

Second-Party Opinion

NSW Sustainability Bond Framework



Evaluation Summary

Sustainalytics is of the opinion that the NSW Sustainability Bond Framework is credible and impactful, and aligns with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021 and Social Bond Principles 2021. This assessment is based on the following:



USE OF PROCEEDS All of the 11 eligible categories for the use of proceeds¹ are aligned with those recognized by the Green Bond Principles and the Social Bond Principles. Sustainalytics considers that investments in the eligible categories will contribute towards the New South Wales (NSW) Government's environmental and social objectives and advance the UN Sustainable Development Goals, specifically SDG 1, 2, 3, 4, 6, 7, 8, 9, 10, 11, 14 and 15.



PROJECT EVALUATION / SELECTION The NSW Sustainability Bond Programme's internal process for evaluating and selecting projects will be overseen by the NSW Sustainability Bond Committee (NSBC), chaired by the NSW Treasury Corporation (TCorp), in collaboration with the Asset Identification Group (AIG) led by the NSW Office of Social Impact Investment (OSII) division of NSW Treasury. The NSBC will be the final approver of eligible projects assessed and recommended by the AIG. TCorp's assessment of material risks and mitigants of projects, including negative social and environmental impacts, is applicable to all allocation decisions made under the Framework. Sustainalytics considers the said assessment as adequate risk management, and the project selection process in line with market practice.



MANAGEMENT OF PROCEEDS TCorp's finance department will oversee the management and tracking of proceeds with an internal reporting system. Pending allocation, unallocated proceeds will be temporarily invested in cash, cash equivalent instruments, other investment instruments with relevant restrictions, or in reducing revolving indebtedness. This is in line with market practice.



REPORTING TCorp intends to publish an annual report for all outstanding bonds issued under the NSW Sustainability Bond Programme. The reporting is coordinated by the Reporting Group, led by OSII and will include information on details of the projects being financed or refinanced, the expected environmental and social impacts, qualitative and quantitative impact performance measures of the nominated projects and assets, and alignment with ICMA principles and the UN SDGs. In addition, TCorp is committed to reporting on relevant impact metrics. Sustainalytics views TCorp's allocation and impact reporting as aligned with market practice.

Evaluation date	January 27, 2022
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Issuer Location	Sydney, Australia
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¹ The five green bond eligible categories are: i) Clean Transportation; ii) Sustainable Water and Wastewater Management; iii) Green Buildings; iv) Energy Efficiency and Renewable Energy; and v) Environmentally Sustainable Management of Living Natural Resources and Land Use, Climate Change Adaptation, Terrestrial and Aquatic Biodiversity Conservation.

Introduction

The New South Wales Treasury Corporation (“TCorp” or the “Issuer”) is a government-owned financial services provider for the public sector in the State of New South Wales, Australia. TCorp provides financing for the government, public authorities and other public bodies, and manages government funds, assets and liabilities.

TCorp has developed the NSW Sustainability Bond Framework dated January 2022 (the “Framework”) in cooperation with NSW Treasury, NSW Office of Social Impact Investment and the NSW Department of Planning, Industry and Environment (DPIE). Under the Framework, TCorp intends to issue green, social and sustainability bonds, and use the proceeds to finance or refinance, in whole or in part, existing and future projects that deliver positive environmental and social outcomes, align with and contribute towards meeting the UN SDGs and to support the NSW Government’s environmental and social objectives. The Framework defines eligibility criteria in five green and six social areas:

Green Bond Eligible Categories

1. Clean Transportation
2. Sustainable Water and Wastewater Management
3. Green Buildings
4. Energy Efficiency and Renewable Energy
5. Environmentally Sustainable Management of Living Natural Resources and Land Use, Climate Change Adaptation, Terrestrial and Aquatic Biodiversity Conservation

Social Bond Eligible Categories

1. Affordable Basic Infrastructure
2. Access to Essential Services
3. Affordable Housing
4. Employment Generation
5. Food Security and Sustainable Food Systems
6. Socio-Economic Advancement and Empowerment

TCorp engaged Sustainalytics to review the NSW Sustainability Bond Framework and provide a second-party opinion on the Framework’s environmental and social credentials, and its alignment with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, and Social Bond Principles 2021.² The Framework has been published in a separate document.³ TCorp’s NSW Sustainability Bond Framework dated January 2022 updates and replaces its 2020 Sustainability Bond Framework, for which Sustainalytics had provided a previous Second-Party Opinion.⁴

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

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁵ opinion on the alignment of the reviewed Framework with 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 Sustainability Bond Guidelines 2021, Green Bond Principles 2021 and Social Bond Principles 2021, as administered by ICMA.
- The credibility and anticipated positive impacts of the use of proceeds; and

The six social bond eligible categories are: i) Affordable Basic Infrastructure; ii) Access to Essential Services; iii) Affordable Housing; iv) Employment Generation; v) Food Security and Sustainable Food Systems; and vi) Socio-economic Advancement and Empowerment.

² The Sustainability Bond Guidelines, Green Bond Principles, and Social Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/sustainability-bond-guidelines-sbg/>.

³ The NSW Sustainability Bond Framework is available on New South Wales Treasury Corporation’s website at: <https://www.tcorp.nsw.gov.au/html/sustainabilitybonds.cfm>.

⁴ Sustainalytics’ 2020 Second-Party Opinion is available at: https://www.tcorp.nsw.gov.au/resource/NSW_Sustainability_Bond_Framework_Second-Party_Opinion_2020.pdf.

⁵ 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.

- 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 1.11.1, 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 TCorp's management team to understand the sustainability impact of its business processes and planned use of proceeds, as well as the management of proceeds and reporting aspects of the Framework. TCorp representatives have confirmed that: (1) they understand it is the sole responsibility of TCorp to ensure that the information provided is complete, accurate and up to date; (2) they have provided Sustainalytics with all relevant information; and (3) 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 TCorp.

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 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 realized 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 TCorp has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the NSW Sustainability Bond Framework

Sustainalytics is of the opinion that the NSW Sustainability Bond Framework is credible, impactful and aligns with the four core components of the GBP and SBP. Sustainalytics highlights the following elements of TCorp's Sustainability Bond Framework:

- Use of Proceeds:
 - All of the 11 eligible categories are aligned with those recognized by the GBP and SBP. They are: Clean Transportation; Sustainable Water and Wastewater Management; Green Buildings; Energy Efficiency and Renewable Energy; Environmentally Sustainable Management of Living Natural Resources and Land Use, Climate Change Adaptation, Terrestrial and Aquatic Biodiversity Conservation; Affordable Basic Infrastructure; Access to Essential Services, Affordable Housing; Employment Generation; Food Security and Sustainable Food Systems; and Socio-economic Advancement and Empowerment. Sustainalytics believes that investments in the eligible categories are expected to contribute towards the NSW Government's environmental and social objectives.
 - TCorp intends to fully allocate the net proceeds within 24 months of the issuance of the bonds, which Sustainalytics considers to be in line with market practice. TCorp does not indicate a look-back period for its refinancing activities, however it commits to report on the share of financing versus refinancing activities and, where appropriate, identify which investments or project portfolios may be refinanced.

