

The title "Green Bond Framework" is centered within a white diamond shape that has a thin green border. The diamond is set against a background of a 3D topographic map with green and teal color gradients, showing terrain and forested areas.

Green Bond Framework

December
2024

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decarbonization digitization decentralization diversification demographics

Hydro Ottawa Holding Inc. (Hydro Ottawa) is wholly-owned by the City of Ottawa and governed by an independent Board of Directors appointed by its shareholder. The company’s core businesses are electricity distribution, renewable energy generation, energy and utility services, and telecommunications services. As a company that actively promotes environmental sustainability in our community, Hydro Ottawa is committed to reducing the impact of our operations on the environment and improving our environmental performance.

Hydro Ottawa is proud to be a Sustainable Electricity Leader™ as recognized by Electricity Canada. Our 2021–2025 Strategic Direction outlines a balanced plan for sustainable growth, enhanced operational efficiency, and improved performance across environmental, social and governance (ESG) indicators.

Hydro Ottawa has formulated our 2021–2025 strategy and financial outlook against the backdrop of numerous trends and shifts in our operational, business, and policy environments.

**Hydro Ottawa
is proud to be
a Sustainable
Electricity Leader™
as recognized by
Electricity Canada.**

Collectively, we refer to these key change drivers as the “5 Ds”:

1 decarbonization

2 digitization

3 decentralization

4 diversification

5 demographics

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A key pillar of our Strategic Direction is the ambitious goal to achieve net-zero operations by 2030. This goal is the hallmark of Hydro Ottawa's growing commitment to excellence in sustainability and ESG performance.

Accordingly, our strategy for the 2021–2025 period involves:

- Achieving net-zero operations by 2030;
- Becoming the partner of first choice for signature green energy and carbon reduction projects in our community;
- Accelerating digital transformation to enable sustainable business practices;
- Leveraging and promoting distributed energy resources;
- Continuing to grow and diversify our revenue sources;
- Growing our social license to operate;
- Ensuring organizational capacity, culture, and leadership to deliver in a post-pandemic environment; and
- Continuing to provide best-in-class customer service.

This Green Bond Framework builds upon this commitment and applies to Hydro Ottawa and its subsidiaries, including Hydro Ottawa Capital Corporation, an issuer of debt securities.

Hydro Ottawa's Green Bond Framework complies with the Green Bond Principles 2021¹. The framework describes:

1 Use of proceeds

2 Process for project evaluation & selection

3 Management of proceeds

4 Reporting

**Net-zero
operations by
2030**

Use of proceeds

The proceeds obtained from the issuance of Hydro Ottawa’s green bonds will be used to finance “Eligible Investments” that will fall into the Eligible Categories outlined below:

Clean energy

- Construction of new run-of-the-river hydroelectricity generation facilities. Hydropower projects must be run of river or < 25 MW². Includes refurbishment of existing hydro facilities provided the size of the dam or reservoir is not increased.
- Refurbishment, modernization, and/or maintenance of existing hydroelectricity facilities with the purpose of increasing generation efficiency, operational life span, and/or renewable energy output while maintaining or improving the level of operational safety.
- Construction, acquisition, maintenance, or refurbishment of solar energy generation facilities.
- Construction, operation and maintenance of electricity transmission and distribution infrastructure and equipment that complies with one of:
 - An average system grid emissions factor below the threshold of 100g CO₂e/kWh, over a rolling five-year period. According to Canada’s National Inventory report, Ontario system’s greenhouse gas emissions intensity in 2022 was 35g CO₂e/kWh.
 - Over a historical five-year period, the average Ontario system grid emissions intensity was 30 g CO₂e/kWh (for the period from 2018–2022)³ or;
 - Over 67 per cent of newly enabled generation capacity below the generation threshold value of 100 gCO₂ e/kWh, over a rolling five-year period.
 - Investment in research and development that increases the share of low carbon electricity and/or allow integration of renewable energy, including energy storage systems, and battery systems.



¹ The Green Bond Principles (“GBP”) were created by the International Capital Markets Association (“ICMA”) and updated in June 2021 (with June 2022 Appendix 1). According to ICMA’s website, the GBP are “voluntary process guidelines that recommend transparency and disclosure and promote integrity in the development of the Green Bond market by clarifying the approach for issuance of a Green Bond”.

² Projects in operation before 2020 must have a power density > 5 W/m²; projects in operation in 2020 or after must have a power density of > 10 W/m².

³ Canada’s National Inventory Report, 1990–2022, Part 3, Annex 13, Table A13-7: Electricity Generation and GHG Emissions Details for Ontario.

Clean transportation

- Supporting clean transportation infrastructure such as electric charging stations.
- Procurement, operation and maintenance of dedicated low-carbon transport assets including hybrid-electric⁴, electric, and/or fuel cell vehicles.



Green buildings

- Construction, development, acquisition, and or operation of new buildings or retrofitted existing buildings that meet regional, national, or international third-party environmental certifications, such as LEED (Gold or Platinum), Canada GBC Zero Carbon Building Standard (Design and Performance⁵), Green Globes (three Green Globes or above), Living Building Challenge (Living Building Certification, Petal Certification with Energy as one of the Petals, or Zero Energy Certification).
- Refurbishment projects that achieve, or intend to achieve, energy savings or emission reduction of at least 30 per cent, based on a third-party assessment.



