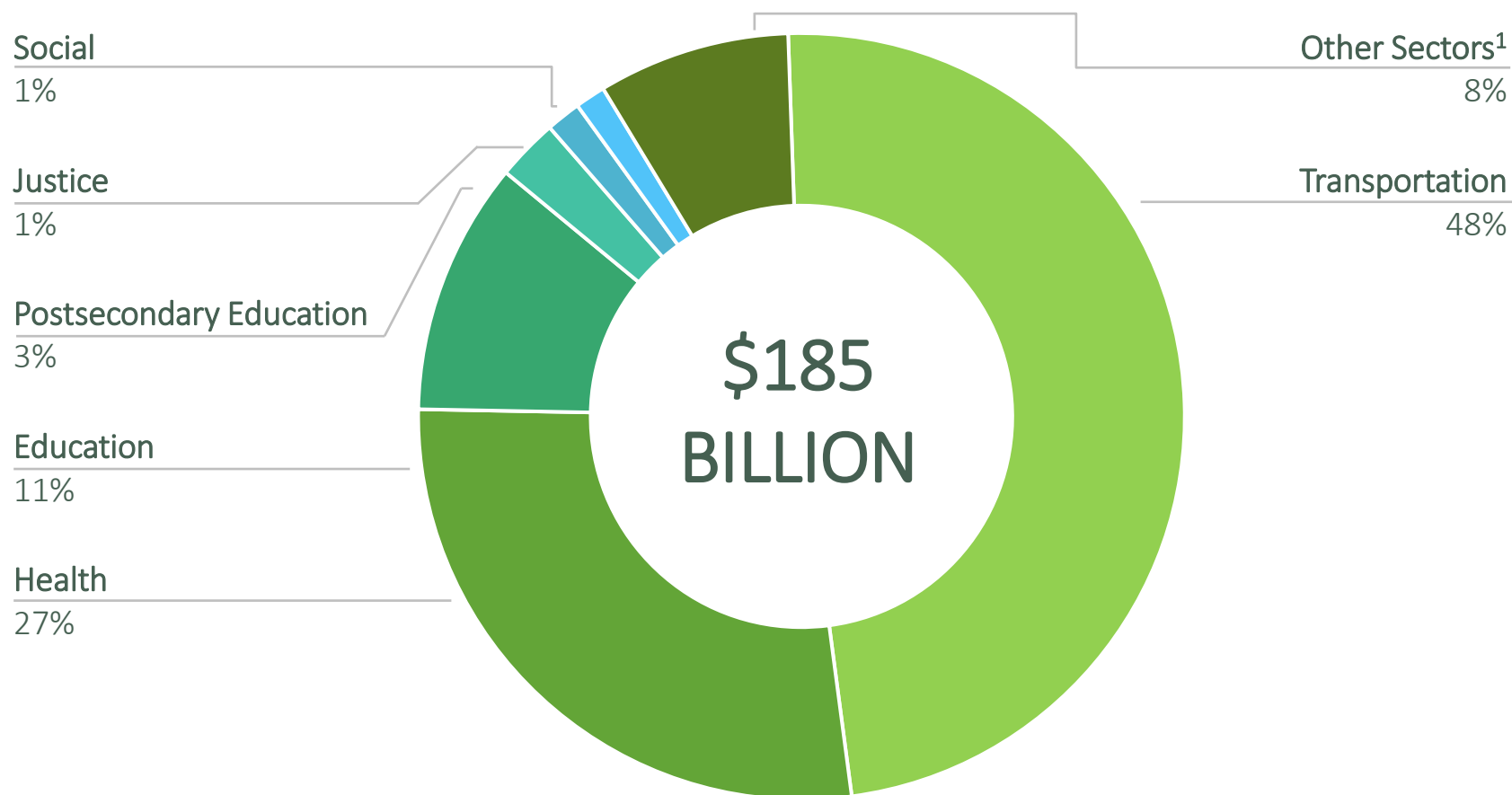
PROCESS FOR PROJECT EVALUATION AND SELECTION

- The selection of eligible green projects is done on behalf of the Province by Ontario Financing Authority (OFA) staff with advice from the Province's Green Bond Advisory Panel (GBAP).
- The GBAP, which includes staff from various ministries and agencies, including the Ministry of the Environment, Conservation and Parks and the OFA, evaluates and recommends projects for inclusion in Ontario's Green Bond program based on selection criteria including:
 - Environmental project assessment considerations, including measurable results or other performance indicators clearly outlining the environmental benefits and features of each project;
 - Funding requirements that occur within a period of 6 months prior to and 12 months following the issue of the next Green Bond (June 1, 2023 to November 30, 2024); and
 - An ability to track the progress and funding of the selected projects.



