



BrucePower™

# Green Financing Framework

June 2021

## Company Overview

Bruce Power is Canada's only private-sector nuclear generator, annually producing 30% of Ontario's power at 30% less than the average cost to generate residential power. Established in 2001, Bruce Power is a Canadian-owned partnership indirectly owned by TC Energy, Ontario Municipal Employees Retirement System (OMERS), the Power Workers' Union, The Society of United Professionals and the Bruce Power Employee Investment Trust.

Ontario's energy and environmental plans are counting on Bruce Power to provide a reliable and carbon-free source of affordable energy through 2064. To do so, Bruce Power has signed a long-term agreement with the Province to refurbish six of its eight units, with the private owners investing billions of dollars to extend the life of the facility. The Life-Extension Program<sup>1</sup> consists of the Major Component Replacement ("MCR") Program and the Asset Management Plan. The MCR Program focuses on the replacement of key reactor components in Units 3-8; the life extension of each unit will add approximately 30-35 years of operational life. The Asset Management Plan involves inspections and the gradual replacement of equipment which is performed during regularly scheduled maintenance outages.

Bruce Power also plays a prominent role in Canada's position as a global leader in the production of medical isotopes, used in health care not only across the country but around the world for the sterilization of medical equipment and in the diagnosis and treatment of certain forms of cancer.

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<sup>1</sup> Life-Extension Program & MCR Project – Bruce Power. Delivering Transparency and Trust – Bruce Power





# Bruce Power Sustainability Contribution

## Net Zero Strategy

Bruce Power takes immense pride in the role it plays in keeping Ontario’s air clean. Refurbishing four reactor units between 2003 and 2012 brought 3,000 megawatts (MW) of reliable, low-cost and carbon-free electricity back to the grid and provided 70% of the electricity needed to phase out coal in Ontario. Bruce Power produces large amounts of emissions-free electricity every day and is responsible for the avoidance of about 19 million tonnes of greenhouse gases (“GHGs”) annually.

Canada is a leader in nuclear innovation with a focus on a clean energy future. The Canadian nuclear industry is creating new small modular reactor and fusion technology to power and heat communities, and pushing forward on hydrogen and clean fuel production that will enable the electrification of industrial processes and transportation. Innovation also plays a role in the production of new isotopes for use in the world’s medical and health-care systems.

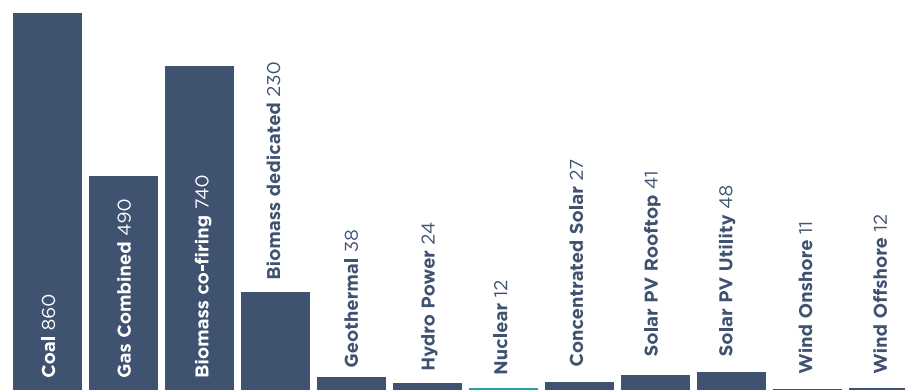
To support the fight against climate change, Bruce Power is taking the next step to ensure it minimizes and offsets emissions to achieve Net Zero status by 2027. Bruce Power’s commitment to achieving net zero greenhouse-gas (“GHG”) emissions will account for all direct and indirect emissions that occur from sources that are owned or controlled by our company.

Significant investments are being made to innovate and improve efficiencies that will increase clean electricity output from the Bruce Power site, displacing GHG emissions from the electricity sector in Ontario. It is estimated the increased clean electricity output will be enough to reduce GHG emissions equivalent to removing 100,000 cars from the road.

