

New South Wales Treasury Corporation

# NSW Sustainability Bond Framework

January 2022



tcorp

## About this report

The NSW Sustainability Bond Framework was developed to demonstrate how TCorp may issue 'use of proceeds' bonds in Green Bond, Social Bond and/or Sustainability Bond formats.

An electronic copy of the Framework and the Annual Report is available at [www.tcorp.nsw.gov.au](http://www.tcorp.nsw.gov.au).

## Feedback

We welcome your feedback/questions on the Framework. Contact Rob Kenna, Head of Funding & Balance Sheet at TCorp on +61 2 9325 9325.

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# 1. Introduction

TCorp (NSW Treasury Corporation) is invested in the future of New South Wales and recognises it has a role to play in Australia's contribution to meeting the United Nations Sustainable Development Goals (UN SDGs). The NSW Sustainability Bond Programme provides a mechanism for investors to contribute capital to accomplish these goals.

The NSW Treasury Asset and Liability Committee (ALCO) endorsed the creation of the Sustainability Bond Programme in March 2018.

The NSW Sustainability Bond Framework was jointly developed by TCorp, NSW Treasury, NSW Office of Social Impact Investment (OSII) and the NSW Department of Planning, Industry and Environment (DPIE).

This Framework is supported by the internal procedures, processes and controls of the respective agencies and stakeholders who are collectively referred to as the NSW Sustainability Bond Committee (NSBC) in this document.

The Framework has been developed to demonstrate how TCorp may issue 'use of proceeds' bonds in Green, Social and/or Sustainability (GSS) Bond formats. The proceeds raised from these bonds will be earmarked to finance or refinance projects and assets that deliver positive environmental and/or social outcomes, align with and contribute towards meeting the UN SDGs and support

the NSW Government's environmental and/or social objectives.

## 1.1 NSW Government environmental objectives

TCorp GSS Bonds finance projects and assets that support the broad range of NSW Government environmental policies, strategies and goals aligned with UN SDGs. A suite of relevant key NSW Government policies and initiatives are outlined below.

### 1.1.1 NSW Climate Change Policy Framework

This Framework highlights the Government's commitment to achieving net-zero emissions by 2050, and helping NSW become more resilient to a changing climate. The Framework guides NSW Government's policies and programmes, including:

- creating a more certain investment environment to support an affordable transition to net-zero emissions
- expanding clean energy and growing new industries
- boosting energy productivity and putting downward pressure on household and business energy bills
- preparing for the impacts of a changing climate.



Frazer Beach on the New South Wales Central Coast.

### 1.1.2 Net Zero Plan Stage 1: 2020–2030

In 2021, the NSW Government published an [implementation update](#) on the Net Zero Plan and committed to a 50% emissions reduction target by 2030. The Plan and related policies are expected to attract up to \$37 billion in private investment in NSW.

Building on the Net Zero Plan, the [Net Zero Industry and Innovation Program](#) focuses on major opportunities to reduce emissions across NSW industry and business. Accelerating the development of clean technology and industrial decarbonisation will grow the economy, support jobs and significantly reduce emissions.

### 1.1.3 Future Transport Strategy 2056

This Strategy sets the Government's 40-year vision, direction and principles for customer mobility in NSW, guiding transport investment over the longer term. Aligning with the UN SDGs, the Strategy covers areas including:

- developing quality, reliable, sustainable, and resilient infrastructure
- providing access to safe, affordable, accessible, and sustainable transport
- taking action to reduce emissions, support climate science research, build resilience, and reduce additional pressures on systems affected by a changing climate
- considering the risks arising from natural disasters.

This Strategy is supported by additional measures including the [NSW Electric Vehicle Strategy](#), which is the Government's plan to accelerate uptake of electric vehicles and reduce transport sector emissions.

### 1.1.4 NSW Electricity Infrastructure Roadmap

The Roadmap is the Government's plan to transition our electricity sector into one that is cheaper, cleaner and more reliable, and is enacted into law. It is expected to:

- attract up to \$32 billion in private investment for regional energy infrastructure by 2030
- support an estimated 9,000 jobs, mostly in regional NSW
- 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.

### 1.1.5 NSW Waste and Sustainable Materials Strategy 2041 Stage 1: 2021–2027 and Plastics Action Plan

The NSW Government is committed to playing its part as NSW transitions to a circular economy over the next 20 years. It sets out the investment pathway required for NSW to meet future demand for residual waste management and recycling.

