Ontario Teachers' Finance Trust
External Review of Green Bond Report 2025

May 8, 2025

This report was produced by Shades of Green using Shades of Green Methodology.
On December 1, 2022, S&P Global acquired Shades of Green from CICERO.

S&P Global has reviewed Ontario Teachers' Finance Trust's ("OTFT") Green Bond Report 2025 ("Report"). We review assets in OTFT's portfolio of eligible green assets within its green bond register ("**Portfolio**") against Ontario Teachers' Green Bond Frameworks eligibility criteria (dated November 2020, the "**2020 Framework**" and November 2023, the "**2023 Framework**", together "**Frameworks**"),[1] as applicable, and impact metrics for relevance and transparency.

We consider that the assets in the Portfolio align with the Frameworks and that the Report utilizes relevant and sufficiently transparent impact metrics. Moreover, we consider the Report aligns with the core principles and recommendations contained in ICMA's Handbook – Harmonized Framework for Impact Reporting (June 2024).

Asset allocation

Use of proceeds are reported as of 31 December 2024. At this date, OTFT had issued four green bonds under the 2020 Framework, totaling around CAD 3.9 billion,[2] while no bonds had been issued under the 2023 Framework, and the Portfolio totaled circa CAD 7.95 billion.

The eligible green assets added to the Portfolio since last year's Green Bond Report are i) a natural resources (certified forestry) investment, and ii) a company producing portable battery systems.[3] We find no discrepancies between these investments and the 2023 Framework.[4] One eligible green asset has been removed from the Portfolio since last year's Green Bond Report, on which the Report is transparent.

In respect of existing eligible green assets in the Portfolio, OTFT's Green Bond Council undertakes periodic reviews to assess the continuing eligibility of such assets. The reviews undertaken since last year's Green Bond Report concluded that all green assets remain eligible. As such, in respect of allocation, we consider the Report aligned with the Frameworks – please see Appendix 1 for a detailed review.

The Frameworks were each assigned an overall Dark Green in our Second Party Opinions, though proceeds could be used to finance expenditures of all Shades of Green.[5] Overall, the Portfolio consists of:

[1] Ontario Teachers' Pension Plan ("OTPP") guarantees OTFT's issuances, and OTFT has adopted OTPP's Green Bond Framework. All outstanding green bonds are issued under the 2020 Framework.
[2] The first, issued in November 2020, has a value of EUR 750 million (circa CAD 1.16 billion); the second, issued in November 2021, has a value of EUR 500 million (circa CAD 710 million); the third, issued in November 2022, has a value of CAD 1 billion; and the fourth, issued in March 2023, has a value of CAD 1 billion.
[3] For a detailed review of eligible green assets included in the Portfolio in previous reporting years, see our previous Reporting Reviews: OTFT - Reporting Review (2021), OTFT - Reporting Review (2022), OTFT - Reporting Review (2023), OTFT – Reporting Review (2024)
[4] We assess against the 2023 Framework as this was the framework in place on allocation.
[5] OTPP – Second Party Opinion (SPO) (2020); OTPP – Second Party Opinion (SPO) (2024)

- Ten eligible green assets in the Dark Green renewable energy category (investments in (i) three electricity transmission and/or distribution companies, (ii) six renewable energy producers/developers/assets, and (iii) one energy storage company),
- One eligible green asset in the Dark Green climate change adaptation category (investment in a desalination plant),
- One eligible green asset in the Dark Green natural resources and land use category (a natural resources (certified forestry) investment), and
- One eligible green asset in the Medium to Light Green pollution prevention and control category (company producing portable battery systems).

Impact metrics

OTFT reports impacts for 2024 on an asset category level and reflecting OTPP's ownership as of 31 December 2024. It furthermore pro-rates impact according to the proportion of the Portfolio financed via proceeds under the Framework (49% as of 31 December 2024).

In respect of impacts, we consider the Report utilizes relevant and transparent metrics (see also Appendix 1). We consider it good practice that OTFT does not report impacts for the asset removed from the Portfolio this year. The Report includes at least one relevant indicator for each asset category and each company reports on at least one indicator. In respect of transparency, OTFT includes certain relevant information on the methodologies and metrics applied and provides transparency on the use of ex post and ex ante calculations.[6]

Terms

S&P Global provides a review of OTFT's annual reporting based on documentation provided by OTFT and OTPP and information gathered during teleconferences and e-mail correspondence with OTFT and OTPP. OTFT and OTPP are solely responsible for providing accurate information. All financial aspects of the sustainable finance reporting - including the financial performance of the bond and the value of any investments in the bond - are outside of our scope, as are general governance issues such as corruption and misuse of funds. S&P Global does not validate nor certify the existence of investments and does not validate nor certify the climate effects of investments. Our objective has been to provide an assessment of the extent to which the bond has met the allocation and reporting criteria established in the Frameworks. The review is intended to inform OTFT and OTPP management, investors and other interested stakeholders in the OTFT green bond and has been made based on the information provided to us. S&P Global cannot be held liable if estimates, findings, opinions or conclusions are incorrect. Our review does not follow verification or assurance standards and we can therefore not provide assurance that the information presented does not contain material discrepancies.