## Sustainability Approach

Bruce Power’s Environmental Protection Program is built upon an integrated monitoring approach that strives to understand environmental impact, verify environmental protection, and continuously improving by driving research and innovation.

Lifecycle emissions of electricity supply technology (gCO2eg/KWh)



Environmental safety and responsibility are woven into all aspects of the company’s Safety First culture.

In addition to complying with relevant legislation, regulations and other requirements, Bruce Power ensures environmental protection by committing to:

- Excellence by meeting or exceeding all relevant legal and voluntary requirements to which Bruce Power subscribes;
- Focus on continuous improvement by adopting applicable industry best practices and requirements of ISO 14001;
- Ensure our business decisions support the application and practice of sustainability principles by protecting, conserving, and restoring our resources through energy conservation, reducing water consumption, supporting waste diversion, and considering product life cycle in our supply chain;
- Hold ourselves accountable to prevent pollution through robust management of emissions, effluents and waste, as well as implementation of spill mitigation measures;
- Promote environmental stewardship and awareness at work, in the community, and across Ontario;
- Uphold the trust of the community through open and transparent communication with partners, Indigenous communities, and stakeholders on environmental interests;
- Support partners, communities and organizations to drive innovations and projects to offset and sequester carbon in a tangible way.

## Waste management

Bruce Power manages and fully funds the storage and disposal of its waste in conjunction with Ontario Power Generation (OPG). Since the 1970s, OPG has responsibly managed, transported, stored and processed all waste from Bruce Power's site, following international best practices. Spent, or used, nuclear fuel is currently stored on an interim basis until long-term disposal facilities are established (upholding OPG's commitment to Indigenous communities, a proposal for a deep geologic repository at the Bruce Power site was ended in 2020). The Canadian Nuclear Safety Commission regulates Bruce Power's nuclear site, including the use of nuclear energy and materials to safeguard health and the environment, to ensure safety and security, and to respect Canada's international commitments on the peaceful use of nuclear energy.

Bruce Power manages many different forms of non-radiological waste, including: hazardous waste (oils, chemicals), recyclable waste (glass, plastic, metal, cardboard, paper, wood, batteries, and electronics), organic waste (compost), and landfill waste. Bruce Power complies with all waste regulations and requirements of the relevant Federal, Provincial, and Municipal authorities. Further, Bruce Power has taken an active role for many years to reduce all forms of waste: from an environmental and financial standpoint waste reduction is good for our company and the community in which we reside. To minimize the amount of waste sent to landfill each day, Bruce Power has implemented a number of initiatives that apply the principles of reduce, reuse, recycle, and recover.