- Sustainalytics highlights that the NSW Sustainability Bond Framework commits TCorp to align the green use of proceeds with the GBP and the Climate Bonds Taxonomy,⁶ and comply with sector-specific technical criteria for those categories subject to the relevant Sector Criteria of the Climate Bonds Standard.⁷ This includes Clean Transportation, Sustainable Water and Wastewater Management, Green Buildings, Energy Efficiency and Renewable Energy, and Environmentally Sustainable Management of Living Natural Resources.
- Under the Clean Transportation category, TCorp may finance or refinance the purchase of zero direct emissions (electric or hydrogen fuel cell) passenger or light commercial vehicles and public transport, such as electrified rolling stock, vehicles, light rail, trolley buses, cable cars and buses that align with the Low Carbon Transport Criteria of the Climate Bonds Standard.⁸ Additionally, TCorp may invest in related infrastructures to support electric and fuel cell vehicles, such as bus depots for electric buses, electric charging and hydrogen fuelling stations, and public infrastructure for walking and cycling. Sustainalytics notes positively that the Issuer intends to limit the use of hydrogen fuel to green hydrogen,⁹ and considers TCorp's clean transportation investments to be in line with a low-carbon trajectory.
- Within the Sustainable Water and Wastewater Management category, TCorp may invest in sustainable and resilient infrastructure, including wastewater recycling and treatment,¹⁰ water distribution and storage, flood mitigation measures, as well as nature-based solutions, such as naturalization of waterways to improve biodiversity, carbon sequestration outcomes and water supply. Sustainalytics highlights that the Framework commits to align all relevant projects under this category with the mitigation and adaptation components of the Water Infrastructure Criteria of the Climate Bonds Standard,¹¹ which mitigates possible related environmental risks.
- Under Green Buildings, TCorp may invest in sustainable and resilient commercial, residential and government buildings aligned with the Building Criteria of the Climate Bonds Standard¹² and other recognized third-party standards, such as NABERS 4 Stars or above. TCorp may also invest in building upgrades that improve energy, water and waste efficiency in alignment with the Climate Bonds Standard, which is in line with market practice. For Sustainalytics' assessment of the certification scheme, please refer to Appendix 1.
- Within Energy Efficiency and Renewable Energy, TCorp may finance LED and other efficient lighting upgrades, rooftop solar, battery storage and smart grid supply networks to integrate renewable energy sources. Sustainalytics notes that the Framework commits to align battery storage and smart grid network projects with the Grids and Storage Criteria of the Climate Bonds Standard,¹³ and considers the projects to help increase energy efficiency and renewable power generation in Australia.
- Under the category Environmentally Sustainable Management of Living Natural Resources and Land Use, TCorp may invest in the conservation of aquatic biodiversity¹⁴ and national parks, as well as the restoration of forests affected by bushfires. Sustainalytics highlights that the Framework commits to align forestry activities financed with the mitigation and adaptation components of the Forestry, Land Conservation and Restoration Criteria of the Climate Bonds Standard,¹⁵ as well as with PEFC certified sustainable forest management plans. For Sustainalytics' assessment of the certification scheme, please refer to Appendix 2.

⁶ Climate Bonds Initiative, "Climate Bonds Taxonomy", at: <https://www.climatebonds.net/standard/taxonomy>

⁷ Climate Bonds Initiative, "Standard / Sector Criteria", at: <https://www.climatebonds.net/standard/sector-criteria>

⁸ Climate Bonds Initiative, "Standard / Sector Criteria / Low Carbon Transport", at: <https://www.climatebonds.net/standard/transport>

⁹ Sustainalytics considers green hydrogen to be hydrogen which is produced from electrolysis of water powered by renewables and where CO₂ is not sourced from fossil fuel operations.

¹⁰ The Framework excludes from the eligible wastewater treatment projects: (i) wastewater treatment driven by fossil fuel, and (ii) treatment of wastewater from fossil fuel operations, such as fracking.

¹¹ Climate Bonds Initiative, "Standard / Sector Criteria / Water Infrastructure", at: <https://www.climatebonds.net/standard/water>

¹² Climate Bonds Initiative, "Standard / Sector Criteria / Buildings", at: <https://www.climatebonds.net/standard/buildings>

¹³ Climate Bonds Initiative, "Standard / Sector Criteria / Electrical Grids and Storage", at: <https://www.climatebonds.net/standard/electrical-grids-and-storage>

¹⁴ Eligible aquatic conservation projects will exclude commercial fishery activities such as management of fishing farms and or aquaculture for commercial purposes.

¹⁵ Climate Bonds Initiative, "Standard / Sector Criteria / Forestry, Land Conservation and Restoration", at: <https://www.climatebonds.net/standard/forestry>

- Investments under the Affordable Basic Infrastructure category may include affordable basic infrastructure for households related to clean drinking water, sewers, sanitation, mass transport, energy and green recreational spaces.
 - Infrastructure for energy is limited to energy supply from renewables, such as solar panels on top of social housing or remote microgrids dedicated to transmission, distribution, storage and generation of solar, hydro or wind energy.
 - Mass transport infrastructure may include construction and upgrades of roads in remote areas or targeting underserved groups. For example, road upgrades under the Roads to Home Program¹⁶ targeting discrete Aboriginal communities located in remote areas of NSW to improve their access to essential public services, such as waste collection, postal, emergency and transportation services.
 - Sustainalytics positively highlights that TCorp's financing of basic infrastructure and infrastructure renewal to provide clean drinking water, sewer and sanitation, and connectivity through roads is limited to areas that currently lack this infrastructure, such as small towns and areas where existing systems are unable to support population growth.
- Under the Access to Essential Services category, TCorp may include investments in public healthcare, educational facilities and vocational training services, including the purchase of vaccinations, medications and medical equipment, the expansion of intensive care units, and hiring and training of medical personnel.¹⁷ Investments may also include upgrades to public transport stations to make them accessible to people with disabilities and limited mobility such as the elderly, caregivers with prams, among others. Additionally, TCorp may also include investments that aim to improve access to emergency services.
 - Upgrades to public transport stations may include expenses related to improving compliance with the Disability Standards for Accessible Public Transport 2002,¹⁸ including installation of ramps, accessible car spaces and toilets, tactile features and handrails, guides for the visually impaired, barrier-free access and doorways, improved lighting and signage¹⁹ and lifts in stations where no other accessibility improvement can be made. While Sustainalytics notes that lifts will be available for the general users of the stations, they represent the only feasible option for access to those in need of a better solution than stairs. In addition, Sustainalytics considers the upgrade of public transport stations to be impactful in improving access to public transport for people with disabilities and limited mobility, and therefore in line with market practice.
 - Emergency services related investments may include the enhancement of the New South Wales' Government Radio Network. The aim for such investments is to improve access to public safety radio communications for the State's first responders and emergency service agencies, such as public safety, fire services and ambulance. Expenses may include installation of new radio sites, upgrades and consolidation of existing radio assets,²⁰ as well as enhancements to allow interagency and multi-state sharing of information (interoperability) amongst emergency service agencies in accordance with the State's Critical Communications Enhancement Program.²¹ Sustainalytics has been advised that this is central to implementing the recommendations from several high-level NSW government inquiries into public safety incidents including: NSW Bushfire Inquiry 2020, Inquest into deaths arising from the Lindt Café siege 2017, Inquiry into Violence against Emergency Services Personnel (2017) and Bega Valley Fires Independent Review (2018). TCorp has clarified to Sustainalytics that the program aims to improve the public safety radio coverage for general public in vulnerable situations, expanding the radio network's coverage from

¹⁶ NSW Government, "Roads to Home", at: <https://www.planning.nsw.gov.au/Policy-and-Legislation/Aboriginal-land-use-planning/Roads-to-Home>

¹⁷ Eligible public health, educational and vocational services will be accessible to all regardless of ability to pay.

¹⁸ Australian Government, Federal Register of Legislation, at: <https://www.legislation.gov.au/Details/F2005B01059>

¹⁹ Eligible lighting and signage are in compliance with Australian Standard 1428.2, which sets out design requirements for buildings and facilities for access for people with disabilities. More information is available at: <https://ablis.business.gov.au/service/wa/australian-standard-as-1428-2-design-for-access-and-mobility-enhanced-and-additional-requirements-buildings-and-facilities/17522>

²⁰ TCorp has specified that the associated radio towers and equipment are mostly powered by solar with the exception of few in remote or rural areas with unsuitable climatic conditions that rely on fossil fuel. Additionally, fossil fuel powered generators may be used as a backup in case of emergencies. Sustainalytics recognizes the State's endeavour to limit the use of fossil fuel and encourages the Issuer to exclude expenditures related to fossil fuel backups from the Framework.