INFRASTRUCTURE INVESTMENTS – 10 YEAR PLAN

- Planned infrastructure investments over the next 10 years total \$185 billion.
- Assuming adequate demand, Ontario's green project pipeline should easily support an ongoing Green Bond program for many years to come.



Note 1: Includes broadband infrastructure, government administration, natural resources, and culture and tourism industries.

Note: Numbers may not add due to rounding.

Source: 2023 Ontario Economic Outlook and Fiscal Review.

ELIGIBLE PROJECTS

- Five projects have been selected and are expected to receive funding from the next Green Bond.



Clean Transportation

GO Expansion

Hazel McCallion Light Rail Transit (LRT)
(formerly Hurontario LRT)

Ontario Line Subway

Scarborough Subway Extension



Energy Efficiency & Conservation

Macdonald Block Reconstruction

Electrification

- Electrification is a major focus in Ontario's mass transit system buildout:
 - Electric rail technology will be used across all new subway and light rail projects currently in delivery.
 - In addition, electrification of the GO rail network is a key component of the Province's commitment to transform the GO Transit rail network into a comprehensive, all-day rapid transit network.
 - Electric vehicles will provide faster journey times and support lower operating costs per kilometer, delivering safe, fast and reliable service while reducing localized emissions and noise impacts.
- In 2022, Ontario's generation mix was approximately 90 per cent emissions-free.

Background

- The *2023 Ontario Economic and Fiscal Review* outlines the Province's investment of \$70.7 billion over 10 years to build new and expanded provincial transit infrastructure across Ontario.
- Through investments in Ontario's priority subway projects, the GO Rail Expansion Program, and light rail transit projects across the Province, Ontario is delivering an integrated transit network that will support the development of sustainable communities and travel patterns.

GO EXPANSION

Project Description

- The GO Rail Expansion program will transform the existing GO Rail network into a comprehensive, all-day rapid transit network by providing two-way, all-day service every 15 minutes over core segments of the GO Transit rail network.



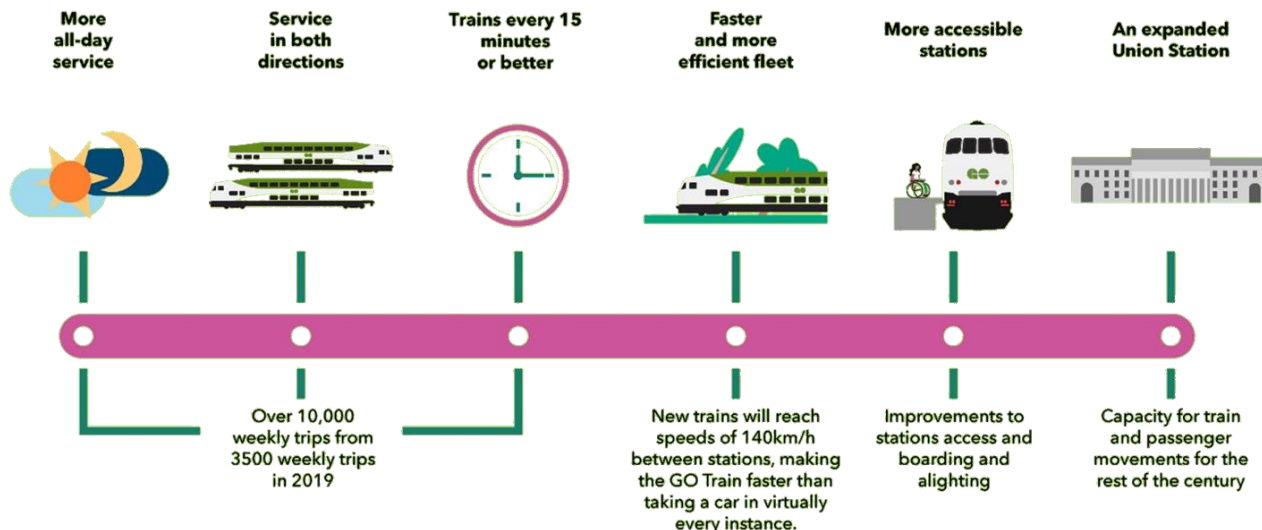
GO EXPANSION

Environmental Highlights

- GO Expansion will shift the GO Rail network from a largely commuter system to a comprehensive regional rapid transit option, thereby contributing to mode shift and decreasing GHG emissions and CACs.
- New facilities will be minimum LEED Silver and are targeting LEED Gold certification where possible.