## Responsible supply chain

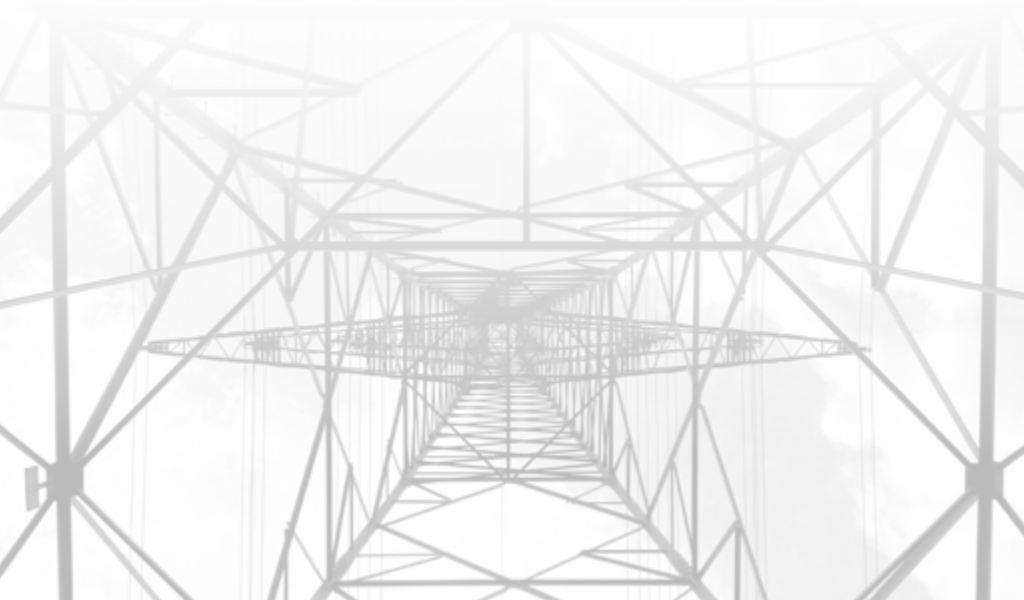
Bruce Power takes great pride in responsible sourcing. Local sourcing is a key focus and is incorporated into our agreements with new suppliers, along with considerations as to whether companies have documented local Indigenous components of their business. Since the beginning of the Life-Extension Program more than 60 companies have moved into Bruce, Grey and Huron counties under Bruce Power's community economic development platform. During the COVID-19 pandemic, Bruce Power and its supply chain partners have collaborated to donate more than 2.5-million pieces of personal protective equipment (PPE), raise more than \$1 million for distribution to local food banks, local business and organizations in need, and to support research and development of medical equipment for the fight against COVID-19.

## Water usage

Bruce Power uses the cold, deep Lake Huron water in a once-through cooling process and supply operational needs including consumption for boiler feedwater and domestic water. We greatly value this resource and return more than 99% of the water used for once-through cooling. This process is highly regulated, including provincial permits for water taking and imposing protective limits on water quality for waters returned to the lake. This ensures the conservation, protection, management and sustainable use of Ontario's freshwater resources. Beyond considerations of water quantity management, we are committed to monitoring and ensuring the protection of the quality of water, and our fish habitats in and around our shores and the greater region.

Our environmental monitoring verifies water quality and conducts extensive monitoring year-round. This includes sediments and soil, water, vegetation and biota such as fish. Environmental monitoring ensures, through measurement, sampling, and analysis, that the health of the environment and people are protected.

Bruce Power goes beyond regulatory compliance by driving innovation and strategic research in environmental protection. We have long considered the surrounding environment and climate change vulnerabilities. We have worked with multiple partners to better understand climate change for Lake Huron with a focus on the area near the facility. We have extended this assessment to the Grey, Bruce and Huron regions with a focus on municipal and agricultural sectors and, will work with Indigenous communities to specifically focus on improved understanding and potential advanced solutions to build resiliency. We continue to support conservation and restoration of the natural environment through our ongoing sustainability projects. We partner with community groups and conservation authorities to further strengthen resource protection while aligning with community needs for long-term provision for ecosystem protection.





## I. Use of Proceeds

An amount equal to the net proceeds of each Green Financing will be allocated or used to finance or re-finance, in part or in full, new and/or existing green investments and expenditures made by Bruce Power that meet the Eligibility Criteria defined below (“Eligible Investments” or “Green Investments”), as recognized by the Green Loan Principles and Green Bond Principles.

Eligible Investments may include existing investments made by Bruce Power within 36 months preceding the date of the Green Financing issuance.

All Eligible Investments are associated with Bruce Power’s nuclear assets. Over the next decade, Bruce Power expects the majority of proceeds to be allocated to its Life-Extension Capital Program.

Eligible Category	Eligibility Criteria for Green Investments	UN SDG Alignment
Clean Energy/ Pollution prevention and control: Nuclear Energy	Investments associated with the Life-Extension Capital Program (which includes the MCR and the Asset Management as described in the Company Overview) - examples of such investments include component replacement, refurbishment and maintenance with the purpose of increasing operational life span while maintaining or improving the level of operational safety  Investments related to increasing the output of the existing units used to displace other emitting electricity sector generators while maintaining or improving the level of operational safety of such units	7 - Renewable Energy  13 - Climate Action   

## II. Process for Project Evaluation and Selection

Bruce Power has established a Sustainability Committee which will be responsible for the ultimate review and recommendation of investments that will qualify as Eligible Investments.

