

BrucePower

Green Financing Framework

November 2023





Company Overview

Bruce Power is Canada’s only private-sector nuclear generator, annually producing approximately one third of Ontario’s 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.

The Bruce Power site is located on the eastern shore of Lake Huron near Tiverton, Ontario, within the traditional lands and treaty territory of the people of the Saugeen Ojibway Nation, which includes the Chippewas of Nawash and Saugeen First Nation, and the traditional harvesting territory of the Métis Nation of Ontario (Region 7) and the Historic Saugeen Métis.

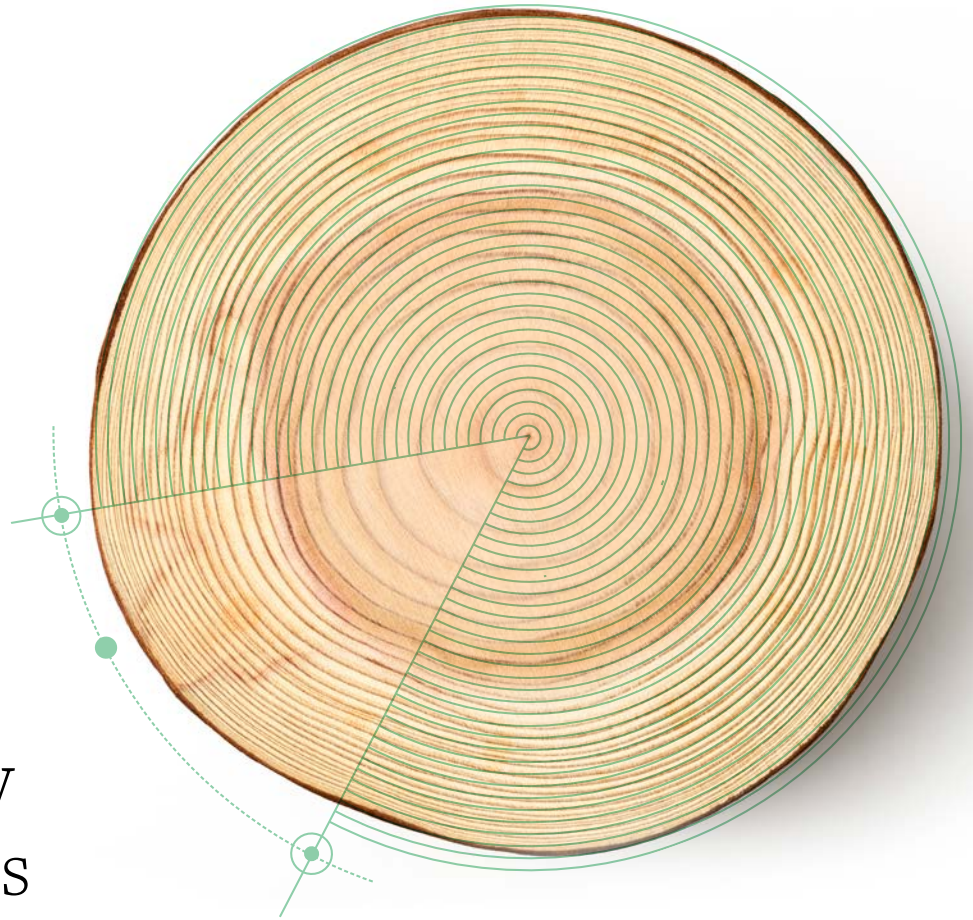
Ontario’s energy and environmental plans are counting on Bruce Power to provide a reliable and carbon-free source of affordable energy through 2064. To do so, Bruce Power’s [Life-Extension Program](https://www.brucepower.com/life-extension-program-mcr-project/)¹ is underway, consisting of the Major Component 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. The Life Extension Program will secure an estimated 22,000 jobs directly and indirectly from operations, and an additional 5,000 jobs annually throughout the investment program.

In support of Ontario’s climate change targets and future energy needs, Bruce Power’s Project 2030 is underway. Project 2030 is the company’s goal of achieving a site net peak capacity of 7,000 megawatts (MW) of clean electricity for the early 2030s. The Project focuses on increasing the site’s current eight-unit peak capacity through continued asset optimization, innovation and leveraging new technology. This additional generation will be achieved through a three-stage series of projects, and the increase to Bruce Power’s generation will be approximately equivalent to adding a ninth large-scale reactor to our site without the need to build new infrastructure.

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.

