

New South Wales Treasury Corporation

# NSW Sustainability Bond Programme

Annual Report 2021



tcorp



## About this report

This is the third annual report for the NSW Sustainability Bond Programme.

The report is compiled by the Reporting Group, a sub-committee of the NSW Sustainability Bond Committee, led by the Office of Social Impact Investment division of NSW Treasury. It is published by TCorp, and will continue to be published on an annual basis over the life of the Programme.

This document provides an overview of the Programme, its governance, how the bond proceeds were utilised and details of independent assurance and certification. The report is intended to cover the Programme in its entirety, while highlighting last year's bond issuance and the projects brought into the asset pool.

All dollar amounts quoted are Australian, unless otherwise noted.

Electronic copies of current and previous reports are available at **[www.tcorp.nsw.gov.au](http://www.tcorp.nsw.gov.au)**.

This report is dated as at 29 October 2021.

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## Feedback

We welcome your feedback on our report to help improve future editions – please contact the Head of Marketing at TCorp on +61 2 9325 9325 and the Associate Director at the Office of Social Impact Investment responsible for the Reporting Group on +61 2 9228 3191.

## Stay up to date

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## Acknowledgement of Country

TCorp acknowledges Aboriginal and Torres Strait Islander peoples as the First Peoples and Traditional Custodians of Australia, and recognises their continued custodianship of Country – land, seas and skies.

We pay respect to Elders past, present and emerging.

Artwork: 'Regeneration' by Josie Rose 2020



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# Year in review

## \$5.2bn bonds on issue

- Total bonds on issue were across 3 lines – 2 Green and 1 Sustainability.
- The 10-year \$1.3bn Green Bond issued in October 2020 established the first Environmental, Social and Governance (ESG) curve by an Australian semi-government issuer, which provides investors greater flexibility to manage their ESG portfolios and assess future green, social and sustainability issuance.

## Contributed to NSW communities and people

Added new green and social projects to the asset pool:

- Improving Access to National Parks Program
- Social Housing Maintenance Stimulus Program
- Waterway naturalisation and stormwater improvement
- CBD and South East Light Rail
- Parramatta Light Rail.

## Diversified our investor base

- An increased number of investors participated in the Green Bond issued in October 2020. There were 68 major institutional investors including asset managers, bank balance sheet and official institutions, 12 of which were new.

## Strong governance maintained

- Independent assurance provided by EY.
- Guided by NSW Sustainability Bond Framework, which has been reviewed by Sustainalytics.
- Aligned to NSW Government's sustainability policies and goals.
- Asset pool oversight by the NSW Sustainability Bond Committee.

## Aligned to United Nations Sustainable Development Goals



# Supporting positive environmental and social outcomes for NSW

## Clean transportation

**14,978,300**

passenger trips on public transport

(Metro North West line\* and Newcastle Light Rail)

**100%** offset

of operational electricity needs by solar power (~84.6 GWH), avoiding GHG emissions by 64,309 tCO<sub>2</sub>-e (Metro North West line)

## Sustainable water and wastewater management

**100%**

of biosolids recovered<sup>\*\*</sup>

from wastewater beneficially reused (Water recycling plants)

Removed

**311m<sup>3</sup>** of litter

and ~620 tonnes of combined sediment and litter from installed stormwater quality improvement devices (Waterway naturalisation and stormwater improvements)

## Access to essential services

**32** new schools and major upgrades

(Public school infrastructure)

**13** disability and mobility access

upgrades completed at train stations (Transport Access Program)

\* Sydney Metro Northwest project.

\*\* ~7,313 tonnes.

The above data relating to the allocation of proceeds is for the financial year ending 30 June 2021.

# Premier's foreword

Domestic and international investors have an appetite for what NSW is selling: the ability to invest in a strong economy with a tangible plan to transition to net zero by 2050, generating private investment and jobs in new and emerging technologies across the economy.



New South Wales has an ambitious agenda – a full recovery from the impacts of the pandemic driven by a Recovery Commissioner, record infrastructure investment in public transport, hospitals and schools, more opportunity and support for those most in need, environmental commitments and a plan for our future economy through our electric vehicles strategy and an Australia-leading hydrogen strategy, just to name a few.

I have championed green, social and sustainability bonds since I became Treasurer in January 2017. They provide investors with the opportunity to allocate capital to initiatives that address today's social and environmental challenges. It is apparent that global investment trends are moving towards companies and nations that meet stricter ESG criteria. As Premier, I want to ensure NSW continues to capitalise on this trend.

Back in 2018, NSW was the first state in Australia to launch a Sustainability Bond Programme and this was followed by the issuance of our inaugural \$1.8bn Green Bond, the largest single green bond in the Australian dollar market at the time. With \$5.2bn currently on issue and a further \$4.9bn in potential capacity in the new term, NSW plays an influential role in the Australian sustainable debt market.

The three bonds issued to June 2021 under the NSW Sustainability Bond Programme were all oversubscribed, demonstrating strong investor confidence in the state's economy and the NSW Government's financial management credentials. This has enabled us to diversify our investor base, a testament both to the Programme's robust governance and reporting frameworks, as well as our ESG credentials.

I am excited for the role green, social and sustainability bonds can continue to play in supporting the delivery of sustainable outcomes for the people of NSW today and into the future.

A handwritten signature in black ink, appearing to read 'Dom - 14', likely representing Dominic Perrottet.

**The Hon. Dominic Perrottet, MP**  
Premier of New South Wales







# A message from NSW Treasury



Given the challenges of the last several years, NSW Treasury has been called upon to support the fiscal and economic wellbeing of NSW.

We've seen a number of packages unveiled to help with public safeguards, many of them highly visible, such as vaccination, contact tracing and mental health. But we have needed to address a very wide timeline, maintaining short, medium and long-term perspectives to benefit the state, bolster employment and drive productivity to underpin the government's reform and recovery programmes. Applying a sustainability lens to our activities has been crucial.

As we move into this next phase, success for NSW will be measured through a sustainable and resilient balance sheet that can withstand systemic risks, shocks and strains.

The NSW Sustainability Bond Programme plays a major role; the projects and assets to which the Programme's bonds are earmarked demonstrate the state's strong alignment to building sustainability, resilience and to maximise resource use.

When supporting the government's sustainability initiatives, we recognise the multiple roles that government plays: as an enabler, incorporating ESG considerations into our operations and decision making; as a market participant in the way we invest our funds and raise debt to ensure that the investment we attract is right for the state; and as an authority, to facilitate capital flows to investments that achieve social and environmental outcomes and to monitor, measure and report on these outcomes in an appropriate way.

## Incorporating climate risk

A major highlight for NSW Treasury was publishing the 2021 Intergenerational Report. It is the first time any Australian jurisdiction has incorporated comprehensive climate modelling into such a report.

This year, in conjunction with the Department of Planning, Industry and Environment (DPIE), NSW Treasury also contributed to the Climate Risk Ready guide designed to help the NSW public sector to identify, monitor and manage climate change risks to public assets, services and objectives. Further, NSW Treasury updated a policy that asks for all government agencies to incorporate climate risks into their assessments.

## Asset identification and reporting

The asset pool to which proceeds of the bonds are earmarked has expanded and diversified this year, with \$4.1bn of assets added.

A key role for NSW Treasury is in identifying such assets and providing transparency of reporting. By volume, transport remains the biggest asset class along with water projects but the Programme has also expanded into the social dimensions of education and housing. This updated asset pool is quite extensive providing TCorp with more options when it comes to issuance.