The Sustainability Committee will align its selection and evaluation analysis with

## Framework Overview

The Green Financing Framework (the “Framework”) applies to Green Financings issued by Bruce Power and sets out the guidelines for Bruce Power’s Green Financing issuances in accordance with the Green Bond Principles<sup>2</sup> dated June 2021 issued by the International Capital Markets Association (ICMA) as well as the Green Loan Principles<sup>3</sup> dated February 2021 issued by the Loan Market Association (LMA) and Loan Syndications and Trading Association (LSTA).

A “Green Financing” is a debenture, bond, or other financing instrument where the proceeds are exclusively allocated to green projects and activities that promote environmental sustainability and have clear environmental benefits.

This Framework facilitates the alignment of Bruce Power’s business and financing activities to support and drive a more sustainable future.

<sup>2</sup> International Capital Markets Association, “The Green Bond Principles (GBP) 2021”, published on June 2021. <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

<sup>3</sup> Loan Syndications & Trading Association and Loan Market Association, “Green Loan Principles”, published in February 2021. Green Loan Principles - LSTA

this Framework, Bruce Power's sustainability objectives and internal policies and guidelines, and adherence to applicable regional and national environmental laws and regulation for all its activities, including those financed with the proceeds of each Green Financing. The issuance of green bonds will be governed by the criteria laid out in this Framework.

In particular, the selection of the Life-Extension Capital Program as an Eligible Investment is aligned with this Framework's principles, Bruce Power's sustainability objectives and internal policies and guidelines, and adheres to applicable regional and national environmental laws and regulation for all its activities.

As part of the annual reporting and disclosure process, the Sustainability Committee will review the existing Eligible Investments to ensure that they continue to comply with the Eligibility Criteria, Bruce Power's sustainability objectives and internal policies and guidelines, and applicable regional and national environmental laws and regulation.

### III. Management of Proceeds

Bruce Power's Finance department will be responsible for the allocation of an amount equal to the net proceeds from the issuance of each Green Financing to the financing or refinancing of existing and future Green Investments.

The proceeds of each Green Financing will be deposited in its general funding accounts with an equivalent amount to be earmarked to clearly track the use of and allocation of funds for Eligible Investments.

Bruce Power intends to fully allocate an amount equal to the net proceeds of a Green Financing within 36 months from the date of issuance. Pending allocation, proceeds may be temporarily invested in cash or short-term investment instruments that do not include GHG-intensive projects or used to repay existing indebtedness in accordance with Bruce Power's normal liquidity management practices.

### IV. Reporting

As long as there are Green Financings issued under this Framework outstanding, Bruce Power will publish on an annual basis through its website an annual information report addressing the allocation of funds and associated impacts.

Reporting will include:

- A summary of outstanding Green Financings
- Amount of the net proceeds from the Green Financing allocated to Green Investments, on a project-by-project basis where possible
- Updates with respect to the distribution of then-unallocated net proceeds (if any)
- Share of net proceeds allocated or used for new financing vs. refinancing
- Project updates on Eligible Investments

Where feasible, the impact report will include qualitative and/or quantitative environmental performance indicators, at the project level where possible. Examples of impact indicators that may be included are:

- Estimated annual greenhouse gas emissions reduced or avoided (tCO<sub>2</sub>e), with disclosure of the methodology used
- Actual annual nuclear energy generation (kWh)
- Where feasible, specific details on methodology, baselines and assumptions used in impact calculations will also be included.



## External Review

To confirm the transparency and robustness of the Green Financing Framework, Bruce Power has obtained an external Second-Party Opinion from CICERO Shades of Green (“CICERO”). The Second-Party Opinion by CICERO is available on Bruce Power’s website, together with this Framework. If the Framework is subject to change, an updated Second-Party Opinion will be procured.

### Disclaimer

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Innovation at work

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