²¹ NSW Government Telco Authority, "Critical Communications Enhancement Program (CCEP)", at: <https://www.telco.nsw.gov.au/ccep/ccep-home>

- 80% to 99.7% of population in NSW. This includes vulnerable communities who live in areas without such coverage and thus lack adequate access to emergency services.
- Sustainalytics recognizes that extending and enhancing radio networks supporting certain services has potential benefits, while also noting that it is considered a deviation from market practice to finance expenditures related to law enforcement.
 - Under the Affordable Housing category, TCorp may finance and refinance projects related to building, doing upgrades or maintenance of social housing. The financing may include a variety of social housing initiatives that aim to provide rental housing to homeless people,²² low-income households²³ and Aboriginal communities²⁴ at an affordable rate. Sustainalytics notes that rents of social housing are set either as a discount (e.g. 20-25%) on market rent or as a percentage (e.g. 25-30%) of a household's income, subject to variability of a household's individual circumstances.²⁵ This is in line with market practice.
 - Within the Employment Generation category, TCorp may finance or refinance NSW Government's youth employment programmes and vocational education and training programmes, targeting at young people aged 15 to 24 years in regions with the highest youth unemployment rates.²⁶ In addition, the Food Security and Sustainable Food Systems category, may include financing of breakfast clubs that provide free breakfasts to students of public schools in lower socio-economic areas of New South Wales. Sustainalytics considers such investments to be in line with market practice.
 - With regard to the Socio-economic Advancement and Empowerment category, TCorp may finance or refinance NSW Government programmes to reduce homelessness and increase stability for children. Examples of such programmes include: i) Specialist Homelessness Services Program,²⁷ ii) Connect 100,²⁸ iii) Together Home²⁹ and iv) Permanency Support Program,³⁰ which aim to provide housing support to homeless people or to help vulnerable children to grow up in a stable and secure environment. Sustainalytics views this in line with market practice. See Section 3, for more information on the programmes.
 - Project Evaluation and Selection:
 - TCorp along with NSW Treasury and NSW Department of Planning, Industry and Environment (DPIE) has established the NSW Sustainability Bond Committee (NSBC), the Asset Identification Group (AIG), and a Reporting Group. The NSBC is comprised of cross-functional representatives from TCorp, NSW Treasury (including OSII) and DPIE representatives with functional and subject matter expertise.
 - Potential eligible projects will be assessed by the AIG, led by the NSW Office of Social Impact Investment (OSII) and presented to the NSBC for final approval as an eligible project. NSBC will provide oversight over the allocated proceeds.
 - TCorp has in place a process to assess potential material risks and mitigants associated with projects, including their negative social and environmental impacts, which is applicable to all allocation's decisions made under the Framework. Sustainalytics considers these environmental and social risk management systems to be adequate and aligned with market expectation. For additional detail see section 2.
 - Based on establishment of the NSW Sustainability Bond Committee, Sustainalytics considers this process to be in line with market practice.

²² NSW Government, Department of Communities and Justice, "Together Home", at: <https://www.facs.nsw.gov.au/housing/help/ways/are-you-homeless/together-home>

²³ According to the NSW Government, people earning more than 50% but less than 80% of the NSW or Sydney median income are described as being on a low income. NSW Government, Department of Communities and Justice, "About affordable rental housing – Who are very low to moderate income earners?", at:

<https://www.facs.nsw.gov.au/providers/housing/affordable/about/chapters/who-are-very-low-to-moderate-income-earners>

²⁴ Aboriginal social housing projects aim to meet housing needs of Aboriginal population on very low or low income across New South Wales, with specified identity and income eligibility requirements. NSW Government, Aboriginal Housing Office, at:

<https://www.aho.nsw.gov.au/download?file=544331>

²⁵ NSW Government, Department of Communities and Justice, "About affordable rental housing – How are affordable housing rents set?", at:

<https://www.facs.nsw.gov.au/providers/housing/affordable/about/chapters/how-are-affordable-housing-rents-set>

²⁶ These regions are: Western Sydney, Central Coast/Hunter, New England/North West and North Coast. See more information at: https://www.training.nsw.gov.au/forms_documents/programs_services/ssah/youth_employment_program_fact_sheet.pdf

²⁷ NSW Government, "Homelessness Services", at: <https://www.facs.nsw.gov.au/providers/homelessness-services/our-programs>

²⁸ Ibid.

²⁹ NSW Government, "Together Home", at: <https://www.facs.nsw.gov.au/housing/help/ways/are-you-homeless/together-home>

³⁰ NSW Government, "Permanency Support Program", at <https://www.facs.nsw.gov.au/families/permanency-support-program/about>

- Management of Proceeds:
 - TCorp will manage and monitor bond proceeds using internal reporting systems, earmarking proceeds for allocation against approved projects and assets.
 - Pending the full allocation of proceeds, net proceeds will be managed by TCorp's finance department and might be temporarily invested in cash or cash equivalent instruments, other investment instruments with relevant restrictions, or in reducing revolving indebtedness. TCorp discloses that the Framework's exclusion criteria apply to the management of unallocated proceeds.
 - Based on the established tracking system and disclosure of temporary use of proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:
 - TCorp has committed to report on bond proceeds allocation and impact of projects on an annual basis for all outstanding green, social and sustainability bonds. The Reporting Group is charged with collating information for the annual report, which will include details of the projects being financed or refinanced, the expected environmental and social impacts, qualitative and quantitative impact performance measures of the nominated projects and assets, and alignment with ICMA principles and the UN SDGs.
 - Depending on the project or asset, impact metrics could include, among others: GHG emissions reduced, energy saved per year, energy consumption reduced, reduction of air pollutants, water saved or recycled, wastewater treated, waste prevented, energy converted from waste, energy, carbon and water-saving performance of green building, renewable energy generation, increase of natural landscape area, absolute number of indigenous species restored, number of loans or grants provided, improved access to government procurement opportunities and number of people with access to improved health facilities. For a full list of impact metrics, please refer to Appendix 2: Sustainability Bond/ Sustainability Bond Programme External Review Form.
 - Based on the commitment to both allocation and impact reporting, Sustainalytics considers this process to be aligned with market practice.

Alignment with Sustainability Bond Guidelines 2021

Sustainalytics has determined that the NSW Sustainability Bond Framework aligns with the Sustainability Bond Guidelines 2021, and with the four core components of the GBP and SBP. For detailed information please refer to Appendix 3: Sustainability Bond/ Sustainability Bond Programme External Review Form.

Section 2: Sustainability Strategy of TCorp

Contribution of the Framework to New South Wales' sustainability objectives and goals

As a government-owned financial service provider, TCorp aligns its strategy with the policy direction of the NSW Government. Sustainalytics is of the opinion that TCorp demonstrates a commitment to sustainability that aligns with the sustainability policies and strategies of the NSW Government with a focus on the following environmental and social areas.

In 2016, the NSW Government adopted the NSW Climate Change Policy Framework,³¹ which defines the government's role in reducing greenhouse gas emissions and mitigating climate change impacts through two long-term objectives: (i) achieving net zero emissions by 2050, and (ii) making New South Wales more resilient to a changing climate. In 2021, the NSW Government released an implementation update to the Net Zero Plan Stage 1, setting out its commitment to reduce emission by 50% below 2005 levels by 2030.³²

To reduce the emissions from the transport sector, the NSW Government developed the Future Transport Strategy 2056 to support the development of more efficient vehicles, sustainable and resilient infrastructure and enhanced public transportation services.³³ In 2021, the NSW Government released the NSW Electric Vehicle Strategy to accelerate the development of electric vehicle (EV) and EV infrastructure in New South

³¹NSW Government, "NSW Climate Change Policy Framework", at: <https://www.tcorp.nsw.gov.au/resource/nsw-climate-change-policy-framework-.pdf>

³²NSW Government, "Net Zero Plan Stage 1: 2020-2030 Implementation Update", at: <https://www.environment.nsw.gov.au/-/media/OEH/Corporate-Site/Documents/Climate-change/net-zero-plan-stage-1-2020-30-implementation-update-210460.pdf>

³³ NSW Government, "Future Transport Strategy 2056", at: <https://future.transport.nsw.gov.au/sites/default/files/media/documents/2021/FutureTransportStrategy2056.pdf>

Wales.³⁴ Additionally, NSW Government aims to electrify the Government's passenger vehicle fleet procurement by 2030.³⁵ NSW Government has also set out a Zero-Emission Bus Transition Strategy and committed to transitioning the state's bus fleet to zero-emission vehicles powered by renewable energy.³⁶ As it relates to energy efficiency and renewable energy, the NSW Government established the Climate Change Fund (CCF)³⁷ in 2007 to encourage energy and water-saving activities and increase public awareness and acceptance of climate change. From 2019 to 2020, the CCF has invested AUD 229.03 million (EUR 146.31 million) to deliver programmes such as energy efficiency upgrades and solar system installation.³⁸ In addition, NSW Government's Electricity Infrastructure Roadmap outlines the Government's plan to develop state-wide Renewable Energy Zones, which will combine renewable energy generation, storage and delivery to homes.³⁹