The Plastics Action Plan 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.

## 1.2 NSW Government social objectives

The NSW Government's service delivery is focused on providing opportunities for everyone including high quality health, education, housing and community services to our whole population, with a particular focus on providing additional support and safeguards to those in our society who are most vulnerable. The Government's social policies, strategies and goals highlighted in this document are grounded in the NSW [Premier's Priorities](#) and State Outcomes.

### 1.2.1 Needs-based school funding

Under the National School Reform Agreement (2019–2023), NSW provides needs-based funding to government and non-government schools. This ensures that every child across NSW – regardless of circumstance – has the opportunity to reach their full potential. This includes: provision of targeted individual supports that help students with particular learning needs; addressing the learning needs of students; and reducing the impact of disadvantage on student outcomes.

### 1.2.2 20-year Health Infrastructure Strategy

This strategy is a long-term plan to develop a more diverse and future-focused health infrastructure portfolio that meets the needs of our future health system.

### 1.2.3 Housing 2041

Housing 2041 sets a long-term vision and objectives for better housing outcomes across NSW – housing in the right locations, housing that suits diverse needs and housing that feels like home. The Strategy will benefit people across the housing spectrum, from those temporarily without a home to those seeking housing that better suits their needs.

### 1.3 Sustainable Finance Steering Committee

In 2020 NSW Treasury established a Sustainable Finance Steering Committee with representation from NSW Treasury, DPIE, TCorp and icare. This Committee is set up to capitalise on market momentum and drive moves towards embedding sustainability in our economic and financial systems and decision-making processes in a coordinated manner.

### 1.4 NSW 2040 Economic Blueprint

This Blueprint outlines a roadmap for NSW to enable continued growth of the State's economy, with a target of two trillion dollars by 2040. The Blueprint identifies challenges and risks and highlights major opportunities for the NSW Government to grow industries, innovate and improve our economy.

### 1.5 2021–22 NSW Intergenerational Report (2021 IGR)

The 2021 IGR provides comprehensive modelling to ensure we understand the challenges of the future and to assess how these will impact the State's finances. In particular, NSW is the first Australian jurisdiction to incorporate comprehensive climate and energy modelling in its long-term fiscal planning, establishing a baseline for agencies to inform their relevant strategic planning documents, and policy and programme proposals.

### 1.6 Overview

TCorp may consider the issuance of GSS Bonds under this Framework.

The classification of a 'use of proceeds' bond as a Green, Social or Sustainability Bond will be determined by TCorp based on its primary objectives for the underlying projects. GSS Bonds issued by TCorp are not fungible with bonds not aligned with the underpinning criteria linked to GSS Bonds.

Bonds issued by TCorp under this Framework will be characterised as follows:

- **Green Bonds** will be issued in alignment with the 2021 ICMA Green Bond Principles (GBP) and/or meet the requirements for Programmatic Certification in compliance with the Climate Bonds Standard V3.0 (CBS)

- **Social Bonds** will be issued in alignment with the 2021 ICMA Social Bond Principles (SBP)
- **Sustainability Bonds** will be issued in alignment with the 2021 ICMA Sustainability Bond Guidelines (SBG) a combination of both Green and Social projects and assets.

ICMA has mapped its GBP and SBP to the UN SDGs to provide a broad frame of reference by which parties can evaluate the financing objectives of a given GBP or SBP against the UN SDGs (see Section 2.2 and 2.3).

Each bond issued by TCorp under this Framework will align with the following components as detailed in this document:

- Use of proceeds
- Process for project evaluation and selection
- Management of proceeds
- Reporting
- External review.

The Framework may be updated from time-to-time as best practice for GSS Bond issuance evolves and as the GBP, SBP, SBG and CBS are updated.

## 2. Use of proceeds

The net proceeds raised through the issuance of TCorp GSS Bonds will be earmarked to finance or refinance new or existing projects and assets that deliver positive environmental and/or social outcomes, align with and contribute towards meeting the UN SDGs and support the NSW Government's environmental and/or social objectives.