I am enormously proud that this Programme, and the information contained within the annual report, raises awareness of the state's environmental and social projects and practices. Essentially, it is a 'showcase for good'.

## Three years on

NSW created the Sustainability Bond Programme 3 years ago. From the outset, the Programme has been market leading and attracted such strong and diverse investors because of its transparency, reporting and strong governance structures.

We talk about bonds, and assets, and structures, but most of all, this Programme is about people. I would like to thank my team at Treasury, including all those working as part of the Office of Social Impact Investment team, along with everyone involved – DPIE, the departments of transport and education and Sydney Water. And, of course, my thanks to the tireless efforts of the TCorp team who have achieved wonderful results.



**Katherine Palmer**

Executive Director, Strategic Balance Sheet Management  
NSW Treasury

# A message from TCorp



TCorp stands at the intersection of government and capital markets.

Going beyond issuance, TCorp supports the NSW Government in a variety of ways. We amplify the state's Environmental, Social and Governance (ESG) commitment to investors and act as a conduit for the market to relay the latest thinking on climate-related risk and ESG considerations more broadly through our engagement with industry groups, researchers and thought leaders across the investment industry. This partnership helps the NSW Government better understand the market lens on the potential impacts of physical and transition risks.

Coming into another challenging year for the state and the economy, the NSW Sustainability Bond Programme had considerable momentum and its success this year demonstrates that it, and ESG considerations, remain a key focus.

Crucial to this success is robust reporting on the assets, and we are delighted to share our third annual report. Illustrating the positive impact these assets have on the people of NSW is, of course, important but this report also showcases the governance and assurance frameworks around the Programme to investors. We are committed to delivering transparency for the market.

## Deep market access

A cornerstone of our annual funding activities, the Programme allows us to connect with investors across the range of sustainable products; illustrating ESG principles is important to our whole issuance programme. We raised \$26.6bn in term funding in FY21 because of the high regard in which the NSW Government is held and TCorp's deep market access.

The Programme is a critical engagement point with dedicated ESG funds that continue to grow in prominence globally. Many investors and intermediaries have generously shared their insights on sustainable issuance and, in this dynamic environment, constant feedback around evolving expectations ensures we maintain a rigorous framework that holds our Programme to the highest standards.

The addition of our November 2030 Green Bond was TCorp's third sustainability offering under the

Programme, establishing an ESG curve (3 or more bonds on issue in ESG format) which provides the market with greater flexibility to manage their ESG portfolios and to assess future green, social and sustainability issuance.

Growing appetite for this format saw aggregate demand of \$4.1bn for an issue volume capped at \$1.3bn. At the time of issuance, the 2030 Green Bond had the largest allocation to foreign investors for a benchmark transaction and further benefited from diverse demand by investor type, attracting interest from a range of asset managers, balance sheets and official institutions. While the focus of the green projects underpinning this bond is its environmental credentials, there have also been significant social benefits and this is a key way NSW Government agencies can demonstrate their commitment to sustainability.

In October 2021, we announced that the Programme added \$4.1bn of eligible assets in FY21, positioning us well on our commitment to future issuance. This achievement results from the close working relationship between NSW Treasury, the Department of Planning, Industry and Environment as well as our delivery partners, all of whom played a vital role in the asset identification process.

## Looking ahead

The Programme's success is attributable to the many people across the NSW Government family who recognise its importance and the input and support from investors and the dealer panel banks.

We look forward to the year ahead where we will again challenge ourselves to drive innovation in a vibrant and growing market to deliver real value for the people of NSW.

**Rob Kenna**  
Head of Funding & Balance Sheet  
TCorp



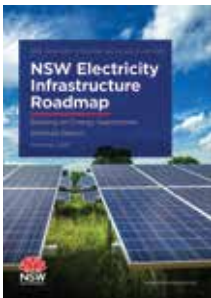
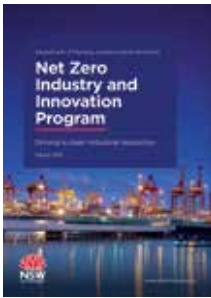
# Sustainability and resilience in NSW

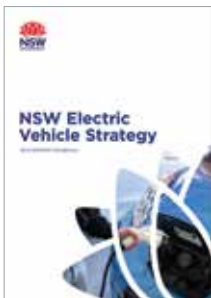


The path ahead for NSW will look vastly different over the next decade, as the state recovers from the social and economic shocks resulting from COVID-19, and adjusts to climate change, economic transition and social and demographic shifts. All these elements will have a significant impact and play a large role in future government decisions.

In 2021, the NSW Government continued to align the state's financial activities – investing, issuing bonds, procuring, and stewarding resources – with more sustainable outcomes. This concerted effort, as evident in a range of policies and initiatives, will help the NSW Government shift towards a resilient and sustainable environment and a socially inclusive society. Examples of the NSW Government's holistic approach to Environmental, Social and Governance (ESG) factors are shown below in Table 1 – NSW policy and initiatives.

Policies and initiatives released or implemented in FY21 have furthered our ESG focus and complemented existing government efforts (such as Net Zero Plan Stage 1: 2020–2030) to advance sustainability outcomes. The Government's [implementation update](#) on the Net Zero Plan, published in 2021, committed to a 50% emissions reduction target by 2030. The plan and related policies are expected to attract up to \$37bn in private investment in NSW.

**Table 1: NSW policy and initiatives**

Policy/initiative	Description	Examples of government funding
	<p>Designed to transition the electricity sector to be cheaper, cleaner and more reliable, the roadmap is expected to:</p> <ul style="list-style-type: none"> <li>– Attract up to \$32bn in private investment for regional energy infrastructure by 2030</li> <li>– Support an estimated 9,000 jobs, mostly in regional NSW</li> <li>– Save around \$130 a year on the average NSW household electricity bill and \$430 a year on the average small business electricity bill between 2023 and 2040.</li> </ul>	<p>\$380mn over 4 years to implement the roadmap</p>
	<p>Focusing on major opportunities to reduce emissions across NSW industry and business, this program will accelerate the development of clean technology and industrial decarbonisation, to grow the economy, support jobs and significantly reduce emissions. Driving the next wave of low emissions technologies and innovation, the program will ensure industry in NSW remains resilient and competitive in a low carbon global economy.</p>	<p>\$750mn over 10 years to decarbonise industry and foster clean technology innovation in NSW</p>

Policy/initiative	Description	Examples of government funding
	<p>This is the NSW Government's plan to accelerate the state's vehicle fleet of the future. The strategy is intended to increase electric vehicle (EV) sales to 52% by 2030–31 and help NSW achieve net-zero emissions by 2050.</p>	<p>\$490mn over 4 years to provide incentives and phase out stamp duty on eligible EVs, transition the NSW Government passenger fleet to EVs where feasible and invest in new charging infrastructure.</p>
	<p>This strategy reflects the NSW Government's commitment to playing its part in helping the state transition to a circular economy over the next 20 years and sets out the investment pathway required for NSW to meet future demand for residual waste management and recycling.</p> <p>The Plastics Action Plan sits alongside this strategy and details how NSW will better manage plastics and reduce the impact they have on the environment, including a reduction in plastics waste, supporting innovation in recycling technology, and accelerating the transition to better plastic products.</p>	<p>\$356mn over 5 years to protect the community and environment from waste pollution and support the transition to a circular economy.</p>
<p><b>Establishment of Royalties for Rejuvenation Fund</b></p>	<p>This fund has been created to support long-term economic diversification and future job growth and skills retraining in key NSW mining regions. It focuses on supporting sustainable livelihoods and increasing resilience within these communities as the world economy transitions to lower carbon energy sources.</p>	<p>\$25mn set aside each year to support the fund</p>
	<p>Looking at the future needs of the NSW health system, this long-term plan aims to develop a more diverse and future-focused health infrastructure portfolio.</p>	<p>\$10.8bn in new and upgraded hospitals and health facilities over the 4 years to 2024–25</p>
<p><b>Social Impact Investing</b></p>	<p>Piloting a range of social impact investments, with the first round prioritised to support the social and economic wellbeing of women experiencing disadvantage and young Aboriginal women.</p>	<p>\$30mn allocated over 4 years</p>

# The NSW Sustainability Bond Programme

The Programme's vision is to lead the way in sustainability bonds in Australia and demonstrate pathways to mobilise capital to support projects with positive environmental or social outcomes.