To advance the actions on social objectives, in 2018, the NSW Government established its 20-year infrastructure investment plan, the State Infrastructure Strategy 2018-2038⁴⁰, which aims to support social inclusion and improve living standards, while also improving the use of resources, energy efficiency and climate resilience. As part of the plan, the government commits to promote a wide range of environmental and social initiatives including water supply and wastewater treatment, facilitate a low-emission energy supply, upgrade hospitals, enhance investments in educational infrastructure, and increase social housing supply. Furthermore, the NSW Government published a 20-year Health Infrastructure Strategy⁴¹ to address its long-term sustainable health system plan and the state housing strategy, Housing 2041, to deliver more social housing and improve housing affordability in the next 20 years.⁴² As part of the NSW Premier's Priorities, the NSW Government commits to enhance the quality of life through targets such as: (i) increase the proportion of public school students in the top two NAPLAN⁴³ bands (or equivalent) for literacy and numeracy by 15%; (ii) decrease the proportion of children and young people re-reported at risk of significant harm by 20%; (iii) reduce preventable visits to the hospital by 5%; (iv) increase the proportion of homes in urban areas within ten minutes' walk of quality green, open and public space by 10% by 2023 compared to 2015 levels.⁴⁴

To mitigate the adverse impact of the 2019-2020 bushfires,⁴⁵ the NSW Government has been playing an active role in recovering natural habitat and biodiversity. Through its immediate response plan, Wildlife and Conservation Bushfire Recovery: Immediate Response January 2020, the NSW Government has been implementing measures to support the recovery of wildlife and conserve biodiversity.⁴⁶

Sustainalytics is of the opinion that the NSW Sustainability Bond Framework is aligned with the NSW Government's overall sustainability strategy and initiatives and will further the NSW Government's action on its key environmental and social priorities.

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

Sustainalytics recognizes that the use of proceeds from the Framework will be directed towards eligible projects that are expected to have positive environmental and social impact. However, Sustainalytics is aware that such eligible projects might have potential environmental and social risks involving issues such as

³⁴ NSW Government, "NSW Electric Vehicle Strategy", (2021), at: <https://www.environment.nsw.gov.au/-/media/OEH/Corporate-Site/Documents/Climate-change/nsw-electric-vehicle-strategy-210225.pdf>

³⁵ NSW Government, "NSW Electric Vehicle Strategy", (2021), at: <https://www.environment.nsw.gov.au/-/media/OEH/Corporate-Site/Documents/Climate-change/nsw-electric-vehicle-strategy-210225.pdf>

³⁶ NSW Government, "Zero Emission Bus Transition Strategy", (2021), at: <https://www.transport.nsw.gov.au/system/files/media/documents/2021/zero-emission-bus-transition-strategy.pdf>

³⁷ NSW Government, "NSW Climate Change Fund Annual Report 2019-2020", at: <https://www.environment.nsw.gov.au/-/media/OEH/Corporate-Site/Documents/Climate-change/nsw-climate-change-fund-annual-report-2019-2020-200499.pdf>

³⁸ NSW Government, "NSW Climate Change Fund Annual Report 2019-2020", at: <https://www.environment.nsw.gov.au/-/media/OEH/Corporate-Site/Documents/Climate-change/nsw-climate-change-fund-annual-report-2019-2020-200499.pdf>

³⁹ NSW Government, "Electricity Infrastructure Roadmap", at: <https://www.transport.nsw.gov.au/system/files/media/documents/2021/zero-emission-bus-transition-strategy.pdf>

⁴⁰ NSW Government, "State Infrastructure Strategy 2018-2038", at: <http://www.infrastructure.nsw.gov.au/sis-2018>

⁴¹ NSW Government, "NSW Health 20-Year Health Infrastructure Strategy", at: <https://www.health.nsw.gov.au/priorities/Publications/his-overview.pdf>

⁴² New South Wales, "Housing 2041", at: <https://www.planning.nsw.gov.au/-/media/Files/DPE/Reports/Policy-and-legislation/NSW-Housing-Strategy-Report-2021-Mayv2.pdf>

⁴³ NAPLAN tests students in reading, writing, language conventions, including spelling, grammar and punctuation, and numeracy.

⁴⁴ NSW Government, "Premier's Priorities", at: <https://www.nsw.gov.au/improving-nsw/premiers-priorities/>

⁴⁵ The 2019-2020 bushfires have caused tremendous damage. Despite the life and economic losses, with more than 5.52 million hectares of land burnt, there was a significant loss of wildlife and biodiversity in NSW, at: <https://www.dpc.nsw.gov.au/assets/dpc-nsw-gov-au/publications/NSW-Bushfire-Inquiry-1630/Final-Report-of-the-NSW-Bushfire-Inquiry.pdf>

⁴⁶ NSW Government, "Wildlife and Conservation Bushfire Recovery: Immediate Response", (2020), at: <https://www.environment.nsw.gov.au/topics/parks-reserves-and-protected-areas/fire/park-recovery-and-rehabilitation/recovering-from-2019-20-fires>

workers' health and safety, environmental impacts related to renewable energy infrastructure, air, water, and soil pollution from construction activities, biodiversity loss from land-use change, as well as risk related to community relations. Moreover, social categories in general can include risks of increasing inequality if not targeted at the right target populations.

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

- TCorp intends to assess potential material risks and negative social and environmental impacts associated with projects financed under the Framework. In the process of project evaluation and selection, the AIG will conduct an initial review of the proposed eligible projects and assets, which includes outlining a project's potential social and environmental risks and risk mitigation measures.
- Environmental Planning and Assessment Act 1979 No 203⁴⁷ establishes the New South Wales framework for sustainable development, planning and environmental protection. The Environmental Impact Assessment method under this law assesses potential environmental, social and economic impacts of proposals for state significant projects before they can be approved
- The Work Health and Safety Act 2011 No 10⁴⁸ and Work Health and Safety Regulation 2017⁴⁹ provide the legal framework to protect health, safety and welfare of workers in New South Wales. As stipulated in the law, employers or anyone falling under the definition of "person conducting a business or undertaking" have legal obligations to manage hazards and workplaces risks.⁵⁰
- TCorp confirmed to Sustainalytics that all major infrastructure projects are subject to planning and environment legislation applying principles of ecologically sustainable development,⁵¹ requiring the effective integration of social, economic and environmental considerations in decision-making processes. Besides the legislation mentioned below, NSW legislation and regulations also have environmental planning instruments in place to mitigate environmental risks from large scale land change, such as the State Environmental Planning Policies, Local Environmental Plans and Development Control Plans.
- The New South Wales' Protection of the Environment Administration Act 1991⁵² sets out a framework for the protection, restoration and enhancement of the quality of the environment. The act focuses on pollution reduction, harmful waste elimination, air quality, recycling, monitoring and reporting environmental quality, and prosecution for environmental offences.
- The Biodiversity Conservation Act 2016 No 63⁵³ defines the biodiversity assessment requirements for any development or activity in New South Wales that requires assessment or approval under the Environmental Planning and Assessment Act 1979. Moreover, the Commonwealth Government's Environment Protection and Biodiversity Conservation Act 1999 (EPBC Act)⁵⁴ creates Australia's national scheme for the environment and heritage protection and biodiversity conservation, ensuring activities involving national environmental significance are required to comply with the EPBC framework.
- Sustainalytics recognizes that projects and assets under the green categories will align with the respective criteria of the Climate Bonds Standard, which includes mitigation and adaptation requirements, mitigating risk related to environmental risks of the green projects financed.
- Regarding social projects, the categories either define clear target populations or financing is limited to public institutions and services accessible and affordable also for underserved and disadvantaged groups.