[6] Ex post is used for operational assets, while ex-ante is used for assets which are not operational until 2024 or later. Where an asset has both ex ante and ex post metrics, only ex post metrics are reported.

Appendix 1 - Review of eligible green assets included in the Portfolio

Category	Description	Review against framework criteria	Impact Metrics	Relevance of metrics	Transparency considerations
Renewable Energy	1. Investment in three electricity transmission/distribution companies 2. Investment in six owners/operators/assets of renewable energy assets 3. Investment in one energy storage company	**No discrepancies identified** • No new eligible assets have been added to the Portfolio under this project category • Based on our previous reviews of these assets' alignment with the Framework, as well as OTFT's periodic reviews of their ongoing eligibility, we consider the investments aligned with Framework criteria	• Renewable energy generated and/or transmitted per annum (GWh) • Battery usable energy capacity (MWh) • Avoided GHG emissions (tCO_2eq)	✓ Metrics are relevant, provide a good indication of impacts ✓ Generation, and avoided emissions are listed as core indicators in the ICMA Handbook – Harmonized Framework for Impact Reporting	✓ We welcome that the Report includes, on a high-level, qualitative explanations for increases or decreases of impacts, for example the impact of the increasing number of operational assets on avoided emissions ✓ Both ex ante and ex post metrics are included. Where an asset has both ex ante and ex post metrics (i.e. assets both in development and operational), only ex post metrics are considered – we consider this a conservative and prudent approach
Climate Change Adaptation	• Investment in a desalination plant	**No discrepancy identified** • See above	• Water produced and treated (m^3)	✓ Metrics are relevant and provide a good indication of impact ✓ The ICMA Handbook includes water	✓ Given there is only one climate adaptation project in the Portfolio, and considering potential climate and

				availability as a climate-adaptation indicator	environmental risks and impacts related to desalination and adaptation projects, OTFT could consider including additional metrics such as energy use (and source)
Natural Resources and Land Use	• Investment in a natural resources (certified forestry) company	**No discrepancy identified** • The company engages in commercial forestry (logging). According to the issuer, operations are certified by FSC and AS NZS 4708 Sustainable Forest Management which was endorsed by PEFC) • FSC and PEFC are among the more robust certifications in the sector • We encourage additional consideration of carbon sink maintenance/growth	• Total surface financed and certified (hectares) • GHG emissions removed and avoided (tCO2e)	✓ Metrics are relevant and provide a good indication of impact ✓ The ICMA Handbook includes avoided/sequestered emissions as an indicator	✓ In the future, OTFT could consider reporting explicitly on changes in total surface financed and certified ✓ OTFT provides some additional transparency on its approach to calculating removed and avoided emissions for this investment. This is welcome, given the market-wide challenges for calculating such emissions for carbon sequestration projects / natural ecosystems, and given there is less consensus on appropriate approaches
Pollution prevention and control	• Investment in a company producing portable battery systems	**No discrepancy identified**	• GHG emissions removed and avoided (tCO2e)	✓ Metrics are relevant and provide a good indication of impact	✓ Impacts are calculated based on actual customer usage / implementation

	• The company produces portable batteries, intended to be used as an alternative to gasoline or diesel generators • According to a third party-audited LCA carried out by the company, its flagship product is estimated to generate 8% of the lifecycle CO2 emissions of a diesel generator and 14% of a gasoline generator.[7] Exact reductions will depend, among other things, on the emissions factor of the electricity used for charging • The LCA (referenced above) also estimates significant air pollution avoidance (e.g. NOx), particularly compared to diesel generators • OTFT classifies the investment under its 'Build a sustainable economy' Green Investment Principle, and against the corresponding pollution	• NOx avoided (NOx eq)	data. Given the characteristics of the product, this is considered strong practice

[7] LCA (2023): Critical review of comparative Lice Cycle Assessment of a battery power supply system and two new efficient gasoline and diesel generators

	prevention and control eligibility criteria which allows for ‘projects that reduce and manage emissions and waste generated’. We consider this a justifiable classification, and furthermore note the investment additionally seems to map to energy efficiency eligibility criteria under the framework	

This report does not constitute a rating action.