

# Second-Party Opinion

## Portland General Electric Company

### Green Financing Framework



#### Evaluation Summary

Sustainalytics is of the opinion that the Portland General Electric Company Green Financing Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2021. This assessment is based on the following:



**USE OF PROCEEDS** The eligible categories for the use of proceeds – Renewable Energy, Energy Efficiency, Clean Transportation, and Climate Change Adaptation – are aligned with those recognized by the Green Bond Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDGs 7 and 11.



**PROJECT EVALUATION / SELECTION** Portland General Electric Company's Treasury Department will be in charge of assessing and selecting Eligible Investments. The Treasury Department will collaborate with subject matter experts from other departments as needed, including Accounting, Financial Planning and Analysis, Investor Relations and Legal. Sustainalytics considers the project selection process in line with market practice.



**MANAGEMENT OF PROCEEDS** Portland General Electric Company's Treasury Department will establish a record to track the allocation of proceeds to Eligible Investments. Pending allocation proceeds will be managed according to the company's normal liquidity management practices, and the Company intends to fully allocate proceeds within 36 months of issuance. This is in line with market practice.



**REPORTING** Portland General Electric Company intends to publish on its website a Green Bond Report annually until full allocation. The Green Bond Report will include a list of Eligible Investments, amounts allocated, and proceeds not yet allocated. In addition, Portland General Electric Company is committed to reporting on relevant impact metrics. Sustainalytics views Portland General Electric Company's allocation and impact reporting as aligned with market practice.

<b>Evaluation date</b>	June 30, 2021
<b>Issuer Location</b>	Portland, Oregon, US

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## Introduction

Portland General Electric Company (“PGE” or the “Company”) is an investor-owned utility headquartered in Portland, Oregon, US. PGE engages in the generation, transmission, and distribution of electricity to residential, commercial, and industrial customers in over 51 cities in seven counties. PGE serves over 900,000 customers.

PGE has developed the Portland General Electric Company Green Financing Framework (the “Framework”) under which it intends to issue one or more green bonds and use the proceeds to finance and/or refinance, in whole or in part, existing and/or future projects that increase energy efficiency, renewable energy production and distribution, and related projects aimed at achieving an 80% reduction of its electricity related GHG emissions by 2030, against 2010 levels. The Framework defines eligibility criteria in four areas:

1. Renewable Energy
2. Energy Efficiency
3. Clean Transportation
4. Climate Change Adaptation

PGE engaged Sustainalytics to review the Portland General Electric Company Green Financing Framework, dated June 2021, and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2021 (GBP)<sup>1</sup>. This Framework has been published in a separate document.<sup>2</sup>

### Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent<sup>3</sup> opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Green Bond Principles 2021, as administered by ICMA. The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.9, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of PGE’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. PGE representatives have confirmed (1) they understand it is the sole responsibility of PGE to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and PGE.

Sustainalytics’ Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics’ Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond proceeds but does not measure the actual impact. The

<sup>1</sup> The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>.

<sup>2</sup> The Portland General Electric Company Green Financing Framework is available on PGE’s website at: [https://investors.portlandgeneral.com/green-financing\\_](https://investors.portlandgeneral.com/green-financing_)

<sup>3</sup> When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realised allocation of the bond proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that PGE has made available to Sustainalytics for the purpose of this Second-Party Opinion.

## Sustainalytics' Opinion

### Section 1: Sustainalytics' Opinion on the Portland General Electric Company Green Financing Framework

Sustainalytics is of the opinion that the Portland General Electric Company Green Financing Framework is credible and impactful, and aligns with the four core components of the GBP. Sustainalytics highlights the following elements of PGE's Framework:

- Use of Proceeds:
  - The eligible categories – Renewable Energy, Energy Efficiency, Clean Transportation, and Climate Change Adaptation – are aligned with those recognized by the GBP.
  - Within the Renewable Energy category, PGE may allocate proceeds to develop and operate renewable energy generation projects, including solar and wind and related transmission and distribution (T&D) infrastructure, as well as battery storage. This category also includes the procurement of renewable energy through long-term power purchase agreements (PPAs). Sustainalytics consider this to be aligned with market practice.
  - Under the Energy Efficiency category, the Framework includes the financing of projects that advance energy-efficient technologies, including smart meters and related communication networks, energy-efficient infrastructure such as electrical products or appliances (including LED lighting), and innovations that assist customers effectively manage energy use, including HVAC, thermostats, and batteries used for residential or commercial energy storage and charging paired with solar installations. Sustainalytics considers PGE's investments to be aligned with market practice and encourages the Company to measure and report on quantitative impact of projects, where feasible.
  - Within the Clean Transportation category, PGE may finance projects or assets for the electrification of its fleet, such as the procurement of electric passenger cars, commercial electric vehicles, and related charging infrastructure such as charging stations. In addition, PGE may invest in infrastructure to support the electrification of public transportation systems. Sustainalytics considers these investments to be aligned with market practice.
  - Within the Climate Change and Adaptation category, PGE intends to finance flood mitigation and climate resilience systems for T&D infrastructure. PGE intends to perform climate change vulnerability assessments and associated adaptation plans for future projects. Sustainalytics considers PGE's investments in this category to be aligned with market practice.
  - Sustainalytics notes that PGE has included an exclusionary list in the Framework, including activities related to fossil fuel exploration, production or transportation, the consumption of fossil fuels for power generation or nuclear energy.
- Project Evaluation and Selection:
  - PGE's Treasury Department will be responsible for evaluating and selecting Eligible Investments to be financed. The Treasury Department will collaborate in this process with other internal subject matter experts from other departments, including Accounting, Financial Planning and Analysis, Investor Relations, and Legal to select Eligible Investments.
  - Based on the cross-departmental collaboration and PGE's Treasury Department oversight, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:

- PGE's Treasury Department will be responsible for tracking the proceeds of any Green Bond. The Treasury Department will maintain a register to record allocations to Eligible Investments. In case an Eligible Investment no longer meets the Framework's eligibility criteria, the Company will use reasonable efforts to reallocate the proceeds.
- PGE intends to fully allocate proceeds within 36 months of issuance. In the case of refinancing, eligible projects include those made two years prior to the issuance.
- Pending allocation, the Company will manage proceeds in accordance with its liquidity management practices.
- Based on how proceeds will be held, tracked, and disbursed, Sustainalytics considers this process to be in line with market practice.
- Reporting:
  - PGE intends to publish on its website a Green Bond Report on an annual basis and until full allocation. The Green Bond Report will include a list of Eligible Investments, amounts allocated and proceeds not yet allocated.
  - The Company intends to report select case studies and on performance, where feasible, using quantitative and qualitative impact metrics for each investment category. Potential quantitative impact metrics could include renewable energy generated (MWh), energy efficiency gains (average megawatts), number of charging stations installed, and number of inspections completed in high-risk areas for climate risk.
  - Based on PGE's reporting commitment, Sustainalytics considers this process to be in line with market practice.

#### Alignment with Green Bond Principles 2021

Sustainalytics has determined that the Portland General Electric Company Green Financing Framework aligns to the four core components of the GBP. For detailed information please refer to Appendix 1: Green Bond/Green Bond Programme External Review Form.

## Section 2: Sustainability Performance of PGE

#### Contribution of framework to Portland General Electric Company's sustainability strategy

Sustainalytics is of the opinion that PGE demonstrates a commitment towards sustainability, focusing on reducing GHG emissions associated with power supply and advancing clean energy to power vehicles and homes. As indicated in PGE's 2019 Sustainability Report, the Company commits to reducing the environmental impacts of all its business activities, including clean power supply, electric vehicles, and operation of buildings.<sup>4</sup> As a step towards this commitment, PGE closed its coal-fired Boardman power plant 20 years ahead of schedule in 2020 instead of the initially targeted 2040 closing date. To advance the supply of clean electricity to its customers, PGE has continued to invest in renewable and non-emitting sources such as wind power, solar power, and hydroelectricity.