⁴⁷ NSW Government, "NSW legislation, Environmental Planning and Assessment Act 1979 No 203, current version for 4 June 2021", at:

<https://legislation.nsw.gov.au/view/html/inforce/current/act-1979-203>

⁴⁸ NSW Government, "NSW legislation, Work Health and Safety Act 2011 No 10, current version for 27 October 2020", at:

<https://legislation.nsw.gov.au/view/html/inforce/current/act-2011-010#pt.8-div.1>

⁴⁹ NSW Government, "NSW legislation, Work Health and Safety Regulation 2017, current version for 18 December 2020", at:

<https://legislation.nsw.gov.au/view/html/inforce/current/sl-2017-0404#statusinformation>

⁵⁰ NSW Government, "Employer and business obligations", at: <https://www.safework.nsw.gov.au/legal-obligations/employer-business-obligations>

⁵¹ NSW Planning Reforms, Sustainable Development, (2013), at: <https://www.parliament.nsw.gov.au/researchpapers/Documents/nsw-planning-reforms-sustainable-development/NSW%20planning%20reforms%20-%20sustainable%20development.pdf>

⁵² Protection of the Environment Administration Act 1991 No 60, at: <https://www.legislation.nsw.gov.au/view/html/inforce/current/act-1991-060>

⁵³ NSW Government, "NSW legislation, Biodiversity Conservation Act 2016 No 63, current version for 24 September 2021", at:

<https://legislation.nsw.gov.au/view/html/inforce/current/act-2016-063#statusinformation>

⁵⁴ Australian Government, "Federal Register of Legislation, Environment Protection and Biodiversity Conservation Act 1999", at:

<https://www.legislation.gov.au/Details/C2016C00777>

Based on these policies, standards and assessments, Sustainalytics is of the opinion that TCorp has implemented adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

Section 3: Impact of Use of Proceeds

All 11 use of proceeds categories are aligned with those recognized by GBP or SBP. Sustainalytics focuses on five categories below whose impact is specifically relevant in the local context.

Importance of clean transportation and increasing access to transport in New South Wales

TCorp intends to use proceeds for clean transportation and increasing public access to transport through the financing of a variety of projects and activities, including electrified public transport, electric and fuel cell vehicles, bus rapid transit systems (green) and other public mass transport (social), which will provide important social and environmental benefits to the state. In New South Wales, the transport sector accounted for 33% of total energy consumption in 2020⁵⁵ and 20.2% of total GHG emissions in 2019, making the sector the second-largest source of GHG emissions.⁵⁶ Moreover, energy consumption from the transport sector increased by 6 percentage points over the last decade.⁵⁷ The NSW Government set six visions for a state-wide transport system for 2056, including advancements in mobility technology and emissions reduction, such as through the use of electric vehicles.⁵⁸

Given the large share of energy consumption and GHG emissions from the transport sector in New South Wales, Sustainalytics views that green, social and sustainability bonds issued by TCorp that supports the NSW Government's investments in clean transportation projects can help to reduce GHG emissions from the respective sector, and thus, contribute to meeting the NSW Government's net zero emissions targets. Beyond the positive environmental benefits of investments into clean transportation, there is a clear need to improve access to affordable transport infrastructure in New South Wales. In a government assessment of infrastructure challenges, congestion on the metropolitan road networks and public transport services that improve speed, reliability and frequency were identified as two of the key regional issues that matter most.⁵⁹ The New South Wales' population is expected to add 2.2 million people between 2016 and 2036 (from 7.7 million to 9.9 million)⁶⁰, adding 113% more train trips and 30% more car trips by 2036 compared to 2016.⁶¹ Furthermore, in Australia, rural and remote areas have low levels of public transport access, leading to ongoing difficulties associated with access to transport, which is experienced by specific sub-groups in the population, such as, families with young children, people with a disability and Indigenous Australians.⁶² Therefore, investments into smart, connected and resilient infrastructure are needed across New South Wales to accommodate the growth in population and ensure public access to sustainable modes of transportation.⁶³ In this context, the NSW Government announced a total investment of AUS 100 billion (EUR 64 billion)⁶⁴ to fund the state's infrastructure programme from 2019 to 2023. With this investment boost, AUS 57.5 billion (EUR 36.75 billion) are planned for public transport and roads.⁶⁵

⁵⁵ Australian Government Department of Industry, Science, Energy and Resources, "Table E: Australian energy consumption, by state and territory, by industry, energy units", at: <https://www.energy.gov.au/publications/australian-energy-update-2021>

⁵⁶ NSW Government, "NSW emissions", at: <https://climatechange.environment.nsw.gov.au/About-climate-change-in-NSW/NSW-emissions>

⁵⁷ NSW State of Environment, "Energy Consumption", at: <https://www.soe.epa.nsw.gov.au/all-themes/human-settlement/energy-consumption>

⁵⁸ NSW Government, "Future Transport Strategy 2056", at:

<https://future.transport.nsw.gov.au/sites/default/files/media/documents/2021/FutureTransportStrategy2056.pdf>

⁵⁹ NSW Government, "Infrastructure Challenges", (2012), at: http://www.infrastructure.nsw.gov.au/media/1132/sis_report_section20_print.pdf

⁶⁰ NSW Government, "Building Momentum: State Infrastructure Strategy 2018-2038 Summary", at: https://insw-sis.visualise.today/documents/INSW_2018SIS_BuildingMomentum_Summary.pdf

⁶¹ Ibid.

⁶² Australian Government, "Small Towns, Rural and Remote Area: Australian Infrastructure Audit", (2019), at:

<https://www.infrastructureaustralia.gov.au/sites/default/files/2019-08/Audit%20Fact%20Sheet%20-%20Small%20Towns%2C%20Rural%20and%20Remote.pdf>

⁶³ NSW Government, "Building Momentum: State Infrastructure Strategy 2018-2038 Summary", at: https://insw-sis.visualise.today/documents/INSW_2018SIS_BuildingMomentum_Summary.pdf

⁶⁴ NSW Government, "\$3 billion boost creates \$100 billion infrastructure and jobs pipeline", at: <https://www.nsw.gov.au/media-releases/3-billion-boost-creates-100-billion-infrastructure-and-jobs-pipeline>

⁶⁵ NSW Government, "The NSW Budget 2019-2020 Half-Yearly Review", at: <https://www.budget.nsw.gov.au/sites/default/files/budget-2019-12/2019-20%20Half-Yearly%20Budget%20Review%20%281%29.pdf>

Based on the above, Sustainalytics views green, social and sustainability bonds issued by TCorp under the Framework to support the NSW Government's investments into improved access to transport and transport infrastructure as providing important social benefits for the state.

Importance of sustainable water and wastewater management in New South Wales

Water and wastewater supply management have become critical environmental and social issues in New South Wales in recent years.⁶⁶ From droughts and flood protection to access to safe and affordable drinking water, the state faces a number of challenges.⁶⁷ For example, in the NSW Government's State Infrastructure Strategy, the assessment of infrastructure capability identifies the quality of the regional water systems and flood mitigation to protect people, communities and economies as two key issues that "matter most to fix".⁶⁸ Creating, renewing and managing water infrastructure assets to maximize asset life is a key function for the NSW Government and the local business community, indicating the importance of investing in sustainable water and wastewater management assets.⁶⁹

Metropolitan areas, such as Sydney, have seen significant capital investments in the improvement of water and wastewater assets and are considered relatively well-positioned to deal with some of these challenges. However, the non-metropolitan urban sector, by comparison, has not seen the same increases in infrastructure spending and is facing increased challenges for which it is not well prepared to handle. For example, regarding irrigation, certain areas will not meet increased demand for irrigation by investing in new dams, but rather through investing in on- and off-farm water efficiency infrastructure to maintain or increase production with less water. Additionally, regarding drainage and flood management, local governments' investments were insufficient to maintain and renew ageing infrastructure. Moreover, increased climate variability, frequency and intensity of storm events are predicted to increase and further exacerbate these issues. Similarly, insufficient investments into affordable and safe drinking water have led to increased water quality issues.⁷⁰

Given this context, Sustainalytics positively views TCorp's financing of projects and activities on behalf of the NSW Government, that will facilitate sustainable and resilient infrastructure for clean and drinking water, improved wastewater treatment, and a variety of flood defence mechanisms, can have positive social and environmental benefits in the state of New South Wales.