## Overview

The NSW Sustainability Bond Programme (Programme) provides investors with the opportunity to be part of a more sustainable future by helping to finance or refinance projects that support positive and transparent economic, social and environmental outcomes for the community. Further, it supports the NSW Government's long-term environmental and social objectives, as well as Australia's ongoing commitment to meeting the United Nations Sustainable Development Goals (UN SDGs).

Under the Programme, TCorp can issue green, social and sustainability bonds. Each issuance's classification is determined based on the primary objectives of the underlying projects. In October 2020, TCorp became the first Australian semi-government issuer to have an Environmental, Social and Governance (ESG) curve after the issuance of our third bond under the Programme, a 10-year \$1.3bn Green Bond.

Across the 3 lines, TCorp has \$5.2bn of bonds on issue and we are committed to continuing issuances in this format as eligible assets are added to the pool.

In contrast to TCorp's regular bonds – which are provided for general purpose expenditure – the proceeds of our green, social and sustainability bonds will be used to finance or refinance projects and assets that:

- Deliver positive environmental and social outcomes
- Align with and contribute towards meeting UN SDGs
- Support the NSW Government's environmental and social objectives.

### What are green, social and sustainability bonds?

**These bonds are defined by the International Capital Markets Association:**

- Green bonds are any type of bond instrument where the proceeds will be exclusively applied to finance or refinance, in part or in full, new and/or existing eligible Green Projects and which are aligned with the four core components of the Green Bond Principles (GBP).
- Social bonds are any type of bond instrument where the proceeds will be exclusively applied to finance or refinance, in part or in full, new and/or existing eligible Social Projects and which are aligned with the four core components of the Social Bond Principles (SBP).
- Sustainability bonds are bonds where the proceeds will be exclusively applied to finance or refinance, a combination of both Green and Social Projects. Sustainability bonds are aligned with the four core components of both the GBP and SBP.





## Governance

The Programme is underpinned by sound governance and is overseen by the NSW Sustainability Bond Committee (NSBC). The NSBC comprises subject matter experts from across the NSW public sector, with representation from NSW Treasury, TCorp, the NSW Office of Social Impact Investment (OSII) and the NSW Department of Planning, Industry and Environment (DPIE).

Oversight of projects that are included in the asset pool and the allocation of bond proceeds against this pool is undertaken by the NSBC, while Treasury and OSII are responsible for asset identification and annual reporting.

The NSBC is primarily guided by the [NSW Sustainability Bond Framework](#) which governs how TCorp may issue ‘use of proceeds’ bonds in green, social and sustainability formats under the Programme.

## External validation

As the Programme strives to remain impactful in a sector which is constantly evolving, it is critical for its Framework to be credible and relevant. This ambition is supported through the Second-Party Opinion provided by Sustainalytics. In addition, the Programme commits on an annual basis to provide validation of robust governance controls; this process is undertaken by an external verifier.

### Objectives

- Seek ways for finance to contribute towards meeting UN SDG outcomes.
- Support the development of the wider sustainable finance sector.
- Draw upon and contribute to global best practice in the discipline of impact and outcomes measurement, reporting and transparent disclosure of sustainability outcomes.
- Highlight and influence sustainability practices through the lifecycle of government assets and programmes.
- Inspire innovative cross-government solutions to NSW’s most pressing environmental and social problems.
- Contribute to NSW Treasury’s focus on delivering a sustainable fiscal environment, enabling better outcomes.

## Sustainable investing in Australia and globally growing at pace

The total value of impact investment products offered in Australia reached \$29bn in 2020, a 46% increase from \$19.9bn in 2019, according to the Responsible Investment Association Australasia (RIAA) [Responsible Investment Benchmark Report Australia 2021](#). RIAA considers green, social and sustainability (GSS) bonds as impact investments, and these products dominate the value of such investments at around \$26bn or 88% of the Australian market.

Internationally, institutional investors launched the [Net Zero Asset Managers initiative](#) in December 2020, which has the aim of galvanising the asset management industry to commit to a goal of net zero emissions by or before 2050. At the time of writing this report, the initiative has already amassed 128 signatories who manage US\$43tr in assets (nearly half of the total global asset management sector).

This growing commitment to sustainability has been reflected in bond issuances, with GSS bonds making up 10% of global bond market issuance according to [Refinitiv's Sustainable Finance Review for half year 2021](#). Globally, GSS bonds totalled US\$551.6bn during the first half of 2021, an increase of 76% compared to the first half of 2020, and an all-time record.

As the volume of GSS bond issuances has continued to grow globally, green remains the dominant label. However, according to the [Climate Bond Initiative](#) (CBI), social and sustainability labels grew 1022% and 131% respectively during 2020, compared to 2019. CBI attributes this growth to the strategic response by bond issuers to the effects of the COVID-19 pandemic.

The growth in GSS issuance has increased the need for further guidance on transparency and reporting. To meet this need, the International Capital Markets Association (ICMA) has updated its GSS bond guidelines in 2021. These updates contain two additional key recommendations – on bond frameworks and external reviews – designed to heighten transparency alongside the 4 core components.

In addition, the market has continued to innovate around formats of issuance with increased uptake of sustainability-linked products, themed bonds (such as blue bonds) and transition bonds. Sustainability-linked bonds (SLB) have gained considerable traction, as investors seek direct accountability for commitments to do better. ICMA defines SLBs as instruments for which the financial and/or structural characteristics can vary depending on whether the issuer achieves predefined ESG objectives. Just this year, Australia had seen its first ever sustainability-linked bond transaction come to the AUD market and this was closely followed by a second transaction 3 months later. Both transactions were market leading initiatives and well-received by investors.

## The 2030 Green Bond issuance

The NSW Government is firmly committed to the NSW Sustainability Bond Programme. As the state continues to embed sustainability practices across its assets, along with the delivery of its record infrastructure programme over the coming years, this will enable TCorp to remain a dominant market player in GSS format.

As a programmatic issuer, TCorp approaches the market with GSS issuance and continues to receive a strong reception from investors domestically and globally, as evident in the 2030 Green Bond issuance. This outcome is attributed to the support and collaborative work across the NSW Government family.

Details of the bond issued in October 2020 and the results are detailed in Tables 2 and 3.