PGE has set a target to reduce by 80% the GHG emissions from its power supply by 2030 against 2010 emissions, and thus move towards its companywide net-zero GHG emission target by 2040.<sup>5</sup> To advance towards this goal, in 2020 the Company brought online a renewable energy facility with a capacity of 300 megawatts of wind power, 50 megawatts of solar power, and 30 megawatts of battery storage. In 2019 the Company launched the "Green Future Impact" project to support other businesses in sourcing 100% of their electricity demands from regional wind or solar facilities.<sup>6 7</sup>

Regarding clean transportation, PGE has committed to electrifying 100% of its forklifts, light-duty vehicles, and small pickup trucks by 2025. By 2030 the Company aims to electrify 60% of its entire fleet. In 2019, PGE opened four new "Electric Avenues" consisting of vehicle charging hubs across Oregon. The Company has also partnered with public school districts to introduce electric school buses in the State. In 2019, the "PGE Drive Change Fund," aimed at electrifying transportation in Oregon, awarded more than "USD 2.25 million to 16 local community organizations, non-profits, and businesses to increase access to electric transportation."<sup>8</sup>

<sup>4</sup> PGE, "Sustainability Report", (2019) at: <https://portlandgeneral.com/2019-sustainability-report/2019-sustainability-report-sustainable-future>

<sup>5</sup> PGE, "Sustainability Report", (2019) at: <https://portlandgeneral.com/2019-sustainability-report/2019-sustainability-report-sustainable-future>

<sup>6</sup> PGE, "Green Future Impact" at: <https://portlandgeneral.com/energy-choices/renewable-power/green-future-impact>

<sup>7</sup> PGE, "Green Future Impact" at: <https://portlandgeneral.com/energy-choices/renewable-power/green-future-impact>

<sup>8</sup> PGE, "Sustainability Report", (2019) at: <https://portlandgeneral.com/2019-sustainability-report/2019-sustainability-report-sustainable-future>

Sustainalytics is of the opinion that the Portland General Electric Company Green Financing Framework is aligned with the company's overall sustainability strategy and initiatives and will further the Company's action on its key environmental priorities.

### **Well-positioned to address common environmental and social risks associated with the projects**

While Sustainalytics recognizes that the net proceeds from the bond issued under the Framework will be directed towards eligible projects that are expected to have positive environmental impact, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks associated with the eligible projects, could include occupational health and safety, land use change and biodiversity risks at the site of construction, and community relations.

Sustainalytics is of the opinion that PGE is able to manage and/or mitigate potential risks through implementation of the following:

- PGE conforms to the provisions of the National Electrical Safety Code, National Electrical Code, the Occupational Safety and Health Administration, and other pertinent codes and ordinances during construction and maintenance.<sup>9</sup> PGE is committed to worker safety as one of its core values. All employees, customers, and suppliers should participate in safety training and are required to read the safety manuals and related safety material applicable to their job. Those working on PGE properties or elsewhere on PGE's behalf must wear required safety clothing and equipment.<sup>10</sup>
- PGE has a dedicated "safety group" responsible for overseeing safety policies, annual compliance training of employees, tracking compliance, investigating incidents, and preparing training and material to ensure overall safety performance. The compliance requirements are reviewed monthly to ensure their applicability, and scorecards are used within departments to monitor compliance.
- PGE's Environmental, Health and Safety (EHS) organization includes performing activities such as fish and wildlife research, environmental permitting, proper waste management and clean up, and habitat restoration.<sup>11</sup>
- PGE engages in both formal as well as informal peer-to-peer contact with the Public Utility Commission of Oregon, customer interest organizations, and policymakers. PGE's integrated resource planning process provides opportunities for the public to engage in the planning process through public meetings that bring together a variety of stakeholders.<sup>12</sup>
- The US is classified as a "Designated Country" under the Equator Principles, implying the presence of robust environment and social governance systems, legislation, and institutional capacity for protecting the environment and communities.<sup>13</sup> Sustainalytics considers that environmental and social impacts are mitigated by the laws and regulations in place in the jurisdiction in which PGE operates.
- In addition to the above, PGE's Board of Directors, lead by the Chair, oversees ESG and sustainability issues initiatives through four committees: Audit and Risk, Finance, Nominating and Corporate Governance, and Compensation and Human Resources. Furthermore, the executive team is responsible for planning, executing, and addressing sustainability-related issues and initiatives.<sup>14</sup>

Overall, Sustainalytics is of the opinion that through its own efforts as well as its adherence to and compliance with applicable laws and regulations, PGE is well positioned to mitigate the environmental and social risks associated with the projects financed under its Framework

### **Section 3: Impact of Use of Proceeds**

All four use of proceeds categories are aligned with those recognized by the GBP. Sustainalytics has focused on two below where the impact is specifically relevant in the local context.