Importance of providing access to essential services in New South Wales

Despite the high quality of life of the general population, in Australia, some population groups historically face barriers related to participation at work and difficulties in accessing services such as healthcare, education, affordable housing and employment. Lack of access to these essentials can increase poverty and cause higher vulnerability to financial shocks. In this context, improving access to services that bridge this gap is important for building sustainable and resilient societies, including in Australia.⁷¹

Increasing access to affordable public health care services

The NSW Government recognizes that some people and communities in NSW face barriers to access the care needed.⁷² As a result, multiple policy reforms have been developed to address the issue. For example, in 2014, the NSW Government launched the NSW Rural Health Plan to ensure regional and rural people in NSW have access to care on time.⁷³ The plan outlines three directions and corresponding strategies to improve access to affordable and quality healthcare for rural communities.⁷⁴ The strategies focus on increasing the Aboriginal health workforce in rural areas, implementing best practice models in rural settings to expand and support high-quality health services, and implementing eHealth solutions in rural areas to improve access to

⁶⁶ Infrastructure Partnerships Australia, "Water Infrastructure – Issues & Reform Options", (2017), at: <http://infrastructure.org.au/wp-content/uploads/2017/06/NSW-Coalition-Reform-Options-FINAL-FINAL.pdf>

⁶⁷ Australian Water Association, "Water Security for All Australians", (2016), at: https://web.archive.org/web/20210503104101/https://www.awa.asn.au/documents/Water_Security_for_all_Australians.pdf

⁶⁸ NSW Government, "State Infrastructure Strategy 2018", at: <https://www.infrastructure.nsw.gov.au/sis-2018s>

⁶⁹ GHD, "NSW Infrastructure Capability Assessment", (2012), at: http://www.infrastructure.nsw.gov.au/media/1157/ghd_insw_water_baseline_report_jan_2012.pdf

⁷⁰ Australian Water Association, "Water Security for All Australians", (2016), at: https://web.archive.org/web/20210503104101/https://www.awa.asn.au/documents/Water_Security_for_all_Australians.pdf

⁷¹ Australian Government, "Report on the Implementation of the Sustainable Development Goals", (2018), at: [Report of the Implementation of the Sustainable Development Goals \(dfat.gov.au\)](https://www.dfat.gov.au/implementation-of-the-sustainable-development-goals)

⁷² NSW Government, "NSW Rural Health Plan: Towards 2021", at: <https://www.health.nsw.gov.au/rural/Publications/rural-health-plan.pdf>

⁷³ NSW Government, "NSW Rural Health Plan: Towards 2021", at: <https://www.health.nsw.gov.au/rural/Publications/rural-health-plan.pdf>

⁷⁴ Ibid.

services.⁷⁵ By investing in affordable public hospitals, health care facilities, health care coverage and financial services, the NSW Government can contribute to important social benefits to the state of NSW and increase access to quality and affordable healthcare.

In 2020, the COVID-19 pandemic significantly impacted the NSW health care system. To mitigate this adverse impact, the NSW Government has been providing financial support to the healthcare industry such as the health boost and the economic stimulus package (2.3 billion AUD) announced in March 2020. Under the stimulus, 700 million AUD funding has been allocated to health sector to assist the doubling of the intensive care unit capacity, facilitating additional virus testing, purchasing medical equipment and building acute respiratory clinics.⁷⁶ By investing in essential health safety equipment, hygiene supplies, or medical equipment, the NSW Government can limit the spread of an infectious virus or pandemic.

Improving access to education

Given the important role of education for building a skilled workforce, reducing inequalities, and ensuring a country's competitiveness, facilitating access to education is necessary.⁷⁷ Higher education is a major contributor to the development of a skilled Australian workforce,⁷⁸ the NSW Government's priorities in this area include the following key strategies focused on student well-being and teaching quality: (i) ensure quality early childhood education, (ii) improve student outcomes, (iii) enhance student wellbeing, (iv) strengthen teaching quality and school.⁷⁹

Given this context, Sustainalytics considers that the green, social and sustainability bonds eventually issued by TCorp under the Framework to support the NSW Government's investments into infrastructure related to public sector education, including schools, universities and vocational training, are expected to provide important social benefits to the state of NSW and improve access to education.

Importance of Food Security

As of 2019, more than 888,000 people are living under the poverty line in New South Wales, while the rate of children in poverty across the state is above 16.7%.⁸⁰ Disadvantaged children are more likely to experience health problems and behavioural issues as well as lower levels of educational attainment and food insecurity.⁸¹ In fact, Australian children are more likely (22%) to experience food insecurity than adults (15%).⁸² In that context, the NSW Government announced additional funding for the "School Breakfast 4 Health" programme, ran by the Foodbank NSW & ACT (FBNA). The programme provides healthy breakfasts to underprivileged schools across the state.⁸³

Given the importance of food security, Sustainalytics considers the green, social and sustainability bonds eventually issued by TCorp under the Framework to support the NSW Government's investments in the "School Breakfast 4 Health" programme to help reduce food insecurity amongst underprivileged population groups.

Socio-economic advancement and empowerment

Reducing homelessness

Access to safe and secure housing is a basic human right.⁸⁴ Between 2011 and 2016, the number of people experiencing homelessness increased by 37.3% in New South Wales, which is 24 percentage points higher

⁷⁵ NSW Government, "NSW Rural Health Plan: Towards 2021", at: <https://www.health.nsw.gov.au/rural/Publications/rural-health-plan.pdf>

⁷⁶ NSW Government, "Health and Economics Stimulus Package", at: <https://www.treasury.nsw.gov.au/index.php/Covid-19Stimulus#:~:text=%242.3%20billion%20economic%20stimulus%20package%20for%20NSW%20The,and%20the%20community.%20Features%20of%20the%20package%20include%3A>

⁷⁷ United Nations, "World Economic Situation Prospects 2021", at: https://www.un.org/development/desa/dpad/wp-content/uploads/sites/45/WESP2021_FullReport.pdf

⁷⁸ Denise, B. et al, "Review of Australian Higher Education" at: <https://www.voced.edu.au/content/ngv%3A32134>

⁷⁹ NSW Government, "NSW's Priorities on Education", at: <https://education.nsw.gov.au/about-us/strategies-and-reports/strategic-plan>

⁸⁰ NSW Council of Social Service, "Mapping Economic Disadvantage in New South Wales", 2019, at: <https://www.ncoss.org.au/wp-content/uploads/2019/10/Web-Version-Mapping-Economic-Disadvantage-in-New-South-Wales-report1.pdf>

⁸¹ NSW Parliamentary Research Service, "Child Disadvantage in NSW: Recent Findings", at: <https://www.parliament.nsw.gov.au/researchpapers/Documents/child-disadvantage-in-nsw-recent-findings/Child%20disadvantage%20in%20NSW%20-%20recent%20findings.pdf>

⁸² Foodbank, "Foodbank NSW & ACT applauds the NSW government's announcement of \$8 million for school breakfasts", (2019), at: <https://www.foodbank.org.au/school-breakfast-program-funding/?state=au>

⁸³ Ibid

⁸⁴ United Nations, "Article 25. 1. of the Universal Declaration of Human Rights", (1948), at: <https://www.un.org/en/universal-declaration-human-rights/>

than the national increase (13.7%).⁸⁵ Over the same period, the NSW homelessness rate rose from 40.8 to 50.4 persons per 10,000 inhabitants.⁸⁶ Homelessness has multiple origins, ranging from domestic and family violence to poverty and unemployment; however, the lack of social housing is one of the main causes compounding the problem in the case of New South Wales.⁸⁷ In this regard, the NSW Government has committed to halve the number of people living in the streets by 2025.⁸⁸

Sustainalytics considers the green, social and sustainability bonds eventually issued by TCorp to support the NSW Government's investments in affordable social housing programmes, to contribute to positive social benefits that support homeless people, reduce homelessness and improve access to housing in NSW.

The importance of permanency for children

In North South Wales, the number of children in foster care rose from 10,623 in 2006 to 18,659 in 2016.⁸⁹ As a result, NSW Family and Community Services (NSW FCS) launched the Permanency Support Program in 2017, a cooperation of government and non-government partners which provides tailored services to vulnerable children and help them grow up in stable and secure homes.⁹⁰ The programme achieved over 40% reduction in the number of children entering out-of-home care since 2015-16, reaching the lowest number of children in care in 12 years.⁹¹

Given the above, Sustainalytics considers the green, social and sustainability bonds eventually issued under the Framework by TCorp to support the NSW Government's investments in the NSW FCS programme to help reach the objective of doubling the number of out-of-home children or at risk of becoming so be in a safe and permanent home by 2023.⁹²

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by the year 2030. The bonds issued under the NSW Sustainability Bond Framework advance the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
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
Sustainable Water and Wastewater Management	6. Clean Water and Sanitation 11. Sustainable Cities and Communities	6.1 By 2030, achieve universal and equitable access to safe and affordable drinking water for all 11.5 By 2030, significantly reduce the number of deaths and the number of people affected and substantially decrease the direct economic losses relative to global gross domestic product caused by disasters, including water-related disasters, with a focus on protecting the poor and people in vulnerable situations

⁸⁵ NSW Parliamentary Research Service, "Homelessness in NSW: Electorate Statistics", (2018), at:

<https://www.parliament.nsw.gov.au/researchpapers/Documents/NSW%20Homelessness%20by%20SED%20-%20Key%20Statistics.pdf>

⁸⁶ Ibid.

