

Schedule of Use of Green Bonds Proceeds

Responsibility for Financial Reporting

The accompanying Schedule of Use of Green Bonds Proceeds has been prepared on a cash basis. The Schedule has been properly prepared within reasonable limits of materiality and in light of information available up to November 22, 2024.

Management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded and that reliable financial information is available on a timely basis. The system includes formal policies and procedures and an organizational structure that provides for appropriate delegation of authority and segregation of responsibilities. An internal audit function independently evaluates the effectiveness of these internal controls on an ongoing basis and reports its findings to management.

The issuance of Green Bonds is part of the Province's Treasury Program managed by the OFA. The Treasury Program is audited on an annual basis by the Office of the Auditor General of Ontario and aspects of the Program are audited by the OFA's appointed internal auditor in accordance with their annual audit plan. Issues arising from the annual audit by the Office of the Auditor General are communicated to management and all recommendations to date have been implemented.

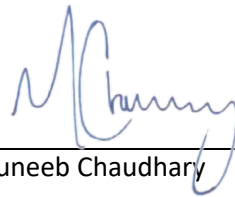
The Schedule of Use of Green Bonds Proceeds has been audited by the Auditor General of Ontario. The Auditor General's responsibility is to express an opinion on whether the Schedule is prepared in all material aspects in accordance with the basis of accounting described in Note 2 of the Schedule. The Auditor's Report, which appears on the following page, outlines the scope of the Auditor's examination and opinion.

On behalf of management:



Gadi Mayman

Chief Executive Officer
Ontario Financing Authority



Muneeb Chaudhary

Chief Financial Officer
Ontario Financing Authority

INDEPENDENT AUDITOR'S REPORT

To the Deputy Minister of Finance

Opinion

I have audited the Schedule of Use of Green Bond Proceeds (the "Schedule") of the Ontario Financing Authority (OFA) as at March 31, 2024, and notes to the Schedule, including a summary of significant accounting policies.

In my opinion, the accompanying Schedule is prepared, in all material respects, in accordance with the basis of accounting described in Note 2 to the Schedule.

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Schedule* section of my report. I am independent of the OFA in accordance with the ethical requirements that are relevant to my audit of the Schedule in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter — Basis of Accounting

I draw attention to Note 2 to the Schedule, which describes the basis of accounting for the Schedule. The Schedule was prepared to assist the Province in disclosing its use of green bond proceeds. The determination of the eligibility of the projects under the Ontario Green Bond Framework is the responsibility of the Province and accordingly, I do not express an opinion thereon. As a result, the Schedule may not be suitable for another purpose. My opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Schedule

Management of the OFA is responsible for the preparation of the Schedule in accordance with the basis of accounting described in Note 2 to the Schedule, and for such internal control as management determines is necessary to enable the preparation of the Schedule that is free from material misstatement, whether due to fraud or error.

In preparing the Schedule, management is responsible for assessing the OFA's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the OFA either intends to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the OFA's Green Bond financial reporting process.

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to obtain reasonable assurance about whether the Schedule as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Schedule.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the Schedule, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the OFA's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the OFA's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the Schedule or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the OFA to cease to continue as a going concern.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Toronto, Ontario
November 22, 2024

Jeremy Blair, CPA, CA, LPA
Assistant Auditor General

ONTARIO FINANCING AUTHORITY

Schedule of Use of Green Bond Proceeds

As at March 31, 2024

Balance as of March 31, 2023				\$ 1,200,808,918
Proceeds used for:	Go Rail Expansion (GB11, GB12 & GB13)	MTO (Metrolinx)	(1,074,614,021)	
	Hazel McCallion LRT (formerly Hurontario LRT) (GB13)	MTO (Metrolinx)	(16,493,620)	
	Portlands Flood Protection (GB10&GB11)	MOI/Waterfront	(25,000,021)	
	MacDonald Block Reconstruction (GB13)	MOI (formerly MPBSDP)	(84,701,256)	(1,200,808,918)
			Sub-total	-
Proceeds from the Fourteenth Green Bond Issue				1,493,145,000
Proceeds used for:	Scarborough Subway Extension	MTO (Metrolinx)	(118,145,000)	
	Go Rail Expansion	MTO (Metrolinx)	(550,000,000)	
	MacDonald Block Reconstruction	MOI (formerly MPBSDP)	(79,082,595)	
	Hazel McCallion LRT (formerly Hurontario LRT)	MTO (Metrolinx)	(175,000,000)	
	Ontario Subway Line	MTO (Metrolinx)	(550,000,000)	(1,472,227,595)
			Sub-total	20,917,405
Balance as of March 31, 2024				<u>\$20,917,405</u>

Notes to the Schedule of Use of Green Bond Proceeds

1. Background

In October 2014, Ontario launched a Green Bond Program. A fourteenth Canadian dollar bond of \$1,493 million was issued in December 2023. The fourteenth issuance will mature on February 2, 2032. The Green Bonds are being used to help finance transit and other environmentally friendly projects across Ontario. Ontario's Green Bond Framework sets out the types of projects that are eligible for proceeds from Green Bonds. Eligible projects are determined by the Province of Ontario.

2. Basis of Accounting

The Schedule was prepared to track on a cash basis the use of funds generated by the issuance of these Ontario Green Bonds for selected projects that were approved by the Province under the Ontario Green Bond Framework. The Schedule of Use of Green Bond proceeds shows the net proceeds of the Green Bond issue that is recorded in a

designated account in the Province’s financial records, which tracks the use of funds for eligible projects. As long as the account has a positive balance, amounts are deducted from the balance of the designated account as funds are used for eligible projects, approved as eligible by the Province.

3. Interest Earned on the Designated Account

Interest earned on the proceeds in the designated account is not available to fund any eligible Green Bond projects. Interest earned is remitted to the consolidated revenue fund of the Province of Ontario.

4. Related Parties

The Ministry of Transportation (Metrolinx), the Ministry of Infrastructure (MOI), Waterfront Toronto and the Ministry of Public and Business Service Delivery and Procurement MPBSDP (a project transitioned to Ministry of Infrastructure) are related parties to the Ontario Financing Authority, as all entities are controlled by the Province of Ontario.

As at March 31, 2024, the following amounts had been earmarked by not yet paid out of Green Bond proceeds by the Ontario Financing Authority:

MOI (a project transitioned from the Ministry of Public and Business Service Delivery and Procurement (MPBSDP))	\$ 2,492,754
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5. Green Bond & Sustainable Bond Frameworks

The fourteenth Green Bond issued was the last Green Bond issued under the original Green Bond Framework, which remained in use until December 2023. The Sustainable Bond Framework replaced the original Green Bond Framework effective January 2024.



Jason Fitzsimmons
Deputy Minister of Finance



Gadi Mayman
Chief Executive Officer