### 2.1 Excluded categories

TCorp is committed to not knowingly using the proceeds of its GSS Bonds to finance or refinance projects and assets included in the following exclusionary criteria (including NSW Government policy):

- Manufacture or wholesale of tobacco products
- Manufacture or retail sale and distribution of any products and services that are prohibited by any commitments under an international convention or treaty instrument to which Australia is a signatory
- Restricted by CBS requirements (if applicable) as detailed in Section 4.

### 2.2 Green Bond eligibility criteria

The proceeds of TCorp Green Bonds will finance or refinance projects and assets which qualify as eligible projects under the GBP and align with the Climate Bonds Taxonomy through compliance with CBS sector criteria (Green Projects).

All proposed projects and assets funded by the proceeds of the bonds must:



















- Align with the environmental objectives detailed in Section 1.1
- Not fall within the excluded categories detailed in Section 2.1
- If certified under the CBS, comply with sector-specific technical criteria
- Support and contribute towards meeting the UN SDGs.

#### 2.2.1 Eligible Green Projects

Examples of Green Projects that could be considered for inclusion in the NSW Sustainability Bond Programme pool (SB pool) have been identified based on the GBP categories listed in Table 1. This list may be expanded over time to cover more categories as the market develops. Project alignment with this table does not guarantee inclusion in the pool – all Green Projects are required to meet the eligibility criteria outlined in Section 2.2 and successfully pass through the process for project evaluation and selection detailed in Section 3.



**Table 1: Green project categories**

| GBP categories                                                                                                                                                     | Climate Bonds Standard sector criteria       | Examples of Green Projects                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | UN SDGs alignment and contribution                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Clean transportation                                                                                                                                               | Land transport                               | <ul style="list-style-type: none"> <li>Zero direct emissions public transport such as electrified rolling stock, vehicles, light rail, trolley buses, cable cars and buses. Dedicated infrastructure for eligible rolling stock lines and networks</li> <li>Zero direct emissions passenger or light commercial vehicles such as electric or hydrogen vehicles, plus dedicated charging and alternative fuel infrastructure</li> <li>Public walking and cycling infrastructure.</li> </ul> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Sustainable water and wastewater management                                                                                                                        | Water infrastructure                         | <ul style="list-style-type: none"> <li>Sustainable and resilient infrastructure for clean and/or drinking water, including water distribution and storage</li> <li>Wastewater treatment and recycling</li> <li>Sustainable and resilient urban drainage systems and river training and other forms of flooding mitigation</li> <li>Flood defences</li> <li>Nature based solutions.</li> </ul>                                                                                              |  <br>                                                                                                                                                                                                                                                                                                                                                                     |
| Green buildings                                                                                                                                                    | Low carbon buildings                         | <ul style="list-style-type: none"> <li>Sustainable and resilient commercial, residential and government buildings consistent with CBI and equivalent best-practice standards</li> <li>Energy, water and waste efficient property upgrades consistent with CBI and equivalent best-practice standards.</li> </ul>                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Energy efficiency<br>Renewable energy                                                                                                                              | Electrical grids and storage<br>Solar energy | <ul style="list-style-type: none"> <li>LED and efficient lighting upgrades</li> <li>Smart grid supply networks</li> <li>Rooftop solar</li> <li>Battery storage.</li> </ul>                                                                                                                                                                                                                                                                                                                 |  <br> <br>                                                                                           |
| Environmentally sustainable management of living, natural resources and land use<br>Climate change adaptation<br>Terrestrial and aquatic biodiversity conservation | Land conservation <sup>1</sup><br>Forestry   | <ul style="list-style-type: none"> <li>Conservation of aquatic biodiversity</li> <li>Restoration of forests affected by bushfires</li> <li>Conservation of national parks.</li> </ul>                                                                                                                                                                                                                                                                                                      |  <br> <br> <br> |

<sup>1</sup> CBS Forestry Sector Eligibility Criteria also covers conservation and restoration of non-forested land.

## 2.3 Social Bond eligibility criteria

The proceeds of TCorp Social Bonds will finance or refinance projects and assets which qualify as eligible projects under the SBP (including other related and supporting expenditures) with clear social benefits (Social Projects).

Social Projects directly aim to address or mitigate a specific social issue and/or seek to achieve positive social outcomes especially, but not exclusively, for a defined target population(s). A social issue threatens, hinders, or damages the wellbeing of society or a specific target population.

