



Ontario Teachers' Finance Trust Inaugural

Green Bond Report

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The Ontario Teachers' Pension Plan Board (Ontario Teachers') guarantees the bonds issued by Ontario Teachers' Finance Trust (OTFT) and manages \$227.7 billion in net assets as of June 30, 2021. Ontario Teachers' invests for, and administers the pensions of, more than 331,000 active and retired Ontario teachers.

Responsible investing is embedded in Ontario Teachers' strategy and throughout the organization. Ontario Teachers' believes strong environmental, social and governance (ESG) practices enable it to make good investments today, while also having a positive impact on future generations. As a long-term and global investor, Ontario Teachers' is an active steward and engaged owner of businesses – not only to earn returns, but to help shape a better future.

Refer to Ontario Teachers' [responsible investing website](#), where you can find further information about its ESG practices and latest responsible investing and climate change reports.

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Our inaugural Green Bond Report

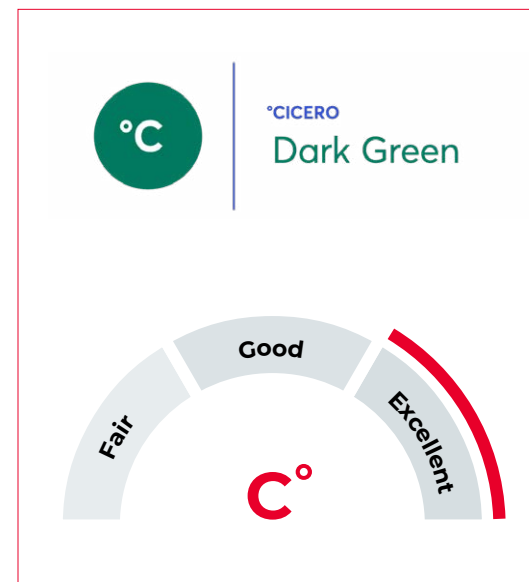
OTFT, a wholly owned subsidiary of Ontario Teachers', is an established global issuer with outstanding bonds in U.S. dollars, Euros, Pounds Sterling and Canadian dollars. OTFT's green bond issuance allows us to access capital to support the much-needed investments to transition towards a sustainable future.

Ontario Teachers' Green Bond Framework describes four key elements of our green bond issuance: i) what assets the proceeds will be used for; ii) how the assets will be selected; iii) how the proceeds will be managed; and iv) how we will report back to our bond investors. The framework is aligned with the International Capital Market Association (ICMA) Green Bond Principles and is summarized on the next page. The framework was independently reviewed by CICERO Shades of Green, which provides an external opinion on the quality of the framework and the governance around how assets are selected.