**Table 2:** Description of the 20 November 2030 Green Bond

<b>Bond type</b>	Green
<b>Amount</b>	\$1.3bn
<b>Currency</b>	Australian dollar
<b>Pricing date</b>	20 October 2020
<b>Maturity date</b>	20 November 2030
<b>Coupon</b>	1.25% fixed semi-annual
<b>ISIN</b>	AU3SG0002348
<b>Guarantor</b>	The Crown in Right of New South Wales
<b>Issuer rating</b>	Aaa (Stable) by Moody's Investor Services AA+ (Stable) by Standard & Poor's
<b>Joint lead managers</b>	Commonwealth Bank of Australia National Australia Bank UBS AG, Australia Branch
<b>ICMA project categories</b>	Clean Transportation; Sustainable Water and Wastewater Management

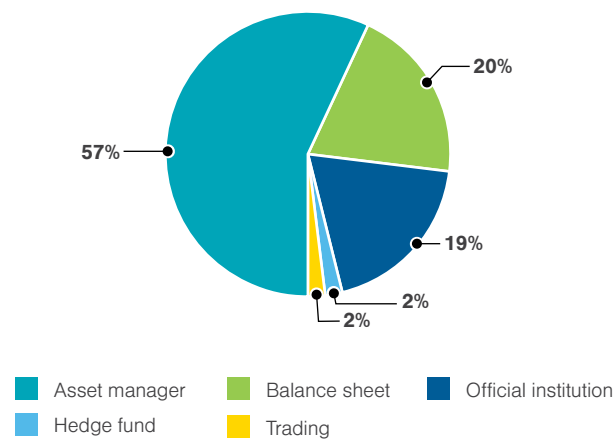
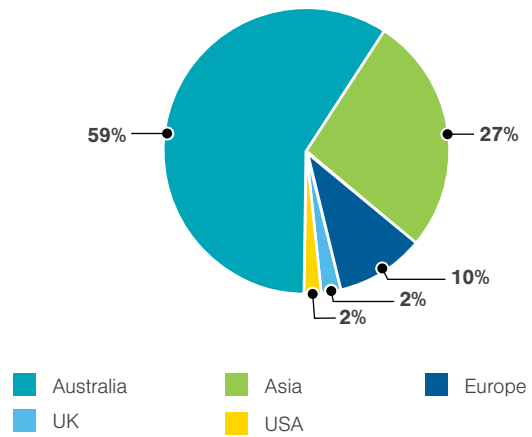
A [term sheet](#) with full details of the Bond is available on TCorp's website. The net proceeds raised through the bond were earmarked to support the financing of clean transportation, and sustainable water and wastewater management projects. The Programme's [2019 Annual Report](#) provided an overview of these assets which have been reported on annually since then.



**Table 3: Results of the 20 November 2030 Green Bond issuance**

Total amount allocated	\$1.3bn
Total amount of bids received at final price	\$4.1bn
Total amount on issue	\$1.3bn
Yield allocated	1.11%
Spread to 10-year bond futures	35.5bps

Over the years, the Programme has had notable success in attracting new investors in a primary market transaction. This transaction in particular had an elevated number of investors participating, with 68 unique client orders, 12 of which were new investors, further diversifying TCorp's investor base.

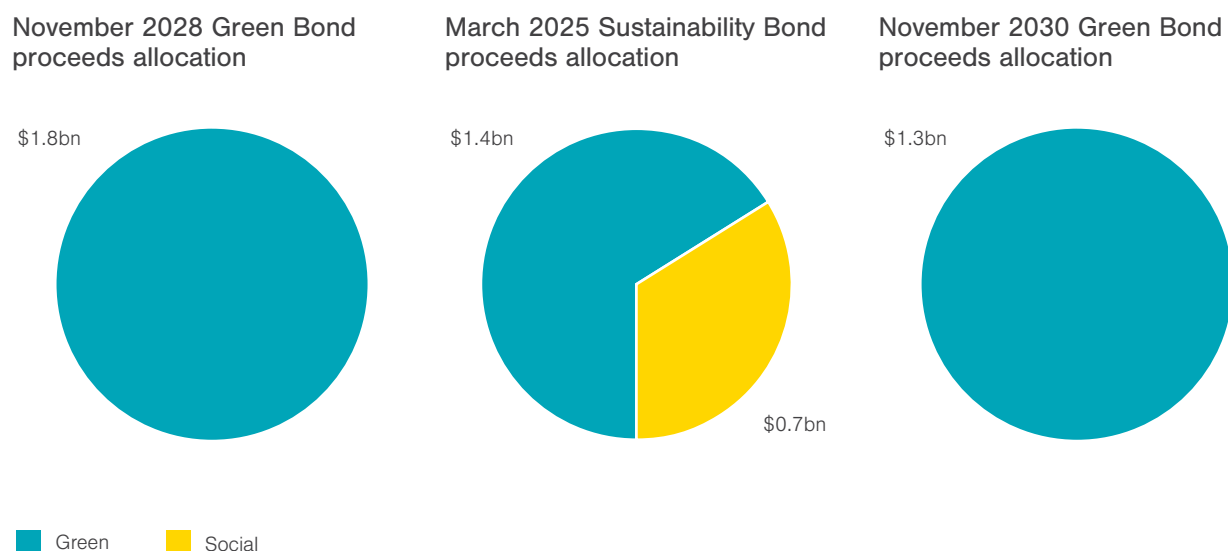
**Chart 1: Allocation by investor type**

**Chart 2: Allocation by geographic breakdown**


Source: TCorp

## How the bond proceeds were allocated

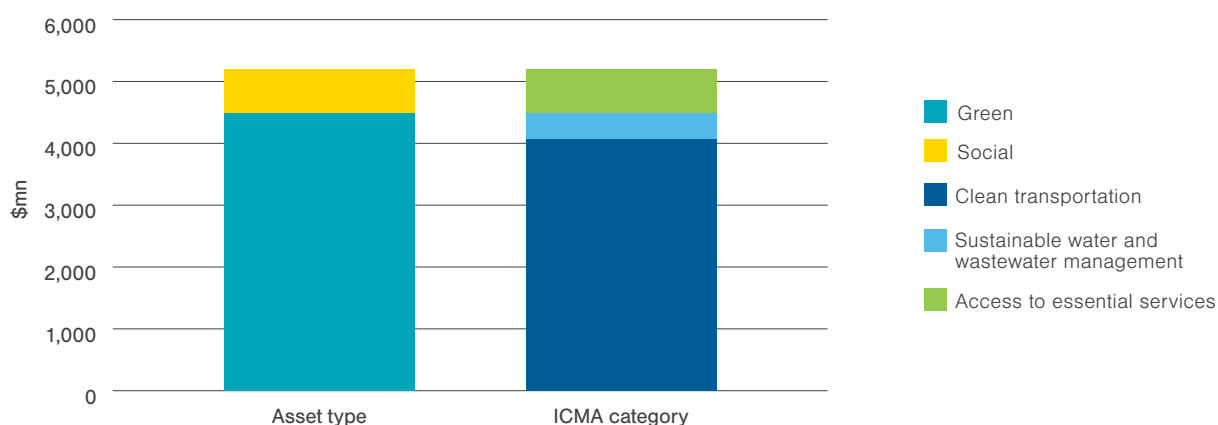
While the asset pool was dominated by green assets during the early phase of the Programme, which enabled us to issue the inaugural November 2028 Green Bond, it was established with a vision to enable the financing of social assets as standards continue to develop in this space. The inaugural March 2025 Sustainability Bond was the single largest sustainability bond in the Australian dollar market at the time of issuance, with two new social assets introduced to the pool, the Transport Access Program and Public Schools Infrastructure.