All proposed projects and assets funded by the proceeds of the bonds must:

- Meet the social objectives detailed in Section 1.2
- Not fall within the excluded categories detailed in Section 2.1
- Support and contribute towards meeting the UN SDGs.

Examples of target populations include, but are not limited to, those outlined below. Depending on specific contexts and circumstances, the specific target population may also address the needs of the general public:

- Living below the poverty line
- Excluded and/or marginalised populations and/or communities
- People with disabilities
- Migrants and/or displaced persons
- Undereducated
- Underserved as a result of lack of access to essential goods and services
- Unemployed
- Women and/or sexual and gender minorities
- Ageing population and vulnerable youth
- Vulnerable groups, including as a result of natural disasters.

### 2.3.1 Eligible Social Projects

Examples of Social Projects that could be considered for inclusion in the SB pool have been identified based on the SBP categories listed in Table 2. This list may be expanded over time to cover more categories as the market develops. Project alignment with this table does not guarantee inclusion in the pool – all Social Projects are required to meet the eligibility criteria outlined in Section 2.3 and successfully pass through the process for project evaluation and selection detailed in Section 3.



**Table 2: Social project categories**

| SBP categories                                    | Examples of Social Projects                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | UN SDGs alignment and contribution                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|---------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Affordable basic infrastructure</b>            | <p>Increasing access for households to the following public services:</p> <ul style="list-style-type: none"> <li>Clean drinking water</li> <li>Sewers</li> <li>Sanitation</li> <li>Mass transport</li> <li>Energy</li> <li>Natural/green recreational spaces.</li> </ul>                                                                                                                                                                                                                                                                                                  |    <br>                                                                                                                                                                                                                                                                                  |
| <b>Access to essential services</b>               | <ul style="list-style-type: none"> <li>Affordable public health care services (including vaccinations, medications, hiring and training of medical personnel)</li> <li>Access to public transport for people with disability or limited mobility</li> <li>Infrastructure related to public sector education and vocational training including schools and universities</li> <li>Access to essential health safety equipment, hygiene supplies, or medical equipment to limit the spread an infectious virus or pandemic</li> <li>Access to emergency services.</li> </ul> |    <br>                                                                                                                                                                                               |
| <b>Affordable housing</b>                         | <ul style="list-style-type: none"> <li>Public-private partnerships to build new social housing</li> <li>Upgrades or maintenance of existing social housing.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Employment generation</b>                      | <ul style="list-style-type: none"> <li>Youth employment programmes</li> <li>Vocational education and training programmes.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Food security and sustainable food systems</b> | <ul style="list-style-type: none"> <li>Breakfast clubs at under-privileged schools.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Socioeconomic advancement and empowerment</b>  | <ul style="list-style-type: none"> <li>Programmes to reduce homelessness</li> <li>Programmes increasing permanency for children.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                               |    <br>   <br> |

## 2.4 Sustainability Bonds

The proceeds of TCorp Sustainability Bonds issued under this Framework will be applied to projects that meet the Green Bond eligibility criteria and Social Bond eligibility criteria as set out in Section 2.2 and 2.3.



Lake Munmorah on the Central Coast of New South Wales.

### 3. Process for project evaluation and selection

The NSW Sustainability Bond Programme evaluation and selection process ensures that the proceeds of all TCorp GSS Bonds are earmarked to finance or refinance projects and assets that meet the eligibility criteria set out in this Framework.

The NSW Sustainability Bond Programme pool of eligible projects may be replenished as underlying loans are repaid, non-eligible projects are removed, and additional eligible projects are identified and funded.

A Memorandum of Understanding (MOU) signed by TCorp, NSW Treasury and DPIE established the following Governance Committees and Forums in support of this Framework and the NSW Sustainability Bond Programme:

- The NSBC
- The Asset Identification Group (AIG), led by the OSII division of Treasury
- A Reporting Group led by OSII.

Membership of the NSBC is drawn from TCorp, Treasury, OSII and DPIE representatives with functional or subject matter expertise to meet the obligations inherent within the NSBC Charter. The NSBC can also draw on other external resources as needed.

The NSBC is ultimately responsible and accountable for this Framework, and for considering proposals of the AIG regarding eligible Green and/or Social Projects to include in the SB pool. The NSBC is the arbiter of proposals from the AIG, and substitution determinations if underlying projects are repaid or non-eligible projects are removed. The NSBC will additionally have oversight of allocation of bond proceeds against the approved SB pool.