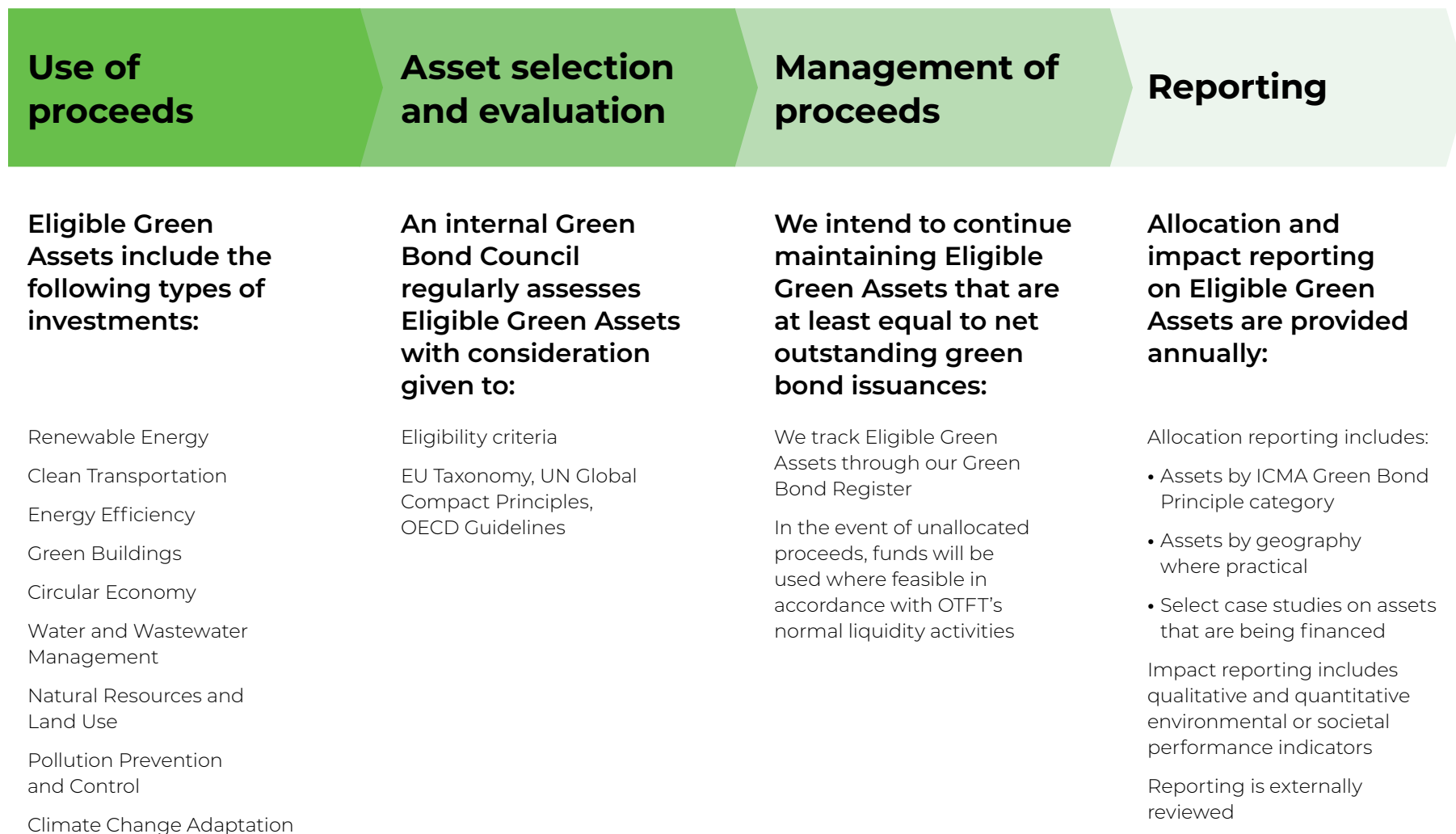
€750 million
inaugural issue

Rated
Aa1 | AA+ | AAA

The framework received a "CICERO Dark Green" shading (indicating strong alignment with a low-carbon future) as well as a governance score of "Excellent," demonstrating the robustness of the governance structure Ontario Teachers' has put in place.



Green Bond Framework



Green bond issuance and register

Issuance details

In November 2020, OTFT issued its inaugural green bond in Euros (EUR).

Issuer	Ontario Teachers' Finance Trust
Rating	Aa1/AA+/AAA
Size	€750,000,000
Format	Reg S
Issuance Date	November 25, 2020
Maturity Date	November 25, 2030
Coupon	0.05%

Green Bond Register

Below we report on the use of proceeds of OTFT's green bond issuances and allocation to the portfolio of outstanding Eligible Green Assets within the Green Bond Register. Only disbursements within the three-year look-back period are considered notwithstanding ownership of companies prior to that period. The Green Bond Council is responsible for approving the Eligible Green Assets included in the Green Bond Register.

A portfolio approach is used since Ontario Teachers' and OTFT's intention is to maintain, directly or indirectly, an aggregate amount of Eligible Green Assets that is at least equal to the aggregate net proceeds of all green bond issuances that are currently outstanding. This is in line with the guidance provided by ICMA.

All amounts are in Canadian dollars unless otherwise stated. Foreign currency amounts were converted to Canadian dollars using the exchange rate as of the transaction date.