**Chart 3:** Allocation of proceeds by asset type



Source: TCorp

**Chart 4:** Allocation of total proceeds by asset type and ICMA category



Source: TCorp analysis

## Spotlight: The sustainability achievements of the Transport Access Program

### Infrastructure Sustainability Council (IS Council) highlights

Transport for NSW takes a broad approach to delivering sustainability through the Transport Access Program (Tranche 3) – which primarily aims to improve access to public transport for those with a disability, limited mobility, or parents with prams. Upgrades to Waratah Station at Newcastle and Wyee Station at Lake Macquarie were completed in the second half of 2020 and jointly received a 'Leading' Infrastructure Sustainability (IS) As Built rating awarded by the IS Council.

The 'Leading' rating reflects verification of a broad range of sustainability achievements through design and construction. The key achievements across these 2 stations include:

- A 31% reduction in energy usage, achieved through the specification of high efficiency cooling systems for station equipment and service rooms. This equates to a saving of 14,059 GJ over the life of the project.
- A 43% (or 23.5 mega litre) reduction in water footprint over the project's lifecycle through water efficient design. This was achieved through usage of high efficiency fixtures and fittings and avoiding landscape irrigation through drought resilient native plantings.
- A 9% reduction in materials footprint, equating to a saving of 774 tCO<sub>2</sub>-e (Scope 3 emissions). Materials reduction initiatives were achieved through design refinements and use of recycled material.
- Over 50% more trees planted than the project offset requirements.
- Creating a sense of place that celebrates the locality through installation of community artwork on the station building at Waratah Station (see right).



Waratah Station.



Artwork at Waratah Station. The mural, titled 'Surround', was painted by local artists and pays homage to the graffiti history of the area and transport culture.



# Reporting: Sustainability Bond Programme assets

Impact reporting is an important and ongoing process. The NSBC has assigned a Reporting Group to oversee this process and meet regularly throughout the year with asset owners. The impact indicators in Tables 5 to 7 are intended to reflect global principles on green and social bonds impact reporting. For assets under construction or in early stages of operation, the impact indicators related to operations contain estimates. Where assets are already operational, impact indicators related to operations contain actual data for FY21, unless otherwise stated. The impact indicators have not been pro-rated for the share of project financed by NSW state debt.

The tables below outline the assets earmarked against the 2028 and 2030 Green Bonds and the 2025 Sustainability Bond. Information on project costs and indicators have been provided by the relevant NSW Government entities and NSW Treasury.

**Table 4:** Use of proceeds

<b>Project name</b>	<b>Delivery partner</b>	<b>ICMA Green or Social Project category</b>	<b>Cumulative Green Bond proceeds allocation (\$mn)</b>	<b>Cumulative Sustainability Bond proceeds allocation (\$mn)</b>	<b>Total proceeds allocation (\$mn)</b>
Sydney Metro Northwest	Sydney Metro	Clean transportation	2,616	1,103	<b>3,719</b>
Newcastle Light Rail	Transport for NSW	Clean transportation	240	100	<b>340</b>
Lower South Creek Treatment Program: Quakers Hill and St Marys Water Recycling Plants Process and Reliability Renewal	Sydney Water	Sustainable water and wastewater management	244	50	<b>294</b>
Green Square Trunk Stormwater Improvement	Sydney Water	Sustainable water and wastewater management	n/a	63	<b>63</b>
Waterway Naturalisation and Stormwater Improvement	Sydney Water	Sustainable water and wastewater management	n/a	73	<b>73</b>
Transport Access Program – Tranche 3	Transport for NSW	Access to essential services	n/a	209	<b>209</b>
Public School Infrastructure	Department of Education	Access to essential services	n/a	502	<b>502</b>
<b>Total</b>			<b>3,100</b>	<b>2,100</b>	<b>5,200</b>

**Table 5: Impact indicators – Clean transportation**



Project name	Project description	UN SDG	Indicator
<b>Sydney Metro Northwest</b> 	<p>Metro North West Line is the first stage of Sydney Metro – Australia's biggest public transport project.</p> <p>A new high frequency single deck train system connecting Sydney's growing north west with Chatswood.</p> <p>First fully automated metro rail system in Australia, delivering 36km of new metro rail, and 8 new and 5 upgraded railway stations.</p> <p>The line is estimated to provide public transport travel time savings of 10 to 30 mins between popular destination pairs along its route.</p> <p><b>Status:</b> Operational as of May 2019.</p> <p><b>Target population:</b> General population in Sydney's main statistical area with highest car ownership per household.<sup>1</sup></p>	  	<p><b>Operations</b></p> <p>14,247,457 total passenger trips.<sup>2</sup></p> <p>100% of grid electricity required for operations (84.6 GWH) is offset by renewable energy through the voluntary surrender of LGCs, avoiding GHG emissions of 64,309 tCO<sub>2</sub>-e.<sup>3</sup></p>
<b>Newcastle Light Rail</b> 	<p>A 2.7km system providing a frequent and reliable travel option throughout the city centre, with capacity to transport 1,200 people per hour. The project is a key part of the program to revitalise Newcastle's city centre.</p> <p><b>Status:</b> Operational as of February 2019.</p> <p><b>Target population:</b> General population.</p>	  	<p><b>Operations</b></p> <p>730,843 total passenger trips<sup>4</sup> and 151,287 million passenger-kilometres.<sup>5</sup></p> <p>1,467 tCO<sub>2</sub>-e total emissions.<sup>6</sup></p>

Table 6: Impact indicators – Sustainable water and wastewater management























Project name	Project description	UN SDG	Indicator
<b>Lower South Creek Treatment Program: Quakers Hill and St Marys Water Recycling Plants Process and Reliability Renewal</b> 	<p>The upgrades to the Lower South Creek water recycling plants aim to increase resilience and liveability for over half a million people in Western Sydney by 2040 and have achieved the highest design sustainability rating from IS Council for a water infrastructure project.</p> <p>Working towards a circular economy, innovative thermal hydrolysis technology will produce a higher grade of stabilised biosolid, an organic product that is used as a nutrient rich soil conditioner.</p> <p>By harnessing waste to create energy, the new facilities will also provide on-site thermal energy recovery and electricity generation post-upgrades.</p> <p><b>Status:</b> Upgrades under construction, expected completion in early 2022.</p> <p><b>Target population:</b> General population.</p>	  	<p><b>Operations (current)</b></p> <p>100% (or ~7,313 tonnes) of biosolids recovered from wastewater beneficially reused.</p> <p><b>Operations (post-upgrades)</b></p> <p>42% estimated reduction in GHG emissions during construction and across its 50 year operation.</p>
<b>Waterway Naturalisation and Stormwater Improvement – Astrolabe Park, Cooks River, Powells Creek and Strangers Creek</b> 	<p>Replacement of deteriorating concrete sections with sandstone and stabilisation of banks with native plants, trees and rocks.</p> <p>Naturalising the stormwater channels increases the asset life from approximately 80 to 150+ years.</p> <p>Naturalisation and restoration works improve water quality, mitigate flooding, improve biodiversity, increase amenity and liveability, as well as provide greater park access for the community.</p> <p><b>Status:</b> Completed in stages up to March 2019 with vegetation establishment periods of 24 months and ongoing maintenance.</p> <p><b>Target population:</b> General population.</p>	   	<p><b>Operations</b></p> <p>Removal of 311 cubic metres of litter and 215 tonnes of combined sediment and litter.</p>
<b>Green Square Trunk Stormwater Improvement</b> 	<p>Construction of a 2km underground stormwater drain from Zetland to the existing stormwater system at Alexandra Canal.</p> <p>The project significantly reduces flooding in the area, improves water quality and enables future development projects in Green Square.</p> <p>Demand for drinking water is reduced through the harvest and purification of 900 kL/day of stormwater at full capacity – the equivalent of 150 Olympic swimming pools of stormwater every year.</p> <p><b>Status:</b> Completed October 2019.</p> <p><b>Target population:</b> General population.</p>	   	<p><b>Operations</b></p> <p>Removal of ~404 tonnes of combined sediment and litter.</p>