⁸⁷ Michael, L., (2019), "NSW Pledges to Halve Rough Sleepers by 2025", at: <https://probonoaustralia.com.au/news/2019/02/nsw-pledges-halve-rough-sleepers-2025/>

⁸⁸ New South Wales, "NSW Homelessness Strategy 2019-2023", at: <https://www.facs.nsw.gov.au/about/reforms/homelessness>

⁸⁹ Family and Community Services NSW, "About the Permanency Support Program", (2017), at: <https://www.youtube.com/watch?v=o6sxb4PEphg>

⁹⁰ NSW Government, "About the Permanency Support Program", at: <https://www.facs.nsw.gov.au/families/permanency-support-program/about#:~:text=About%20the%20Permanency%20Support%20Program>

⁹¹ NSW Government, "Increasing Permanency for Children in out-of-home Care", at:

<https://www.nsw.gov.au/premiers-priorities/increasing-permanency-for-children-out-of-home-care>

⁹² Ibid.

Green Buildings	9. Industry, Innovation and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
Energy Efficiency and Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix 7.3 By 2030, double the global rate of improvement in energy efficiency
Environmentally Sustainable Management of Living Natural Resources, Climate Change Adaptation, Terrestrial and Aquatic Biodiversity Conservation	14. Life below water 15. Life on Land	14.2 By 2020, sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts, including by strengthening their resilience, and take action for their restoration in order to achieve healthy and productive oceans. 15.2 By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally. 15.5 Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species.
Affordable Basic Infrastructure	6. Clean Water and Sanitation 7. Affordable and Clean Energy 9. Industry, Innovation and Infrastructure 11. Sustainable Cities and Communities	6.1. By 2030, achieve universal and equitable access to safe and affordable drinking water for all 6.2 By 2030, achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations 7.1 By 2030, ensure universal access to affordable, reliable and modern energy services 9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all 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 11.7 By 2030, provide universal access to safe, inclusive and accessible, green and public

		spaces, in particular for women and children, older persons and persons with disabilities
Access to Essential Services	3. Good Health and Well-Being	3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all
	4. Quality Education	4.3 By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university
Affordable Housing	11. Sustainable Cities and Communities	11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums
Employment Generation	8. Decent Work and Economic Growth	8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value
		8.6 By 2020, substantially reduce the proportion of youth not in employment, education or training
Food Security and Sustainable Food Systems	2. Zero Hunger	2.1 By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round
Socio-Economic Advancement and Empowerment	4. Quality Education	4.1 By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes.
	11. Sustainable Cities and Communities	11.1 Proportion of urban population living in slums, informal settlements or inadequate housing
	1. No poverty	1.4 By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance
	10. Reduce Inequalities	10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status

Conclusion

TCorp has developed the NSW Sustainability Bond Framework under which it may issue sustainability bonds and use the proceeds to finance the five environmental categories: i) Clean Transportation; ii) Sustainable Water and Wastewater Management; iii) Green Buildings; iv) Energy Efficiency and Renewable Energy; v) Environmentally Sustainable Management of Living Natural Resources, Climate Change Adaptation,

Terrestrial and Aquatic Biodiversity Conservation, and six social categories: i) Affordable Basic Infrastructure; ii) Access to Essential Services; iii) Affordable Housing; iv) Employment Generation; v) Food Security and Sustainable Food Systems; and vi) Socio-economic Advancement and Empowerment. Sustainalytics considers that the projects funded by the sustainability bond proceeds are expected to contribute towards the NSW Government's environmental and social objectives.

The NSW Sustainability Bond 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 NSW Sustainability Bond Framework is aligned with the overall sustainability strategy of the company and that the use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 1, 2, 3, 4, 6, 7, 8, 9, 10, 11, 14 and 15. Additionally, Sustainalytics is of the opinion that TCorp has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the proceeds.

Based on the above, Sustainalytics is confident that New South Wales Treasury Corporation is well-positioned to issue sustainability bonds and that that NSW Sustainability Bond Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles (2021) and Social Bond Principles (2021).

Appendices

Appendix 1: Green Building Certification

	NABERS⁹³
Background	The National Australian Built Environment Rating System (NABERS) is a performance rating tool for existing buildings in Australia. It is administered by the NSW Office of Environment and Heritage, and is used to measure building's energy efficiency, carbon emissions, water consumed, waste produced, and compare it with similar buildings.
Certification levels	1-star (Poor) 2-stars (Below Average) 3-stars (Average) 4-stars (Good) 5-stars (Excellent) 6-stars (Market Leading)
Areas of Assessment: Environmental Project Management	There are several ratings available based on the type of building and the applicant (building tenant, or owner and/or manager). The rating tools available for office buildings are: -Energy (without Greenpower) -Energy (with Greenpower) -Carbon Neutral -Waste -Water -Indoor Environment
Areas of Assessment: Environmental Performance of the Building	NABERS ratings for office buildings and tenancies are based on 12 months of (real) operational data, rather than potential performance estimate. There is a Carbon Neutral Certification available, as an extension to NABERS Energy rating, for buildings of NABERS Energy rating of 4-stars or above. There are rating system for different types of buildings, including apartment buildings, office buildings, office tenancies, shopping centers, data centers, and hotels.
Performance display	 ENERGY WATER

⁹³ National Australian Built Environment Rating System (NABERS), at: <https://www.nabers.gov.au/ratings>

Appendix 2: Overview and Assessment of Forestry Certification Schemes

	Programme for the Endorsement of Forest Certification (PEFC) ⁹⁴
Background	Founded in 1999, the Programme for the Endorsement of Forest Certification (PEFC) is a non-profit organization that promotes sustainable forest management through independent third-party certification, this includes assessments, endorsements and recognition of national forest certification systems. PEFC was created in response to the specific requirements of small- and family forest owners as an international umbrella organization.
Basic Principles	• Maintenance and appropriate enhancement of forest resources and their contribution to the global carbon cycle • Maintenance and enhancement of forest ecosystem health and vitality • Maintenance and encouragement of productive functions of forests (wood and no-wood) • Maintenance, conservation and appropriate enhancement of biological diversity in forest ecosystems • Maintenance and appropriate enhancement of protective functions in forest management (notably soil and water) • Maintenance of socioeconomic functions and conditions • Compliance with legal requirements
Types of standards/benchmarks	• Sustainable Forest Management benchmark – international requirements for sustainable forest management. National forest management standards must meet these requirements in order to obtain PEFC endorsement • Group Forest Management Certification – outlines the requirements for national forest certification systems who have group forest management certification • Standard Setting – covers the processes that must be adhered to during the development, review and revision of national forest management standards • Chain of Custody – outlines the conditions for obtaining CoC certification for forest-based products • PEFC logo Usage Rules – outlines the requirements entities must abide by when using the PEFC logo • Endorsement of National Systems – outlines the process that national systems must go through to achieve PEFC endorsement
Governance	PEFC's governance structure is formed by the General Assembly (GA) which is the highest authority and decision-making body. It is made up of all PEFC members, including national and international stakeholders. In general, PEFC's governance structure is more representative of industry and government stakeholders than of social or environmental groups. Members vote on key decisions including endorsements, international standards, new members, statutes and budgets. All national members have between one and seven votes, depending on membership fees, while international stakeholder members have one vote each.
Scope	Multi-stakeholder participation is required in the governance of national schemes as well as in the standard-setting process. Standards and normative documents are reviewed periodically at intervals that do not exceed five years. The PEFC Standard Setting standard is based on ISO/IEC Code for good practice for standardization (Guide 59) ⁹⁵ and the ISEAL Code of Good Practice for Setting Social and Environmental Standards.