¹ Bruce Power Life Extension Program <https://www.brucepower.com/life-extension-program-mcr-project/>



Sustainability Contributions

Sustainability Program

Bruce Power’s approach to sustainability is integrated across the organization and builds on well-established and existing efforts, which have significant positive impacts on our local community and on a wider scale as we support provincial and federal carbon-reduction goals, while contributing to economic growth, innovation, and environmental protection.

Our Sustainability Program focuses on four key areas – Environment, People and Safety, Products and Services, and Community. We have a responsibility to both the environment and society to implement sustainable business practices and to foster a culture of equality. We recognize these practices can be achieved while ensuring the continued delivery of energy to the province at an affordable rate.

Bruce Power’s Environment and Sustainability Oversight Committee is dedicated to the integration of Environmental, Social, and Governance (ESG) monitoring and goals into its long-term business strategy, ensuring that due consideration is being given to social and environmental trends that could impact the company’s operations.

ENVIRONMENT

At Bruce Power, we integrate environment safety into our nuclear safety culture to promote and ingrain a sense of environmental responsibility through our Environment and Sustainability Policy. As part of our policy, we commit to excellence by meeting or exceeding all relevant legal and voluntary requirements and by understanding our environmental impact through monitoring, collaborating with industry and the community, and driving related strategic research and innovation.

PEOPLE AND SAFETY

Safety is our number one value and is at the forefront of all we do at Bruce Power. It is a foundation we have built over the last two decades, and it’s why we’re always applying best practices, innovating, and learning from leading-edge research. Building a workforce that is diverse, equitable and inclusive is essential to us. We know that to maintain our commitment to performance excellence and to continue to innovate, we need to leverage the diversity of talent, provide adequate resources, and cultivate a culture of belonging where everyone feels invited to contribute and participate.

PRODUCTS AND SERVICES

At Bruce Power, we take great pride in the relationships and collaborative partnerships we have with our suppliers, who are an integral part of our business. We work very closely to make sure they understand and are aligned with our core values. We expect our suppliers to support and respect human rights, Indigenous relations, diversity, equity, and inclusion. By way of example, Bruce Power's contract for the supply of uranium restricts origins to Canada, Australia, United States and Kazakhstan based on the known environmental, social, and regulatory standards in those countries.

COMMUNITY

Many of our employees have lived in Bruce, Grey and Huron counties for decades, and we are proud to be an active member of the business community. We have the privilege to contribute to the community and encourage our partners to do the same. Bruce Power regularly provides financial support to initiatives that focus on health and wellness, youth development, minimizing environmental impacts, community engagement, and Indigenous youth development, which includes cultural, recreational, and educational programming.

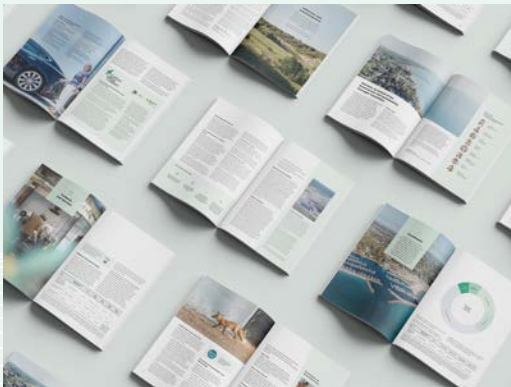
Net Zero Strategy

Bruce Power's carbon-free nuclear power continues to play an integral role in the transformation to a low-carbon future.

Bruce Power has made a commitment to be Net Zero by 2027, becoming the first nuclear operator in North America to set such an ambitious target. This target accounts for all direct and indirect greenhouse gas (GHG) emissions that occur from sources that are owned or controlled by the company and includes any purchased electricity or heating steam (Scope 1 and Scope 2 emissions). Bruce Power's 2027 Net Zero Strategy² outlines how emissions reduction targets will be achieved. The strategy includes implementing energy and emission-reduction projects in its operations, finding alternatives to high-emission energy sources and, where further reductions are not feasible, pursuing emission offsets.

Although Scope 3 emissions are not included in Bruce Power's Net Zero 2027 targets, efforts are being undertaken to improve data collection and refine the conservative assumptions used in current Scope 3 estimation methodologies.

² Our 2027 Net Zero Strategy (brucepower.com) https://www.brucepower.com/wp-content/uploads/2022/07/R12_Our_2027_Net_Zero_Strategy_05.12.22_FINAL-AX.pdf



Sustainability Publications

To learn more about Bruce Power's sustainability program, risk mitigation and environmental protections, refer to the latest annual Bruce Power Sustainability Report, the annual Environmental Protection Report and Our Net Zero Strategy, all available on the [Bruce Power website](https://www.brucepower.com/resources/publications/)³.