Table 7: Impact indicators – Access to essential services

Project name	Project description	UN SDG	Indicator
<b>Public School Infrastructure</b> 	<p>New builds and major upgrades that will provide school-aged children with access to high quality education facilities at their local public school.</p> <p>The new and upgraded schools aim to improve the way classrooms are designed, creating open-planned, interactive and multipurpose indoor and outdoor spaces that include state-of-the-art technology.</p> <p><b>Status:</b> Ongoing.</p> <p><b>Target population:</b> Children.</p>	  	<p><b>Infrastructure</b></p> <p>32 new schools and major upgrades.</p> <p>42,069 school teaching spaces (state total).</p> <p><b>Operations</b></p> <p>85% of primary and 67% of secondary public school students reporting a sense of belonging, expectations for success and advocacy at school.</p> <p>817,856 enrolments (state total).</p>
<b>Transport Access Program – Tranche 3 (TAP 3)</b> 	<p>Upgrade of train stations across the Sydney Trains, Regional Trains and Intercity Trains network to improve accessibility for people with disability and including those with limited mobility.</p> <p>The initiative will provide a better experience for public transport customers by delivering accessible, safe and integrated transport infrastructure.</p> <p><b>Status:</b> Underway, due for completion 2023.</p> <p><b>Target population:</b> People with disabilities and limited mobility; and parents with prams.</p>	  	<p><b>Infrastructure</b></p> <p>13 train station upgrades completed.</p> <p><b>Operations</b></p> <p>62.5% of NSW train stations accessible to people with physical disability and limited mobility.</p>

# How the Programme asset pool has grown

This year, the Programme has had good momentum in building both green and social asset pools with a diverse range of projects. This has been achieved by adding new social project categories and expanding the existing green project categories of clean transportation and sustainable water and wastewater management. Examples of new projects are outlined below.

## New social project categories

### Affordable housing

#### Social Housing Maintenance Stimulus Program



The NSW Land and Housing Corporation (LAHC) owns and manages the NSW Government's social housing and crisis and refuge accommodation portfolio of over 125,000 homes, with a value of over \$50bn. LAHC's work is guided by *Future Directions for Social Housing in NSW*, the NSW Government's vision to deliver more and better social housing and a better tenant experience.

As part of the stimulus response to the COVID-19 pandemic, the NSW Government allocated funding to accelerate maintenance of LAHC's social housing portfolio. The program's work was completed in the fourth quarter of FY20 and included:

- Addressing critical asset condition needs
- Increasing supply of social housing through upgrading untenanted stock
- Improving access to affordable and efficient energy
- Improving residents' housing experience, wellbeing and satisfaction
- Supporting employment in the construction/trade industry.

#### Profile of NSW social housing residents and applicants

The Department of Communities and Justice (DCJ) manages tenancy at 90,000+ of LAHC-owned properties.

Of residents at DCJ-managed tenancies, 65% are elderly, 58% are single person households, and 9% are Aboriginal. The remaining LAHC social homes are managed by community housing providers.

As of 30 June 2020, there were more than 60,000 applicants on NSW's social housing waiting list. Around 50% are single person households, 23% are single parents with children, and about 9% (or 5,300) are priority applicants with immediate need of housing due to homelessness, domestic and family violence, disability or medical needs.

### New solar panels installed in regional NSW



### Roof replacement to extend the useful life of property in regional NSW

Before



After



### Key achievements included<sup>7</sup>:

- Maintenance and upgrade of 2,387 properties (exceeding the target of 1,567)
- Tenant satisfaction rating for completed works of 93%
- Refurbishment and re-occupation of 140 dwellings for people experiencing or at risk of homelessness during the height of the pandemic
- Replacement of inefficient flue gas heaters and tenant-installed air-conditioning with energy efficient air-conditioning and solar systems at over 150 properties (the energy cost savings to tenants from solar systems is estimated to be, on average, between \$340 and \$750 per year<sup>8</sup>)
- Over 500 workers involved in the delivery of the program, mostly in building and construction trades
- 53% of funding expended in regional areas.



## Affordable basic infrastructure

### Improving Access to National Parks Program



In 2018, NSW national parks attracted 60mn visits, generated \$17.8bn in economic activity, and supported the employment of 74,000 people. In July 2020, year-on-year visitor numbers to campgrounds across the state were up by more than a third. This reflects the importance national parks have to social wellbeing of NSW residents, particularly during the COVID-19 pandemic.

The Improving Access to National Parks (IANP) Program is a NSW Government commitment to invest in improving accessibility to national parks across the state through: capital works to upgrade visitor infrastructure and facilities, development of digital tools. The outcome of the IANP is to improve access, increase participation, improve the visitor experience, and grow the visitor economy through new and enhanced infrastructure, particularly in regional NSW.

The infrastructure stream includes improvements to visitor infrastructure and facilities with a focus on:

- Increasing support for families and people with restricted mobility, including upgrading access to iconic lookout points to a mobility impaired access standard
- Increasing the safety and accessibility of walking tracks and trails
- Enhancement of visitor facilities, including picnic areas.

The digital stream involves the expansion of safety programs, the enhancement of mobile connectivity throughout national parks and the introduction of online and digital tools. Improvements will support park visitors, which have varied abilities to access information, plan their visit by enhancing information and functionality on the National Parks and Wildlife Service website and app platforms. Digital tools will expand access to parks through virtual experiences and digital storytelling, making use of technologies like augmented reality and virtual visitation.



New wheelchair accessible lookout to improve the view of the Wollomombi Falls.



Ironbark Flat, Audley Visitor Precinct, Royal National Park.

## Expansion of existing green project categories

### Sustainable water and wastewater management

#### Improving liveability and the health of our waterways through stormwater naturalisation and improvement: Johnstons Creek, Milson Park and Parkside Drive Reserve



Following the success of the pilot waterways naturalisation and revitalisation programs, 4 of which were introduced in last year's Programme Annual Report, Sydney Water has continued to invest in improving the liveability and the health of NSW urban waterways. This has enabled growth in the Programme, with 3 new assets added to the pool: Johnstons Creek and Parkside Drive Reserve (both to be completed in 2021), and Milson Park (to be completed in 2022).

Sydney Water's initial pilot helped it develop a programmatic approach to delivering sustainable water and wastewater management projects. This included embedding lessons learned in successfully collaborating with councils and in meeting community expectations for managing stormwater naturalisations and revitalisation projects that incorporate both green and social outcomes. All new projects are subject to a monitoring and evaluation framework that captures and measures the value of enhanced ecological and social values delivered by the projects. These include:

- Reducing the quantity and improving the quality of stormwater runoff
- Removing gross pollutants from waterways
- Improving wildlife habitat
- Improving the appearance of streets and parks
- Greening and cooling the local environment by retaining water in the landscape.