<sup>9</sup> PGE, "Electric Service Requirements", (2020) at: <https://portlandgeneral.com/builders-new-construction/electric-service-requirements-209a4dd98903f0ee13b7b92df91a3fa0/construction-pge-electric-service-requirements.pdf>

<sup>10</sup> PGE, "Supplier Code of Conduct", (2020) at: <https://assets.ctfassets.net/416ywc1laqmd/3idNMtQNbQu4S1xXOxdDyL/df7bbefd4a269331f4628e27d1a4aeb2/supplier-code-of-conduct.pdf>

<sup>11</sup> PGE has provided to Sustainalytics, in confidence, additional information regarding its processes to identify and mitigate project related risks.

<sup>12</sup> PGE, "IRP Public Meetings", (2021), at: <https://portlandgeneral.com/about/who-we-are/resource-planning/irp-public-meetings>

<sup>13</sup> The Equator Principles, "Designated Countries", at: <https://equator-principles.com/designated-countries/>

<sup>14</sup> PGE, "Investor Presentation", (2021) at: <https://investors.portlandgeneral.com/static-files/5a2877b7-a431-4780-96dc-c7a25620bed2>

### Importance of increasing renewable energy generation

According to the International Energy Agency (“IEA”), annual global energy demand rose by 2.3% in 2018, with the US, India, and China accounting for nearly 70% of this global increase.<sup>15</sup> The Intergovernmental Panel on Climate Change (“IPCC”)<sup>16</sup> issued a report in 2018 outlining that as global energy demand rises due to population growth,<sup>17</sup> a shift towards clean energy is vital to limiting temperature increases to well below 2°C. While renewable energy generation in the US has experienced significant growth, it accounted for just 12% of the country’s total primary energy consumption in 2020<sup>18</sup> and approximately 20% of electricity generation in 2020.<sup>19</sup> According to the Department of Energy’s National Renewable Energy Laboratory (“NREL”), by increasing renewable electricity generation from technologies that are presently available, there is the capacity for 80% of the country’s electricity to be generated from renewable energy, including through wind and solar generation, by 2050.<sup>20</sup>

In March 2020, the governor of Oregon signed the Oregon Climate Action Plan that established GHG reduction targets and directed 16 state agencies to help achieve the goal of reducing GHG emissions by at least 80% below 1990 levels by the year 2050.<sup>21</sup> Electricity is the second largest contributor to climate pollution in Oregon, and the state has committed over the next few years to reduce these impacts. The Oregon climate bill of 2021, requires PGE and Pacific Power to submit plans to reduce emissions by 80% from a baseline amount by 2030, 90% by 2035, and completely eliminate emissions by 2040.<sup>22</sup>

Based on the above, Sustainalytics is of the opinion that the activities carried out under the Framework have the potential to contribute towards increasing the share of renewable energy generation in the state and reach Oregon’s GHG emission reduction targets.

### Importance of electric vehicles in reducing GHG emissions

Transportation is currently the largest source of greenhouse gas emissions in the US, having surpassed electricity generation in 2016. The transportation sector contributed 29% of GHG emissions in 2020, which is relatively higher than the global average GHG contribution from the sector, which contributed 14% in the same year.<sup>23</sup> Cars and trucks emit nearly 40% of Oregon’s climate pollution and more than one-half of Oregon’s air pollution. In order to increase electric mobility in the state, the Oregon Environmental Council has been promoting electric vehicles (EVs) and the infrastructure needed to support them.<sup>24</sup>

Currently, in the US EVs represent a small fraction of the passenger vehicle fleet in operation. Annual new vehicle sales are approximately 15 million vehicles per year, and EVs represent only 2% of the market share. To increase the uptake of EVs there is a need to significantly increase EVs charging infrastructure. In the US., there are currently over 1.2 million charging ports, ranging from residential plug-ins to high-speed chargers in public areas.<sup>25</sup> Sustainalytics is of the opinion that the clean transportation projects financed under the Framework, have the potential to advance the transition to the electrification of the sector and overall GHG emissions reduction from transportation in the US.

<sup>15</sup> IEA, “Global energy demand rose by 2.3% in 2018, its fastest pace in the last decade”, (2019) at:

<https://www.iea.org/newsroom/news/2019/march/global-energy-demand-rose-by-23-in-2018-its-fastest-pace-in-the-last-decade.html>

<sup>16</sup> IPCC, “Global Warming of 1.5°C”, at: <https://www.ipcc.ch/sr15/>.