GREEN BOND ISSUANCES

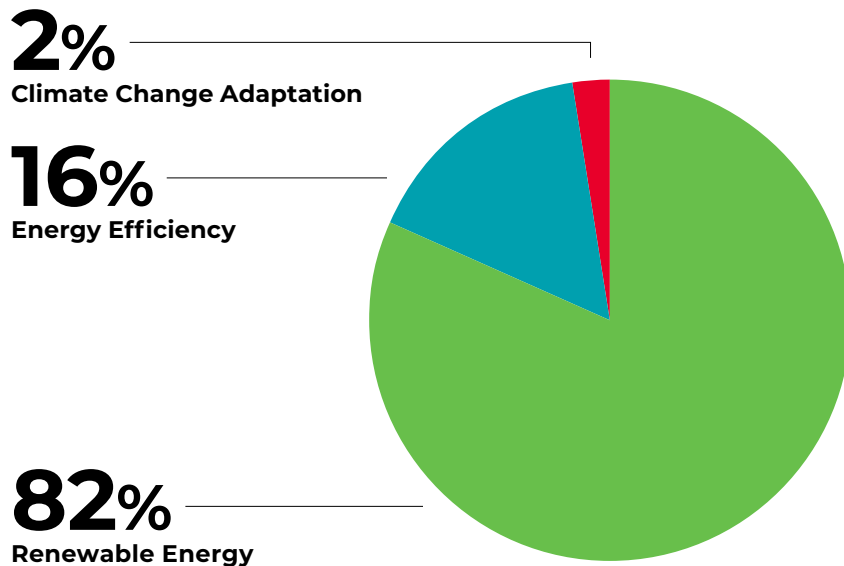
Bonds

EUR	€750,000,000	\$1,162,125,000
Total		\$1,162,125,000

OTFT’s inaugural green bond was issued in November 2020. For that reason, the use of proceeds is disclosed as of December 31, 2020 and June 30, 2021 to demonstrate the progression of capital deployment post-issuance. As of June 2021, Eligible Green Assets have been fully allocated to cover the net proceeds of outstanding green bonds. In the future, the green bond reporting will be aligned with OTFT’s and Ontario Teachers’ fiscal year end of December 31.

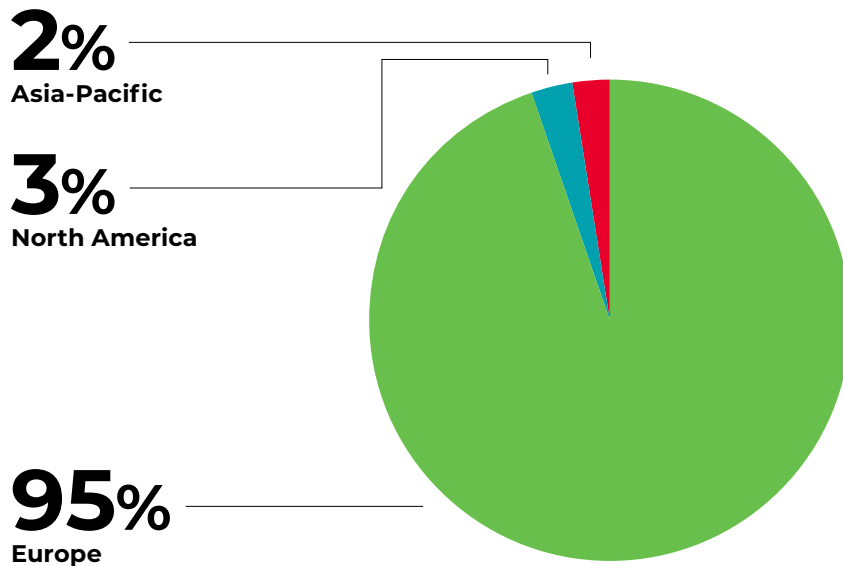
ELIGIBLE ASSETS BY ICMA CATEGORY

Asset Category	June 2021	December 2020
Renewable Energy	82%	14%
Energy Efficiency	16%	75%
Climate Change Adaptation	2%	11%
Assets allocated (\$ millions)	\$2,814.4	\$595.0



ELIGIBLE ASSETS BY GEOGRAPHIC REGION

Geographic Region	June 2021	December 2020
Europe	95%	75%
North America	3%	14%
Asia-Pacific	2%	11%
Assets allocated (\$ millions)	\$2,814.4	\$595.0



Impact reporting

On the next page we report on the positive impacts provided by our Eligible Green Assets. The portfolio as of June 30, 2021 had impacts in three main categories: i) renewable energy generation and transmission; ii) energy efficiency; and iii) climate change adaptation. Our Eligible Green Assets not only provide environmental and societal benefits by avoiding and reducing greenhouse gas (GHG) emissions, but also enable a net-zero transition by helping consumers reduce their carbon footprint, increase energy efficiency and save costs or become more resilient to climate impacts. We plan to continue expanding the Green Bond Register, which may broaden the category of assets and impact we have.

In addition to positive impact metrics, the Green Bond Council reviewed potentially detrimental environmental and social impacts and respective mitigants of each investment composing the portfolio. The EU Taxonomy “Do No Significant Harm” was used as a main criterion. No issues were found.