Energy efficiency⁶

- Systems or technologies that increase energy efficiency and/or reduce energy consumption, such as smart grid technology, smart sensors, and automation systems.
- Programs to support customer energy efficiency programs (excluding home appliances) that results in at least a 30 per cent increase in energy efficiency and/or reducing energy consumption over the baseline.
- Enhancements and/or upgrades to eligible infrastructure that aligns with the transmission and distribution criteria in the Renewable Energy category.
- Investments in research and development for energy storage systems, and battery systems that store electricity as outlined in the Renewable Energy category.



30%
increase in energy
efficiency and/or
reducing energy
consumption over
the baseline

⁴ <50g CO₂/km for tailpipe emissions until 2025, and 0g CO₂/km afterwards.
⁵ Canada GBC Zero Carbon Building Standard (Performance) will be 20% more energy efficient than the National Energy Code of Canada for Buildings.
⁶ Natural gas meters excluded.

Biodiversity and conservation

- Promoting ecological restoration aimed at preserving biodiversity and native ecosystems, including habitat and land reclamation/restoration.
- Natural habitat protection initiatives.



Climate change adaptation

Investments related to the development, operation and/or maintenance of the following:

- Increasing adaptability and resilience to the impacts of climate change, including extreme weather resistant infrastructure to prevent wind or storm damage, icing, wildfires, heat events, etc. and improvements to flood defense.
- Systems, technology and equipment related to monitoring equipment such as information support systems, climate observation and early warning systems.
- Enhancing resiliency and hardening in T&D networks to mitigate and adapt to the impact of climate change.



Note: The look-back period for Eligible Investments will be up to 36 months prior to the date of issuance. Financing and/or refinancing "Eligible Investments" as outlined above will exclude any investment in the following areas: i) Development, acquisition, maintenance, or refurbishment of fossil fuel-based transportation and supporting infrastructure ii) Biomass/Biofuel derived from feedstock suitable for food production. iii) Expenditures related to Hydro Ottawa's corporate functions including the Customer Care and Billing system, Customer Service strategy, Website Enhancements, and the Enterprise Resource Planning (ERP) system iv) Information technology (IT) maintenance & ongoing enhancement of the IT infrastructure including device replacements, network security, data loss prevention program, network switches upgrade, network file storage and software licenses. v) Replacement of tools needed to carry out the distribution maintenance and capital program efficiently and effectively, this program covers replacement of aged tool equipment.

Process for project evaluation and selection

Hydro Ottawa's Treasury department will be responsible for determining if an investment is an Eligible Investment. The Treasury department will verify the suitability and eligibility of such investments in consultation with internal experts and stakeholders, including the Company's in-house sustainability team.

The Treasury department will select project(s) which meet the guidelines for Eligible Investments. Projects must also comply with all applicable laws and regulations as well as Hydro Ottawa's Code of Business Conduct. Eligibility of investments will be evaluated based on several criteria, including financial, technical, legal, environmental, social, and governance ("ESG") benchmarks.

Environmental and social risk management

Hydro Ottawa's Board of Directors oversees the company's approach to environmental, social and governance ("ESG") matters relating to the long-term health and sustainability of the company. The Board tracks various performance measures, including Scope 1 and 2 greenhouse gas emissions,

non-hazardous waste diversion rate, fleet electrification (electric & hybrid), injury/illness frequency rate, lost time severity rate, employee gender diversity, community investments, females on the board of directors, and board independence. Hydro Ottawa routinely conducts public consultation when planning new projects, to refine our project implementation plans and determine appropriate ways to minimize and mitigate impacts, where feasible. Hydro Ottawa also routinely conducts an environmental assessment when planning new projects to evaluate the potential impacts on the environment and to determine appropriate ways to minimize and mitigate those impacts, where possible.

Hydro Ottawa maintains an environmental management system (EMS), which is audited by an independent third party and aligned with the internationally recognized ISO 14001 standards, to integrate environmental protection into our business practices using the Plan – Do – Check – Act approach to meet our compliance obligations and for continuous improvement. Hydro Ottawa's adaptive EMS is designed to provide a governance framework to meet the evolving needs of our business, examine all environmental aspects of our organization, reduce environmental risk and improve controls to mitigate the environmental impacts of our activities.



Management of proceeds

The green bond proceeds will be deposited to Hydro Ottawa Capital Corporation's or its subsidiaries' general account and an amount equal to the net proceeds will be earmarked for allocation to Eligible Investments. Prior to allocation, net proceeds from a Green Bond issuance may be temporarily utilized, in part or in full, for repayment of indebtedness, or investments in bank deposits or other cash equivalents, in each case in accordance with Hydro Ottawa's internal liquidity management policies. Hydro Ottawa Capital Corporation and its subsidiaries intend to fully allocate the green bond proceeds to Eligible Investments within 36 months from the issuance date. The Treasury group will be responsible for tracking the allocation of the net proceeds to Eligible Investments.