<sup>17</sup> OECD, “Green Growth Studies, Energy”, at: <https://www.oecd.org/greengrowth/greening-energy/49157219.pdf>.

<sup>18</sup> EIA, “U.S. energy facts explained”, (2021), at: <https://www.eia.gov/energyexplained/us-energy-facts/>

<sup>19</sup> EIA, “US Energy Facts Explained” at: <https://www.eia.gov/energyexplained/us-energy-facts/>

<sup>20</sup> NREL, “Renewable Electricity Futures Study”, (2012), at: <https://www.nrel.gov/docs/fy13osti/52409-ES.pdf>.

<sup>21</sup> Oregon Environment Council, “Oregon Climate Action Plan”, (2020) at: [https://oeconline.org/wp-content/uploads/2020/04/OCAP-Fact-Sheet-FINAL\\_FINAL-FINAL.pdf](https://oeconline.org/wp-content/uploads/2020/04/OCAP-Fact-Sheet-FINAL_FINAL-FINAL.pdf)

<sup>22</sup> Oregon Public Broadcasting, “Oregon’s big climate bill of 2021 generates little friction”, at: <https://www.opb.org/article/2021/05/26/big-oregon-climate-bill-of-2021-generates-little-friction/>

<sup>23</sup> Project Drawdown “Transportation” at: <https://www.drawdown.org/sectors/transportation>

<sup>24</sup> Oregon Environment Council, “People focused transportation solutions” at: <https://oeconline.org/transportation/>

<sup>25</sup> Virginia McConnell et.al (2020), “Progress and Potential for Electric Vehicles to Reduce Carbon Emissions”, Resources for the future, at: <https://www.rff.org/publications/reports/potential-role-and-impact-evs-us-decarbonization-strategies/>



### Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 by the United Nations General Assembly and form an agenda for achieving sustainable development by the year 2030. The bond(s) issued under the Portland General Electric Company Green Financing Framework advances the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Renewable Energy	7 Affordable and clean energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Energy Efficiency	7 Affordable and clean energy	7.3 By 2030, double the global rate of improvement in energy efficiency
Clean Transportation	11 Sustainable Cities and Communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons
Climate Change Adaptation	11 Sustainable Cities and Communities	11.3 By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries

### Conclusion

Portland General Electric Company has developed the Portland General Electric Company Green Financing Framework under which it may issue green bonds and use the proceeds to finance renewable energy projects including wind and solar, associated infrastructure, supporting energy efficiency technologies, clean transportation investments including electric charging stations, and systems to mitigate flooding and other climate related risks. Sustainalytics considers that the projects funded by the green bond proceeds are expected to provide positive environmental impact.

The Portland General Electric Company Green Financing Framework outlines a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the Portland General Electric Company Green Financing Framework is aligned with the overall sustainability strategy of the company and that the green use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 7 and 11. Additionally, Sustainalytics is of the opinion that PGE has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the use of proceeds.

Based on the above, Sustainalytics is confident that Portland General Electric Company is well-positioned to issue green bonds and that the Portland General Electric Company Green Financing Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles 2021.

## Appendix

### Appendix 1: Green Bond / Green Bond Programme - External Review Form

#### Section 1. Basic Information

<b>Issuer name:</b>	Portland General Electric Company
<b>Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:</b>	Portland General Electric Company Green Financing Framework
<b>Review provider's name:</b>	Sustainalytics
<b>Completion date of this form:</b>	June 30, 2021
<b>Publication date of review publication:</b>	

#### Section 2. Review overview

##### SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBP:

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds        | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting                                    |

##### ROLE(S) OF REVIEW PROVIDER

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 <sup>nd</sup> opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification   | <input type="checkbox"/> Rating        |
| <input type="checkbox"/> Other ( <i>please specify</i> ):                       |  |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

##### EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (*if applicable*)

Please refer to Evaluation Summary above.

#### Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.



## 1. USE OF PROCEEDS

Overall comment on section (if applicable):

The eligible categories for the use of proceeds – Renewable Energy, Energy Efficiency, Clean Transportation, and Climate Change Adaptation – are aligned with those recognized by the Green Bond Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDGs 7 and 11.