We make efforts to align our impact reporting with market practices and leveraged ICMA resources to identify common impact metrics for each category. We allocate impact metrics according to proceeds as a percentage of each asset’s enterprise value¹. We believe this to be a leading and conservative approach – considering financing across the capital structure prevents double counting of impact in case our partners or assets themselves issue green bonds.

To be consistent with the reporting on use of proceeds, we have calculated the proportionate share of impact based on proceeds as of December 31, 2020 and June 30, 2021. We have also prorated impacts attributable to green bond investors (see table on next page). All metrics were independently reviewed by CICERO.

¹ Enterprise value = market cap of equity + book value of debt. Cash is not deducted.

IMPACT METRICS BY CATEGORY AND OWNERSHIP^{1,2,3}

As at June 30, 2021, 41% of impact metrics are attributable to green bond investors.

ICMA Category	Impact Metric	Impact metrics attributable to:		
		Green Bond Holders (June 30, 2021)	Green Bond Register (June 30, 2021)	Green Bond Register (December 31, 2020)
Renewable Energy	Renewable energy generated and/or transmitted (GWh)	489	1,185	–
	GHG emissions avoided (tCO ₂ e)	24,652	59,701	–
	Battery usable energy capacity (MWh)	24	59	82
Energy Efficiency	Annual energy savings (GWh)	766	1,854	1,822
	GHG emissions avoided (tCO ₂ e)	275,250	666,592	654,880
Climate Change Adaptation	Annual water produced and treated (m ³)	467,817	1,132,945	1,130,900

Metrics measurement and calculation

We strive to use the best available sources and methodologies to estimate impact. All companies were operational during 2020 and therefore the impacts are ex-post.

- *Renewable energy generated and/or transmitted; annual water produced and treated; and battery usable capacity* are directly measured by appropriate equipment at our portfolio companies.
- *GHG emissions avoided* are calculated using country-specific emission factors obtained from the International Energy Agency and the International Institute for Sustainability Analysis and Strategy. Values are presented in tonnes of carbon dioxide equivalent (tCO₂e).
- *Annual energy savings* were estimated using a study on the end energy reduction through heat cost allocation⁴ and by normalizing consumption based on country-specific weather data on a 10-year average.

1 Following the portfolio approach, each ICMA category may include various portfolio companies. Each company has at least one impact metric, but not all companies necessarily report on more than one impact metric.

2 All impact metrics are as of December 31, 2020.

3 The battery usable energy capacity (MWh) reduced between December 31, 2020 and June 30, 2021 as Ontario Teachers' ownership was reduced due to an asset restructuring.

4 *Auswirkungen der verbrauchsabhängigen Abrechnung in Abhängigkeit von der energetischen Gebäudequalität* (Effects of consumption-based billing on building energy quality), found [here](#).

The following are examples of Eligible Green Assets included in our Green Bond Register as of June 30, 2021.



Cubico is one of the world's largest privately owned renewable energy platforms. Since 2015, it has grown from 19 facilities located in seven countries to 121 assets in different stages of development in 13 countries in the Americas, Europe and Australia.

In 2020 alone, Cubico added around 1.5 gigawatts of renewable energy capacity to its portfolio. This is a platform that allows us to continue deploying capital for our green portfolio growth.

In 2021, Cubico published its [inaugural ESG report](#), which gives an overview of its approach to ESG, key achievements in 2020, data from the global portfolio and case studies.



In 2018, Ontario Teachers' invested in Techem GmbH, a global market leader in the provision of heat and water sub-metering services to buildings. Techem services 11.7 million apartments around the world.

Energy efficiency is one of the most cost-effective contributors to the transition to a low-carbon economy. By lowering energy use, costs are avoided while reducing the energy system's environmental footprint, including carbon emissions. Further information can be found in Techem's [2020 Sustainability Report](#).



Ontario Teachers' has extensive experience investing in regulated electricity transmission and distribution businesses. Ontario Teachers' invested in Caruna, Finland's largest electrical distribution company, in March 2021.

With approximately 700,000 customers across an 88,000-kilometre network, Caruna supports the integration of renewable energy into the Finnish power grid. Some 9,400 small-scale producers of renewable energy are linked to Caruna's distribution network, and that number is projected to grow. Along with a partner, it commissioned the largest battery connected to Finland's distribution network. And in 2020, 12% of all renewable electricity in Finland was produced into Caruna's network.

Caruna has also launched several new energy efficient, low-carbon services, such as a load control service. Learn more in [Caruna's 2020 Annual Report](#).

Corporate information

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