⁹⁴ PEFC, Standards and Implementation: <https://www.pefc.org/standards-implementation>

⁹⁵ ISO, ISO/IEC Guide 59:2019: <https://www.iso.org/standard/23390.html>

Chain-of-Custody	• Quality or environmental management systems (ISO 9001:2008 or ISO 14001:2004 respectively) may be used to implement the minimum requirements for chain-of-custody management systems required by PEFC • Only accredited certification bodies can undertake certification • CoC requirements include specifications for physical separation of wood and percentage-based methods for products with mixed content. • The CoC standard includes specifications for tracking and collecting and maintaining documentation about the origin of the materials • The CoC standard includes specifications for the physical separation of certified and non-certified wood • The CoC standard includes specifications about procedures for dealing with complaints related to participant's chain of custody
Non-certified wood sources	The PEFC's Due Diligence System requires participants to establish systems to minimize the risk of sourcing raw materials from: - forest management activities that do not comply with local, national or international laws related to: - operations and harvesting, including land use conversion, - management of areas with designated high environmental and cultural values, - protected and endangered species, including CITES species, - health and labour issues, - indigenous peoples' property, tenure and use rights, - payment of royalties and taxes. - genetically modified organisms, forest conversion, including conversion of primary forests to forest plantations.
Accreditation/verification	Accreditation is carried out by an accreditation body (AB). In the same way that a certification body checks that a company meets the PEFC standard, the accreditation body checks that a certification body meets specific PEFC and ISO requirements. Through the accreditation process, PEFC has assurance that certification bodies are independent and impartial, that they follow PEFC certification procedures. PEFC does not have their own accreditation body. Like with the majority of ISO based certifications, PEFC relies on national ABs under the umbrella of the International Accreditation Forum (IAF). National ABs need to be a member of the IAF, which means they must follow IAF's rules and regulations.
Qualitative considerations	Sustainalytics views both FSC and PEFC as being robust, credible standards that are based on comprehensive principles and criteria that are aligned with ISO. Both schemes have received praise for their contribution to sustainable forest management practices⁹⁶ and both have also faced criticism from civil society actors.^{97,98} In certain instances, these standards go above and beyond national regulation and are capable of providing a high level of assurance that sustainable forest management practices are in place. However, in other cases, the standards are similar or equal to national legislation and provide little additional assurance. Ultimately, the level of assurance that can be provided by either scheme is contingent upon several factors including the certification bodies conducting audits, national regulations and local context.

⁹⁶ FESPA, FSC, PEFC and ISO 38200: <https://www.fespa.com/en/news-media/blog/fsc-pefc-and-iso-38200>

⁹⁷ Yale Environment 360, Greenwashed Timber: How Sustainable Forest Certification Has Failed: <https://e360.yale.edu/features/greenwashed-timber-how-sustainable-forest-certification-has-failed>

⁹⁸ EIA, PEFC: A Fig Leaf for Stolen Timber: <https://eia-global.org/blog-posts/PEFC-fig-leaf-for-stolen-timber>

Appendix 3: Sustainability Bond / Sustainability Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	New South Wales Treasury Corporation
Sustainability Bond ISIN or Issuer Sustainability Bond Framework Name, if applicable:	NSW Sustainability Bond Framework
Review provider's name:	Sustainalytics
Completion date of this form:	January 27, 2022
Publication date of review publication:	

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 and SBP:

- | | |
|--|--|
| ☒ Use of Proceeds | ☒ Process for Project Evaluation and Selection |
| ☒ Management of Proceeds | ☒ Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| ☒ Consultancy (incl. 2 nd opinion) | ☐ Certification |
| ☐ Verification | ☐ Rating |
| ☐ 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 are aligned with those recognized by the Green Bond Principles and the Social Bond Principles. Sustainalytics considers that investments in the eligible categories will contribute towards the NSW Government's environmental and social objectives and advance the UN Sustainable Development Goals, specifically SDG 1, 2, 3, 4, 6, 7, 8, 9, 10, 11, 14 and 15.

Use of proceeds categories as per GBP:

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

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

Use of proceeds categories as per SBP:

- | | |
|---|--|
| ☒ Affordable basic infrastructure | ☒ Access to essential services |
| ☒ Affordable housing | ☒ Employment generation (through SME financing and microfinance) |
| ☒ Food security | ☒ Socio-economic advancement and empowerment |
| ☐ Unknown at issuance but currently expected to conform with SBP categories, or other eligible areas not yet stated in SBP | ☐ Other (please specify): |

If applicable please specify the social taxonomy, if other than SBP:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

The NSW Sustainability Bond Programme's internal process for evaluating and selecting projects will be overseen by the NSW Sustainability Bond Committee (NSBC), chaired by TCorp, in collaboration with the Asset Identification Group (AIG) led by the NSW Office of Social Impact Investment (OSII) division of NSW Treasury.

The NSBC will be the final approver of eligible projects assessed and recommended by the AIG. TCorp's assessment of material risks and mitigants of projects, including negative social and environmental impacts, is applicable to all allocation decisions made under the Framework. Sustainalytics considers the said assessment as adequate risk management, and the project selection process in line with market practice.

Evaluation and selection

- | | |
|---|---|
| ☒ Credentials on the issuer's social and green objectives | ☒ Documented process to determine that projects fit within defined categories |
| ☒ Defined and transparent criteria for projects eligible for Sustainability Bond proceeds | ☒ Documented process to identify and manage potential ESG risks associated with the project |
| ☒ Summary criteria for project evaluation and selection publicly available | ☐ 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)*:

TCorp's finance department will oversee the management and tracking of proceeds with an internal reporting system. Pending allocation, unallocated proceeds will be temporarily invested in cash, cash equivalent instruments, other investment instruments with relevant restrictions, or in reducing revolving indebtedness. This is in line with market practice.

Tracking of proceeds:

- | |
|---|
| ☒ Sustainability 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):

TCorp intends to publish an annual report for all outstanding bonds issued under the NSW Sustainability Bond Programme. The reporting is coordinated by the Reporting Group, led by OSII and will include information on details of the projects being financed or refinanced, the expected environmental and social impacts, qualitative and quantitative impact performance measures of the nominated projects and assets, and alignment with ICMA principles and the UN SDGs. Sustainalytics views TCorp'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:

- ☒ Allocated amounts
 ☐ Sustainability Bond financed share of total investment
- ☐ Other (please specify):

Frequency:

- ☒ Annual
 ☐ Semi-annual
- ☐ Other (please specify):

Impact reporting:

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

Information reported (expected or ex-post):

- | | |
|---|---|
| ☒ GHG Emissions / Savings | ☒ Energy Savings |
| ☒ Decrease in water use | ☒ Number of beneficiaries |
| ☒ Target populations | ☒ Other ESG indicators (please specify): Passenger trips (km), total kilometers of train or BRT lines, amount of wastewater treated, area covered by sustainable land and water resources management practices, waste avoided, annual energy generated from waste, GHG emissions from waste management, amount of |

waste separated, energy and
waste management of green
buildings,

Frequency:

- ☒ Annual ☐ Semi-annual
☐ Other (please specify):

Means of Disclosure

- ☐ Information published in financial report ☐ Information published in sustainability report
☒ Information published in ad hoc documents ☒ Other (please specify):
<https://www.tcorp.nsw.gov.au/html/>
☒ Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review): an annual assurance/ compliance report for all outstanding Green, Social or Sustainability Bonds issued under the Framework

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:

- ☐ Consultancy (incl. 2nd opinion) ☐ Certification
☒ Verification / Audit ☐ Rating
☐ Other (please specify):

Review provider(s):

Date of publication:

ABOUT ROLE(S) OF REVIEW PROVIDERS AS DEFINED BY THE GBP AND THE SBP

- i. Second-Party Opinion: An institution with sustainability expertise that is independent from the issuer may provide a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Sustainability 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 Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy, and/or processes relating to sustainability and an evaluation of the environmental and social 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 sustainability criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally or socially 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 Sustainability Bond proceeds, statement of environmental or social impact or alignment of reporting with the Principles may also be termed verification.

- iii. **Certification:** An issuer can have its Sustainability Bond or associated Sustainability Bond framework or Use of Proceeds certified against a recognised external sustainability 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, Social and Sustainability Bond Scoring/Rating:** An issuer can have its Sustainability Bond, associated Sustainability 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 and/or social performance data, process relative to the Principles, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material sustainability risks.

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