### Use of proceeds categories as per GBP:

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Renewable energy  | <input checked="" type="checkbox"/> Energy efficiency  |
| <input type="checkbox"/> Pollution prevention and control   | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation  | <input checked="" type="checkbox"/> Clean transportation   |
| <input type="checkbox"/> Sustainable water and wastewater management  | <input checked="" type="checkbox"/> Climate change adaptation  |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes                            | <input type="checkbox"/> Green buildings   |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBP | <input type="checkbox"/> Other (please specify):   |

If applicable please specify the environmental taxonomy, if other than GBP:

## 2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

Portland General Electric Company's Treasury Department will be in charge of assessing and selecting Eligible Investments. The Treasury Department will collaborate with subject matter experts from other departments as needed, including Accounting, Financial Planning and Analysis, Investor Relations and Legal. Sustainalytics considers the project selection process in line with market practice.

### Evaluation and selection

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's environmental sustainability objectives            | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories               |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available       | <input type="checkbox"/> Other (please specify):  |

**Information on Responsibilities and Accountability**

- Evaluation / Selection criteria subject to external advice or verification       In-house assessment
- Other (please specify):

**3. MANAGEMENT OF PROCEEDS**

Overall comment on section (if applicable):

Portland General Electric Company's Treasury Department will establish a record to track the allocation of proceeds to Eligible Investments. Pending allocation proceeds will be managed according to the company's normal liquidity management practices, and the Company intends to fully allocate proceeds within 36 months of issuance. This is in line with market practice.

**Tracking of proceeds:**

- Green Bond proceeds segregated or tracked by the issuer in an appropriate manner
- Disclosure of intended types of temporary investment instruments for unallocated proceeds
- Other (please specify):

**Additional disclosure:**

- Allocations to future investments only       Allocations to both existing and future investments
- Allocation to individual disbursements       Allocation to a portfolio of disbursements
- Disclosure of portfolio balance of unallocated proceeds       Other (please specify):

**4. REPORTING**

Overall comment on section (if applicable):

Portland General Electric Company intends to publish on its website a Green Bond Report on an annual basis and until full allocation. The Green Bond Report will include a list of Eligible Investments, amounts allocated and proceeds not yet allocated. In addition, Portland General Electric Company is committed to reporting on relevant impact metrics. Sustainalytics views Portland General Electric Company's allocation and impact reporting as aligned with market practice.

**Use of proceeds reporting:**

- Project-by-project       On a project portfolio basis
- Linkage to individual bond(s)       Other (please specify):

**Information reported:**

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Allocated amounts | <input type="checkbox"/> Green Bond financed share of total investment |
| <input type="checkbox"/> Other (please specify):      | Unallocated proceeds   |

**Frequency:**

- |  |                                      |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual       | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (please specify): |                                      |

**Impact reporting:**

- |  |  |
|--|--|
| <input type="checkbox"/> Project-by-project            | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify):                 |

**Information reported (expected or ex-post):**

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input checked="" type="checkbox"/> Energy Savings   |
| <input type="checkbox"/> Decrease in water use              | <input checked="" type="checkbox"/> Other ESG indicators (please specify): number of charging stations installed, number of inspections completed in high-risk areas for climate risk. |

**Frequency**

- |  |                                      |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual       | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (please specify): |                                      |

**Means of Disclosure**

- |   |   |
|---|---|
| <input type="checkbox"/> Information published in financial report  | <input type="checkbox"/> Information published in sustainability report       |
| <input type="checkbox"/> Information published in ad hoc documents  | <input checked="" type="checkbox"/> Other (please specify): Green Bond Report |
| <input type="checkbox"/> Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review): |   |

Where appropriate, please specify name and date of publication in the useful links section.

**USEFUL LINKS** (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

**SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE**

**Type(s) of Review provided:**

- |  |  |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 <sup>nd</sup> opinion) | <input type="checkbox"/> Certification |
|--|--|

- Verification / Audit
  Rating
- Other (*please specify*):

**Review provider(s):**

**Date of publication:**

**ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP**

- i. **Second-Party Opinion:** An institution with environmental expertise, that is independent from the issuer may issue a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
- ii. **Verification:** An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
- iii. **Certification:** An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. **Green Bond Scoring/Rating:** An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

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