



Ontario Sustainable Bond
Framework Release





Ontario Sustainable
Bond Framework

January 2024

Sustainable Bond Framework

- ✓ Ontario is releasing a Sustainable Bond Framework replacing its Green Bond Framework, released in 2014, in response to the evolving landscape in sustainable finance.
- ✓ The new Framework connects buyers of Ontario bonds more directly to projects and programs underway in the Province while also providing them with a view to the projected environmental and social impacts that will result from them.
- ✓ The update involved aligning the Framework with the four core components of the International Capital Market Association (ICMA) Green Bond Principles (GBP), the ICMA Social Bond Principles (SBP) and the ICMA Sustainability Bond Guidelines, providing investors with confidence in the rigor with which Ontario administers the program.
- ✓ The new Framework will allow for a broader range of potential bond offerings in the future.
 - Under the new Framework, Ontario can issue either Green Bonds, Social Bonds, or Sustainability Bonds which support both green and social projects in the same issuance.

New Features

	Green Bond Framework (2014) CICERO 2 ND Opinion	Sustainable Bond Framework (2024) Sustainalytics 2 ND Opinion
Green Categories	Clean Transportation	Clean Transportation
	Energy Efficiency and Conservation	Green Buildings Energy Efficiency Pollution Prevention and Control
	Clean Energy and Technology	Clean Energy
	Forestry, Agriculture and Land Management	Environmentally Sustainable Management of Living Natural Resources and Land Use Terrestrial and Aquatic Biodiversity
	Climate Adaptation and Resilience	Climate Change Adaptation Sustainable Water and Wastewater Management Circular Economy, Adapted Products, Production, Technologies and Processes
Social Categories	—	Affordable Basic Infrastructure Access to Essential Services: Healthcare Access to Essential Services: Education and Childcare Affordable* Housing Employment Generation
UNSDGs (United Nations Sustainable Development Goals)		
Exclusions	Fossil fuel and nuclear energy projects	none

New Features

- **Sustainable Bond Advisory Panel (SBAP):** the new Framework establishes the SBAP to replace its predecessor, the Green Bond Advisory Panel (GBAP). With the creation of the SBAP, there have been some changes from the GBAP including the addition of an OFA Board member.
- **Illustrative Impact Matrix:** the new Framework debuts the inclusion of an illustrative impact matrix that serves as a visual representation of the quantitative performance measures Ontario will use to measure green and social project outcomes.

Continuity

- **18-Month window period:** The window period is kept at 18-months with a lookback period of 6 months from the Bonds' issuance and a 12 month forward. Having a relatively short timeline to disburse bond proceeds means investors' money is being deployed quickly for maximum impact.
- **Assurance Audit and Annual Newsletter:** The Office of the Auditor General of Ontario will continue to provide an annual third-party verification on the allocation of proceeds of issued Green Bonds to Eligible Green Projects, issued Social Bonds to Eligible Social Projects and issued Sustainability Bonds to Eligible Green and Social Projects.

The Province will continue to publish an annual newsletter on its website including:

- Total Funds allocated to projects by eligible project category and amounts, unallocated amounts, and projected Environmental and Social impacts
- Updates on selected projects (including projected Environmental and Social impacts)
- A link to the latest assurance audit
- **Project Disclosures and Allocations:** Ontario remains committed to disclosing projects ahead of issuance, while also presenting a detailed breakdown of allocated amounts.

Looking ahead

- ✓ The new Sustainable Bond Framework supports Ontario's leadership position in the Canadian Green Bond market. The Province expects its first Sustainability Bond to be a Green Bond.
- ✓ The Province is committed to providing timely and tangible information on projects funded by Ontario's bonds issued under the new Sustainable Bond Framework and is prepared to embrace any future impact reporting recommendations and changes put forth by ICMA.
- ✓ Planned infrastructure investments over the next 10 years total \$185 billion. Assuming adequate demand, Ontario's Sustainability Bond project pipeline should easily support an ongoing program for many years to come.



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For more information on the new Framework visit:
<https://www.ofina.on.ca/sustainablebonds/>