The majority of capital projects to be funded by a debenture issued by Hydro Ottawa Capital Corporation have been developed and substantial completion criteria met. In these common instances the proceeds of the debenture will be applied to repay the bridge financing position of Hydro Ottawa Capital Corporation

and/or its subsidiaries for those Eligible Investments.

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.

Hydro Ottawa's Treasury department will be responsible for allocation of the net proceeds from the issuance of Green Bonds to approved Eligible Investments. The Company will establish a Green Bond Register to record on an ongoing basis the allocation of the net proceeds to Eligible Investments. 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 Bond previously allocated to such project will be allocated to another Eligible Investment as soon as reasonably practicable. The Treasury group will be responsible for tracking the allocation of the net proceeds to Eligible Investments.



Reporting

Hydro Ottawa will provide annual updates to investors within one (1) year of issuing a bond under this Framework, and until full allocation of proceeds, on its website.



Allocation reporting

The allocation updates will contain information on the green bond program including amounts allocated to Eligible Categories and the balance of unallocated proceeds. Where feasible, we will incorporate the allocation of proceeds by Eligible Category and provide examples of Eligible Investments being financed with green bond proceeds until all proceeds have been allocated.



Impact reporting

Where feasible, the report will include qualitative and quantitative impact indicators. Examples of impact indicators that may be included are:

- Number of new customers connected to the grid by year
- Number of kilometers of new eligible distribution line installed by year
- Percentage of fleet that has been electrified
- Number of net new transformers installed



External review

Hydro Ottawa obtained an independent second party opinion (the “SPO”) from Sustainalytics on its Green Bond Framework, confirming that the Framework aligns with the Green Bond Principles. The SPO will be made publicly available on Hydro Ottawa’s website.

[hydroottawaholding.com](https://www.hydroottawaholding.com)





Disclaimer

The information and opinions contained in this Framework are provided as of the date of this Framework and are subject to change without notice. None of Hydro Ottawa, its subsidiaries or any of its affiliates assume any responsibility or obligation to update or revise any such statements or information, regardless of whether those statements are affected by the results of new information, future events or otherwise, including if actual changes in assumptions or factors affect the statements or information. Hydro Ottawa will not provide readers with any notice if any opinion, statement or information becomes inaccurate. This Framework represents current Hydro Ottawa policy and intent and is not intended to, nor can it be relied on, to create legal relations, rights, or obligations.

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This Framework may contain "forward-looking statements" and "forward-looking information" within the meaning of applicable securities laws. Forward-looking statements and forward-looking information are generally identified through the inclusion of words such as "aim", "anticipate", "believe", "drive", "estimate", "expect", "goal", "intend", "may", "plan", "project", "strategy", "target", "will", and similar statements or variations of such terms and other similar expressions. Such statements and information include, but are not limited to: statements relating to the intended use of proceeds from the offering of any Green Bonds; statements related to the management of proceeds of any Green Bonds issued and allocated pursuant to the Framework; statements related to Hydro Ottawa's ability to deliver on environmental and social and sustainability initiatives including completion of Eligible Investments; statements relating to the application of the Framework generally, including the issuing of an allocation report with respect to the Framework and the publication of Eligible Investments under the Framework; the verification of the allocation of proceeds and impact metrics contained in the allocation report by a third party, expectations regarding the benefits of the Framework and Eligible Investments; and statements relating to the verification of the allocation of proceeds to Eligible Investments until full allocation by a third party. Forward-looking statements and forward-looking information inherently involve risks and uncertainties that could cause actual results to differ materially from those predicted in such statements. None of the future projections, expectations, estimates or prospects in this document should be taken as forecasts or promises nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects have been prepared are correct or exhaustive or, in the case of assumptions, fully stated in the Framework. No assurance can be given that any goal or plan set forth in forward-looking statements in this Framework can or will be achieved, and readers are cautioned not to place undue reliance on such statements which speak only as of the date of the Framework. Hydro Ottawa does not undertake to update any forward-looking statements or forward-looking information, except as required by law.

As of the date of this Framework, there is no clear legal or regulatory requirements as to what constitutes a "green" project, nor are providers of secondary opinions subject to any specific regulatory or other regime or oversight. Prospective investors should make their own independent investment decisions. This Framework is provided for information purposes only, shall not be construed as providing legal, regulatory, financial, tax or investment or other advice and does not constitute a recommendation regarding the purchase, sale, subscription or other acquisition or disposal of any debt or other securities of Hydro Ottawa, any subsidiary of Hydro Ottawa or any securities backed by a security or insurance product of Hydro Ottawa. This Framework is not and is not intended to be, and does not form part of or constitute an offer to sell or an invitation to buy, or a solicitation of any offer or invitation to buy, any securities of Hydro Ottawa, or any subsidiary of Hydro Ottawa, or a recommendation to engage in any investment activity in any jurisdiction, or to any person or entity. Nothing contained herein shall form the basis of any contract or commitment whatsoever and it has not been approved by any securities regulatory authority.