On an annual basis at a minimum, the NSBC, supported by TCorp's Finance team, will review the:

- Assets and their allocations against budget
- Proceeds used for disbursements.

While a TCorp GSS Bond remains outstanding, the balance of the tracked proceeds shall be reduced by amounts matching investments or disbursements made to eligible Green and/or Social Projects.

An overview of the NSW Sustainability Bond Programme project evaluation and selection process is set out on the next page.



**Chart 1: Process for project evaluation and selection process**

|                                    |                                                                                                                                                                                                                                                                                                                             |
|------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Project Identification</b>      | <ul style="list-style-type: none"> <li>The AIG will identify and assess proposed eligible projects and assets (Section 3)</li> </ul>                                                                                                                                                                                        |
| <b>NSBC Approval</b>               | <ul style="list-style-type: none"> <li>The NSBC will approve projects and assets against the Framework for inclusion in the SB pool</li> </ul>                                                                                                                                                                              |
| <b>Pre-Issuance Assurance</b>      | <ul style="list-style-type: none"> <li>Verifier completes pre-issuance assurance (as required)</li> <li>Verifier confirms compliance with requirements for CBS certification (if applicable)</li> <li>CBS certification for TCorp GSS Bond issued (where relevant)</li> </ul>                                               |
| <b>Bond Issuance</b>               | <ul style="list-style-type: none"> <li>TCorp GSS Bond issued</li> </ul>                                                                                                                                                                                                                                                     |
| <b>Post-Issuance Assurance</b>     | <ul style="list-style-type: none"> <li>Verifier completes post-issuance assurance</li> <li>Verifier confirms compliance with requirements for CBS certification (if applicable)</li> </ul>                                                                                                                                  |
| <b>Continuing Annual Assurance</b> | <ul style="list-style-type: none"> <li>Annual compliance/assurance review for ongoing compliance of the NSW Sustainability Bond Programme with the Framework</li> <li>Annual verification of all outstanding TCorp GSS Bonds to confirm compliance with post-issuance requirements including CBS (if applicable)</li> </ul> |

### 3.1 Global standards alignment methodology

TCorp and the NSBC's commitment to ensure that the projects align and meaningfully contribute to the UN SDGs is achieved through the following methodology adopted by the AIG:

- Assessment of the primary objective of the project to address or mitigate a specific social or environmental issue
- Alignment of the project to the relevant categories of the CBS sector criteria (if applicable), GBP or SBP. Relevance of the project for the target population is an additional consideration for Social Bonds
- Mapping of the GBP or SBP categories to the UN SDG Goals based on ICMA High Level Mapping
- Consideration of potential material risks and mitigants associated with the project, including negative social and/or environmental impacts
- Determination of project outcomes and indicators in conjunction with the Reporting Group
- Review the methods and key underlying assumptions used in the preparation of the performance indicators and metrics.

In addition to the updates of the Framework referenced in Section 1.5, the methodology may also evolve to reflect prioritisation of eligible projects against benchmarks that measure progress towards achieving the UN SDGs best practices and updated standards.



## 4. Management of proceeds

All individual GSS Bonds issued by TCorp will have an amount equal to the net proceeds of each bond issuance booked within TCorp's trading systems. TCorp will track the receipt and use of proceeds via its internal reporting systems ensuring that assets earmarked to the GSS Bonds are appropriately identified with monthly monitoring reports provided to the NSBC.

The proceeds of TCorp GSS Bonds will be:

- Earmarked to finance or refinance projects that meet the eligibility criteria as set out in the Framework and are included in the SB pool. This will also enable an estimation of the share of proceeds being used for financing and refinancing
- Managed by TCorp's Finance department
- Distributed to eligible Green and/or Social Projects within 24 months of the issuance of the bond. Pending the allocation of any GSS Bond proceeds, TCorp will temporarily invest the balance of unallocated proceeds with an amount equal to the balance of the proceeds in:
  - Cash, or cash equivalent instruments, within a Treasury function
  - Other investment instruments, while considering other restrictions on the types of investment instruments may also apply. For example, for CBS-certified Green Bonds, the CBS restricts investments in greenhouse gas intensive projects which are inconsistent with the delivery of a low carbon and climate resilient economy
  - Apply the unallocated balance to temporarily reduce indebtedness of a revolving nature before being redrawn for investments or disbursements to proposed eligible Green and/or Social Projects.