Other Benefits

- The Province is moving forward with critical procurements to support the delivery of enhanced GO rail services, including entering into a contract with ONxpress Transportation Partners to deliver the On-Corridor Works project. Among other components, the scope of the On-Corridor Works project includes works, such as electrification infrastructure, signaling and new fleet.
- The GO Expansion program will provide a range of improvements across the Greater Toronto and Hamilton Area:



HAZEL MCCALLION LRT

Project Description

- The Hazel McCallion LRT (formerly Hurontario LRT) will be a new 18-kilometre LRT line with 19 stops, connecting the cities of Mississauga and southern Brampton.

Environmental Highlights

- Reductions in auto usage and the switch from diesel buses to electric light rail vehicles contributes to decreasing GHG emissions and CACs, manages traffic congestion, and encourages mode shift from auto trips to transit trips.
- Maintenance and storage facility will aim to meet LEED Silver certification.



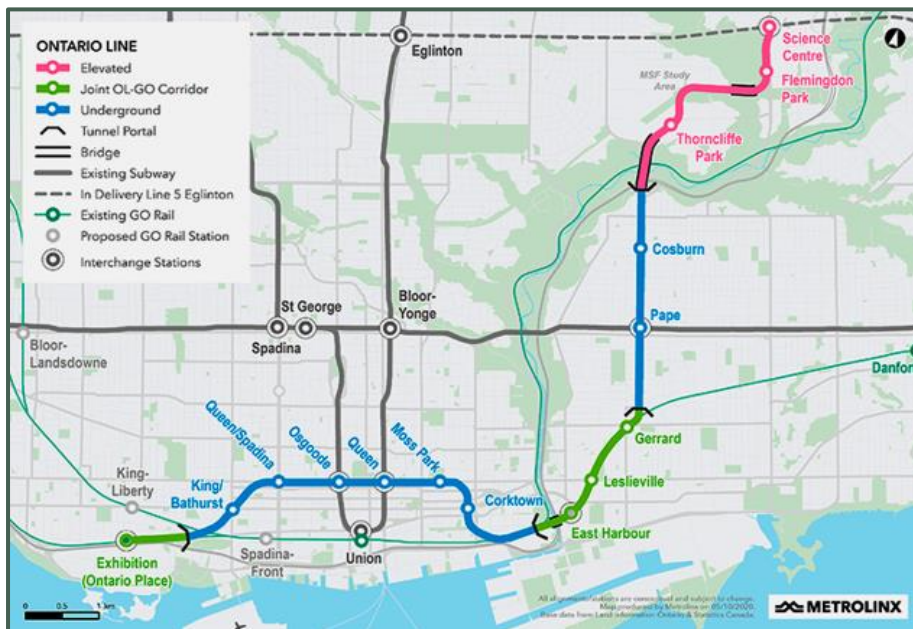
ONTARIO LINE SUBWAY

Project Description

- A new 15.6-kilometre rapid transit line in Toronto that will connect Exhibition/Ontario Place through downtown Toronto to the Ontario Science Centre. The project will include 15 stations (including six interchange stations) and connections to three GO lines, the TTC's Line 1 and Line 2 subways, the future Line 5 (Eglinton Crosstown LRT), and streetcar lines at ten Ontario Line stations.

Environmental Highlights

- Reductions in auto usage and the switch from diesel buses to electric rail vehicles contributes to decreasing GHG emissions and CACs, manages traffic congestion, and encourages mode shift from auto trips to transit trips.