³ Publications - Bruce Power: <https://www.brucepower.com/resources/publications/>

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 Principles⁴ issued by the International Capital Markets Association (ICMA) as well as the Green Loan Principles⁵ 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.

- 4 International Capital Markets Association, “The Green Bond Principles”, published June 2021 (with June 2022 Appendix 1) <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>
- 5 Loan Syndications & Trading Association and Loan Market Association, “Green Loan Principles”, published February 2023 <https://www.lsta.org/content/green-loan-principles/>



I. Use of Proceeds

An amount equal to the net proceeds of each Green Financing will be allocated or used to finance or refinance, 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 most of the proceeds to be allocated to its Life-Extension Program.

Bruce Power commits to not knowingly allocating proceeds from Green Financing for financing of projects that involve fossil fuels as the primary source of fuel for the purpose of power generation.

Eligible Categories	Eligibility Criteria for Green Investments	UN Sustainability Development Goal Alignment
<p>Clean Energy: Nuclear</p> <p>Pollution Prevention and Control</p>	<p>Development, operation and refurbishment of new and existing nuclear projects which may include:</p> <ul style="list-style-type: none"> Investments in new installations to produce electricity that displace other emitting electricity sector generators; Investments associated with the Life-Extension Program which includes the MCR Program and the Asset Management Plan 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, and; 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. An example of such investments includes Project 2030 as described in the Company Overview. 	<p>7 - Affordable and Clean Energy</p> <p>13 - Climate Action</p>  

II. Process for Project Evaluation and Selection

Bruce Power's Environment and Sustainability Oversight Committee (the Sustainability Committee) is responsible for the ultimate review and recommendation of investments that qualify as Eligible Investments.

The Sustainability Committee aligns its selection and evaluation analysis with this Framework, Bruce Power's sustainability objectives considering environment and social impacts and risks, internal policies and guidelines, and adherence to applicable environmental laws and regulation for all its activities, including those financed with the proceeds of each Green Financing. The issuance of green bonds and other Green Financing instruments will be governed by the criteria laid out in this Framework.

As part of the annual reporting and disclosure process, the Sustainability Committee reviews 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.

The Sustainability Committee will consult with external experts to add further validation to the approval process, where appropriate.

III. Management of Proceeds

Bruce Power's Finance department is responsible for the allocation and management 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.

If an Eligible Investment is no longer deemed eligible pursuant to the eligibility criteria set forth in this Framework, the net proceeds from the Green Financing previously allocated to such project will be allocated to another Eligible Investment as soon as reasonably practical.

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 information report addressing the allocation of funds and associated impacts.

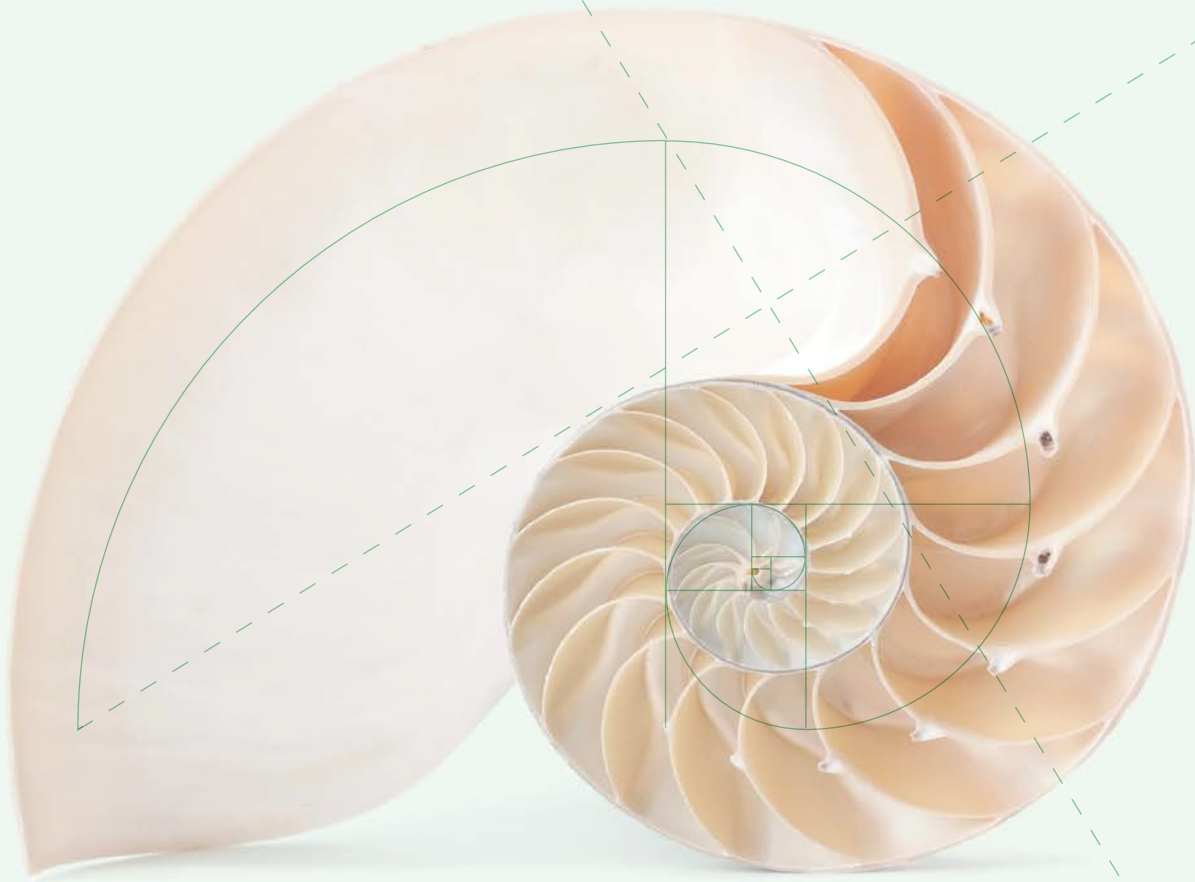
Reporting will include:

- 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 (tCO₂e), 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.



Alignment with Taxonomy

This 2023 updated Green Financing Framework aligns with Bruce Power's June 2021 Green Financing Framework which has been identified by the Canadian federal government's Sustainable Finance Action Council's Taxonomy Roadmap Report as a model to inform the taxonomy's criteria related to power generation. While the Sustainable Finance Action Council's Taxonomy Roadmap Report is not a Canadian taxonomy, this is a steppingstone toward the establishment of a comprehensive Canadian green and transition finance taxonomy.

External Review

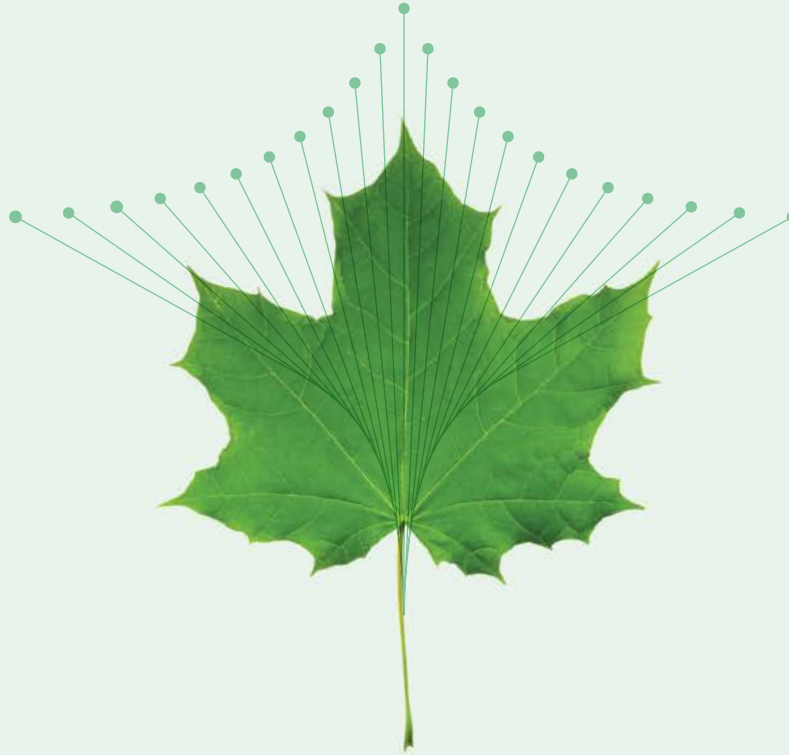
Second Party Opinion (Pre-Issuance)

To confirm the transparency and robustness of the Green Financing Framework, Bruce Power has obtained an external second-party opinion from S&P Global Shades of Green (S&P Global). The S&P Global opinion, together with this Framework, is available on Bruce Power's website⁶. If the Framework is subject to change, an updated second-party opinion will be procured.

Allocation Report (Post-Issuance)

Bruce Power will engage a third party to complete a verification of its allocation of net proceeds to Eligible Investments at a limited level of assurance on an annual basis until the complete allocation of proceeds.

⁶ Green Financing Framework - Bruce Power <https://www.brucepower.com/green-financing-framework/>



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