The 3 new assets included in the Programme are located within the Greater Sydney Metropolitan area, where a growing need for improved recreation spaces has been identified by the community and local councils. Demand for open space reflects expected population growth and higher density living, changing demographics and associated preferences for recreational activities such as walking, cycling and gardening. Sydney Water engaged with the local community to understand current uses and future needs, with the consultations informing project design, scope, and scale of the stormwater management projects. Restoring and regenerating natural systems within the urban landscape such as these also deliver sustainable solutions and opportunities to transition in line with the circular economy to provide net-positive outcomes for our environment and society.

## Clean transportation

### CBD and South East Light Rail



Sydney's CBD and South East Light Rail project, which comprises the L2 Randwick (opened December 2019) and L3 Kingsford (opened April 2020) light rail lines, is leading the way as a major sustainable transport solution for the city. The light rail contributes to a more sustainable city by providing high frequency public transport that is more efficient and reliable, quieter, and cleaner when compared to private car use.

The project addresses Sydney's growing population and associated traffic congestion, provides an environmentally focused mode of transport, and was the catalyst for pedestrianisation in the city centre.

Subject to a range of strict environmental performance conditions, the project was able to meet ambitious sustainability targets. It achieved an 'Excellent' Design Rating from the Infrastructure Sustainability Council (IS Council), and the highest possible score in the IS Council's innovation category. The project also achieved a 'Leading' v1.2 As Built Rating, the highest possible achievement.



CBD and South East Light Rail at Royal Randwick stop, Randwick, Sydney.

#### *Sustainability highlights*

- Reduced water consumption for the operational phase of the project, including light rail vehicle washing (80% reduction), depots (31% reduction) and the heating, ventilation, and air conditioning geothermal cooling systems (100% reduction – see sustainability innovations below).
- Reused 100% of the spoil generated.
- >95% diversion of inert and non-hazardous waste from landfill and an 88% diversion of office waste material from landfill.

#### *First in Australia sustainability innovations*

- A brake energy recovery system that optimises energy savings – harmonic and energy saving optimiser (HESOP).
- A geothermal air-conditioning system that eliminates the need for cooling towers or condensing units and enables significant energy, carbon and water savings.
- A light rail vehicle with permanent magnetic motors that delivers up to a 15% energy saving with lower maintenance requirements and delivering a quieter vehicle.



# NSW Sustainability Bond Programme milestones

## 2018

### March 2018

NSW Treasury Asset and Liability Committee (ALCO) endorsed the creation of the NSW Sustainability Bond Programme, the first programme of its type among semi-government issuers in Australia.

### September 2018

ALCO approved the NSW Sustainability Bond Framework.

### November 2018

Issued inaugural \$1.8 billion 15 November 2028 Green Bond:

- Largest single green bond in the Australian dollar market at the time
- Climate Bonds Standard certified
- Won three industry awards.

Bond proceeds were earmarked to:

- Sydney Metro Northwest
- Newcastle Light Rail
- Lower South Creek Treatment Program: Quakers Hill and St Marys Water Recycling Plants Process and Reliability Renewal.

## 2019

### October 2019

Published first annual report for the Programme – [\*Creating a Sustainable Future\*](#).

Updated the NSW Sustainability Bond Framework and obtained Second-Party Opinion by Sustainalytics.

### November 2019

Issued inaugural \$1.8 billion 20 March 2025 Sustainability Bond:

- Largest single sustainability bond in the AUD market at the time of issuance
- First Australian semi-government authority to issue a sustainability bond
- Won five industry awards both locally and globally.

Eligible assets new to the pool:

- Green Square Trunk Stormwater Improvement
- Waterway Naturalisation and Stormwater Improvement – Astrolabe Park, Cooks River, Powells Creek and Strangers Creek
- Public School Infrastructure
- Transport Access Program – Tranche 3.

## 2020

### September 2020

Tendered for a \$300mn increase to the 20 March 2025 Sustainability Bond.

Eligible asset new to the pool:

- Improving Access to National Parks (IANP) Program.

### October 2020

Issued \$1.3bn new 20 November 2030 Green Bond:

- Climate Bonds Standard certified
- Established an ESG curve
- Largest Australian semi-government issuer in green and sustainability format with \$5.2bn outstanding at the time of issuance.

### December 2020

Published second annual report for the Programme – [\*Recovery and Growth\*](#).

Updated the NSW Sustainability Bond Framework and Second-Party Opinion by Sustainalytics.

## 2021

### October 2021

Eligible assets new to the pool:

- Social Housing Maintenance Stimulus Program
- Waterway Naturalisation and Stormwater Improvement – Johnstons Creek, Milson Park and Parkside Drive Reserve
- CBD and South East Light Rail
- Parramatta Light Rail.

# About TCorp

TCorp provides best-in-class investment management, financial management, solutions and advice exclusively to the NSW public sector. With \$109.2bn of funds under management, TCorp is a top 5 Australian asset manager and is the central borrowing authority of the state of NSW, with a balance sheet of \$127.1bn.

Created by the *Treasury Corporation Act 1983*, TCorp has the same legal capacity, powers and authorities as a company under the *Corporations Act 2001* (Cth), which allows us to raise and manage money to help the NSW Government and, ultimately the people of NSW. Our borrowing, investment and financial management activities are regulated by the *Government Sector Finance Act 2018*.

TCorp is a wholly-owned entity of the state of NSW and is part of the NSW Treasury cluster. It is a public financial corporation; such organisations provide financial services including insurance, lending and investment management, trade in financial assets and liabilities to the state and operate commercially in the financial markets.

Our core purpose is to be a trusted partner with the NSW Government family, assist them to meet their objectives and create solutions that have a positive, lasting impact.

## Partnership and collaboration

In providing solutions and advice for our clients across the NSW public sector, we build relationships with the private sector.

Our reputation and scale in financial markets allows us to partner with fund managers, fixed income dealer groups, banks, and technology and other service providers to design and implement strategies delivering the most appropriate outcomes for our clients in the NSW Government family.

### Our mission

To provide best-in-class financial management, solutions and advice to the NSW Government family.

### Our objectives

#### Financial management

Best-in-class for financial management, solutions and advice.

#### People and culture

Noted for the capability and conduct of our people.

#### Whole-of-state outcomes

A sustainable and aligned organisation always focused on delivering whole-of-state outcomes.

## Financial Markets

TCorp manages the state's funding programme and balance sheet and lends to NSW public authorities and businesses. Clients who borrow from TCorp reduce their costs of debt because of our Aaa credit rating (by Moody's Investor Service), scale and market presence. We also manage debt on behalf of clients, which was \$88.8bn as at 30 June 2021.

Our range of solutions includes:

- Bond issuance
- Loans
- Debt portfolio management
- Term deposits
- Short-term cash management facilities
- Financial risk solutions, including financial risk management (for example, foreign exchange, interest rate and commodities hedging).