15.6
Kilometres



388,000
Daily Boardings



227,500
more people within
walking distance to transit

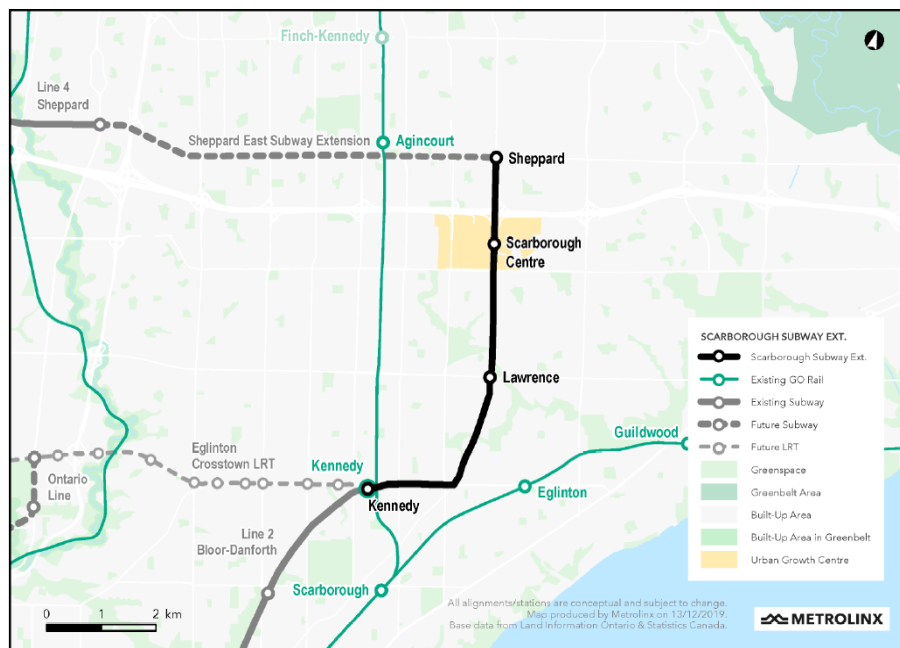
SCARBOROUGH SUBWAY EXTENSION

Project Description

- The Scarborough Subway Extension will bring the TTC's Line 2 subway service 7.8-kilometres farther into Scarborough, extending from Kennedy Station to Sheppard Avenue and McCowan Road.
- The project includes three new stations, and up to six transit connections.

Environmental Highlights

- Reductions in auto usage and the switch from diesel buses to electric rail vehicles contributes to decreasing GHG emissions and CACs, manages traffic congestion, and encourages mode shift from auto trips to transit trips.



7.8
Kilometres



105,000
Daily Boardings



38,000
more people within
walking distance to transit

MACDONALD BLOCK RECONSTRUCTION

Project Description

- Located in downtown Toronto, the Macdonald Block Complex is the administrative hub of Ontario government operations and has a total gross building area of approximately 1.7 million square feet, including four office towers, podium, and underground parking. The reconstruction project will update all core building systems, including electrical, water, cooling and heating, which have reached the end of their useful life and must be replaced.
- The Macdonald Block Complex is a Heritage Property of Provincial Significance that has heritage value for its history, urban design, architecture, landscape, and public art. The government is committed to preserving its many heritage elements throughout the reconstruction process.

LEED Certification

- Targeting LEED Silver Certification.





IMPACT REPORTING

- Since 2015, Ontario has published an annual Green Bond Newsletter with its eighth newsletter released in December 2022. The newsletter provides:
 - An overview of the process for project evaluation and selection
 - The total funds allocated to projects and amounts
 - Updates on selected projects
 - A link to the assurance audit performed by the Auditor General of Ontario
 - Projected environmental benefits
- In developing the newsletter, the OFA works alongside other Ontario ministries and government agencies, with support from the Ministry of the Environment, Conservation and Parks providing expertise in the analysis of projected environmental benefits.
- Ontario uses widely recognized core indicators for its projects and expects to adopt any future impact reporting recommendations of the GBP.

SUMMARY

- Ontario has a mature Green Bond program and expects Green Bonds to continue having an important role in the Province's annual borrowing. Subject to market conditions, Ontario plans to continue to issue multiple Green Bonds each fiscal year, including in 2023–24.
- Five projects are expected to receive funding from the next Green Bond issue, including four in Clean Transportation and one in the Energy Efficiency & Conservation category.
- Electrification is a major focus in Ontario's mass transit system buildout:
 - Electric rail technology will be used across all new subway and light rail projects currently in delivery. In addition, electrification of the GO rail network is a key component of the Province's commitment to transform the GO Transit rail network.
- Ontario strives to be a leader in its transparency and impact reporting efforts with the publication of its annual newsletter.

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