# References

- 1 ABS, 2016 Census.
- 2 Trips are measured by tap on/off activity. Includes school travel using concessional cards, trips paid for using contactless payment cards and single tap-on or tap-off. Excludes activity from transport concession entitlements, integrated ticketing for major events and fare non-compliance.
- 3 GHG emissions avoided calculated using a full cycle emissions factor for NSW grid electricity of 0.76 tonnes CO<sub>2</sub>-e/MWh in financial year 2021. Factor sourced from Australia's emissions projections 2021, Australian Government Department of Industry, Science, Energy and Resources (October 2021).
- 4 See note 2 above.
- 5 The method used to calculate passenger-kms is the number of passengers transported by rail times kilometres travelled as recommended by the World Bank <https://data.worldbank.org/indicator/IS.RRS.PASG.KM>.
- 6 From electricity purchased to operate stations, traction power and a depot. Converted using a full cycle emissions factor for NSW grid electricity of 0.76 tonnes CO<sub>2</sub>-e/MWh in financial year 2021. Factor sourced from Australia's emissions projections 2021, Australian Government Department of Industry, Science, Energy and Resources (October 2021).
- 7 Impact indicators will be reported only once as they reflect one-off activities.
- 8 LAHC, based on DPIE Home Energy Action program Cost Benefit Analysis tool.



## Appendix 1 – Independent Reasonable Assurance Report



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### Independent Reasonable Assurance Report to the Executive and Management of Treasury Corporation of NSW ('TCorp')

#### Assurance Conclusion

Based on our reasonable assurance procedures, as described in this statement as of 2 November 2021, in our opinion TCorp's bond issuance process in relation to its 2018, 2019 and 2020 Sustainability Bonds, inclusive of its Sustainability Bond Framework and nominated projects and assets, meets the requirements of the ICMA Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines and the CBI Climate Bond Standard (inclusive of sectoral criteria) in all material respects. Further, based on our reasonable assurance procedures, in our opinion TCorp's 2021 Impact Report meets the requirements of the ICMA Sustainability Bond Guidelines, and TCorp's self-declared criteria stated in TCorp's Sustainability Bond Framework, in all material respects.

#### Scope

Ernst & Young ('EY') has performed a reasonable assurance engagement in relation to TCorp's 2018, 2019 and 2020 Sustainability Bonds, Sustainability Bond Framework and TCorp's 2021 Sustainability Bond Impact Report in order to provide an opinion as to whether, as of 2 November 2021, the Subject Matter detailed below, meets in all material respects the Criteria presented below.

#### Subject Matter and Criteria

Subject Matter	Criteria
<p>TCorp's Sustainability Bond process, as described in TCorp's Sustainability Bond Framework that sets out:</p> <ul style="list-style-type: none"> <li>▶ Policies and procedures related to the use of proceeds and management of proceeds raised from the Bond.</li> <li>▶ Processes for project evaluation and selection for inclusion in the Bond.</li> <li>▶ Procedures for reporting on the use of proceeds and environmental and social performance of the Bond.</li> </ul>	<ul style="list-style-type: none"> <li>▶ The Climate Bond Standard ('CBS') v3</li> <li>▶ The Climate Bond Standard Sector Eligibility Criteria for Low Carbon Transport</li> <li>▶ The Climate Bond Standard Sector Eligibility Sector for Water Infrastructure</li> <li>▶ The International Capital Market Association's ('ICMA') Sustainability Bond Guidelines ('SBG'), comprising the Green Bond Principles ('GBP'), and the Social Bond Principles ('SBP')</li> <li>▶ TCorp's own internal policies and procedures, as documented in TCorp's Sustainability Bond Framework</li> </ul>
<ul style="list-style-type: none"> <li>▶ The structure of, and disclosures within, TCorp's 2021 Sustainability Bond Impact Report</li> <li>▶ The asset values disclosed within</li> </ul>	<ul style="list-style-type: none"> <li>▶ The International Capital Market Association's ('ICMA') Sustainability Bond Guidelines ('SBG'), comprising the</li> </ul>

TCorp's 2021 Sustainability Bond Impact Report

- ▶ Select impact data disclosed within TCorp's 2021 Sustainability Bond Impact Report

Green Bond Principles ('GBP'), and the Social Bond Principles ('SBP')

- ▶ TCorp's own internal policies and procedures, as documented in TCorp's Sustainability Bond Framework

#### Management Responsibility

The management of TCorp ('Management') is responsible for the collection, preparation and presentation of the subject matter in accordance with the Criteria, and for maintaining adequate records and internal controls that are designed to support the Sustainability Bond issuance process.

#### Assurance Practitioner's Responsibility

Our responsibility is to express a reasonable assurance conclusion as to whether the subject matter is presented in accordance with the Criteria, in all material aspects. Our assurance engagement has been planned and performed in accordance with the Australian Standard on Assurance Engagements 3000 (revised) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* ('ASAE 3000').

#### Level of Assurance

A reasonable assurance engagement consists of making enquiries and applying analytical, controls testing, and other evidence-gathering procedures sufficient for us to obtain a meaningful level of assurance as the basis for providing a positive form of conclusion. The procedures performed depend on the assurance practitioner's judgement including the risk of material misstatement of the specific activity data, whether due to fraud or error. While we considered the effectiveness of Management's internal controls when determining the nature and extent of our procedures, these procedures were not designed to provide assurance on internal controls. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.



### Our Approach

The assurance procedures we undertook included, but were not limited to:

- ▶ Assessing policies and procedures established by TCorp related to the issuance of the 2018, 2019 and 2020 Sustainability Bonds
- ▶ Confirming eligibility of nominated projects for inclusion in TCorp's 2018, 2019 and 2020 Sustainability Bonds against the Use of Proceeds Criteria within the CBS, SBP and GBP
- ▶ Interviewing selected business unit and group level personnel to understand key issues related to TCorp's policies and procedures
- ▶ Reviewing selected performance information for nominated projects, and documentation supporting assertions made in the subject matter
- ▶ Reviewing the impact report and checking that its structure and disclosures met the requirements of the framework, that asset values were disclosed accurately, and that individual impact data had been appropriately transcribed from the associated links in the 'source of information'.
- ▶ Checking the accuracy of calculations performed
- ▶ Confirming internal systems and processes were functioning as indicated and obtaining supporting evidence
- ▶ Confirming the maximum potential value of debt to understand the basis and integrity for the value of the bond
- ▶ Obtaining and reviewing evidence to support key assumptions and other data
- ▶ Seeking management representation on key assertions

### Limitations

There are inherent limitations in performing Assurance; for example, assurance engagements are based on selective testing of the information being examined and it is possible that fraud, error or non-compliance may occur and not be detected. There are additional inherent risks associated with assurance over non-financial information including reporting against standards which require information to be assured against source data compiled using definitions and estimation methods that are developed by the reporting entity. Finally, adherence to ASAE 3000 and the Climate Bond Standard is subjective and could be interpreted differently by different stakeholder groups.

Our assurance was limited to TCorp's 2018, 2019 and 2020 Sustainability Bonds, and did not include statutory financial statements. Our assurance is limited to policies and procedures in place as at 2 November 2021, after issuance of TCorp's 2018, 2019 and 2020 Sustainability Bonds.

### Use of Report

Our responsibility in performing our assurance activities is to the Executive and Management of TCorp only, and in accordance with the terms of reference for this engagement, as agreed with TCorp. We do not therefore accept or assume any responsibility for any other purpose or to any other person or organisation. Any reliance any such third party may place on the 2018, 2019 and 2020 Sustainability Bond assurance is entirely at its own risk. No statement is made as to whether the Criteria are appropriate for any third party purpose.

### Our Independence and Assurance Team

In accordance with APES 110, we can confirm we have met the requirements of the Code of Ethics for Professional Accountants, including on independence. Our team has the required competencies and experience for this assurance engagement.

Ernst & Young

Adam Carrel  
Partner  
Perth, Australia  
2 November 2021

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