TCorp will not invest unallocated proceeds in excluded categories detailed in Section 2.1.

### 4.1 Other requirements and restrictions for Green Bonds

TCorp undertakes to comply with the following requirements for Green Bonds:

- Expected net proceeds of Green Bonds will not be greater than TCorp's debt obligation to the pool of eligible Green Projects, or the Fair Value of the pool of eligible Green Projects (whichever of the two TCorp chooses) which are owned by the Issuer
- A pool of eligible Green Projects which have Fair Value at least equal to the original principal amount of the Green Bond at the time of issuance will be held
- For CBS-certified Green Bonds, eligible Green Projects will not be nominated to other CBS-certified Green Bonds unless it is demonstrated by TCorp that distinct portions of these projects and assets are being financed or refinanced by different CBS-certified Green Bonds.

### 4.2 Other requirements and restrictions for Social Bonds

TCorp undertakes to comply with the following requirements for Social Bonds:

- Expected net proceeds of Social Bonds will not be greater than TCorp's debt obligation to the pool of eligible Social Projects
- A pool of eligible Social Projects which have expenditures at least equal to the original principal amount of the Social Bond at the time of issuance will be held.

In the event that all or a proportion of the proceeds are or may be used for refinancing, TCorp will provide an estimate of the share of financing versus refinancing and where appropriate, also clarify which investments or project portfolios may be refinanced.





Three Sisters in the Blue Mountains, Katoomba, New South Wales.

## 5. Disclosure and reporting

TCorp will prepare a NSW Sustainability Bond Programme Annual Report with:

- A list of the Green and/or Social Projects being financed or refinanced utilising bond proceeds
- A brief description of the Green and/or Social Projects and the amounts disbursed or invested
- Allocation of bond proceeds to each Green and/or Social Project
- The expected environmental and/or social impacts, respectively, of the Green and/or Social Projects
- Qualitative performance indicators and if available quantitative performance measures of the impact of nominated projects and assets
- Alignment with ICMA principles, CBS (if applicable) and the UN SDGs.

In addition, the annual report will also disclose the following:

- Categories into which eligible projects and assets funded by the bond proceeds fall
- Intended types of temporary investment instruments for the management of unallocated proceeds, if applicable
- The verifier selected by TCorp.

Periodic assurance engagements<sup>1</sup> will be undertaken to reaffirm conformance with the GBP, SBP, SBG and/or CBS. TCorp will retain an appropriate verifier to provide an annual assurance/compliance report for all outstanding Green, Social or Sustainability Bonds issued under the Framework.

The information in Table 3 will be produced and published on TCorp's website. A copy of the annual report may also be provided to GSS Bondholders and to the CBS Secretariat.

**Table 3: TCorp key disclosures**

| Item                                            | Frequency                                                                               |
|-------------------------------------------------|-----------------------------------------------------------------------------------------|
| Framework                                       | At issuance of the first bond under the Framework and any subsequent updates            |
| Pre-issuance Assurance Report                   | In respect of updates to the Framework or NSW Sustainability Bond Programme as required |
| Climate Bond Certification (if applicable)      | At issuance of any CBS-certified Green Bond                                             |
| Post-issuance Assurance Report                  | Annually for all outstanding GSS Bonds                                                  |
| NSW Sustainability Bond Programme Annual Report | Annually for all outstanding GSS Bonds                                                  |

### 5.1 Impact reporting

TCorp's annual impact reporting framework is disclosed in the NSW Sustainability Bond Programme Annual Report (Section 5). The annual impact reporting framework is considered by the AIG and Reporting Group (Section 3) based on contemporary market practice, consistent with the guidance maintained and developed by the ICMA GBP and SBP Impact Reporting Working Groups but subject to the availability of information and confidentiality requirements.

#### 5.1.1 Green Bond impact reporting

Table 4 shows examples of reporting indicators currently used in the market and will be updated over time.

<sup>1</sup> Under the CBS, conducting periodic assurance engagements is at the discretion of the Issuer. Any periodic assurance engagements undertaken (for example as part of CBS programmatic certification) are in addition to the mandatory post-issuance assurance engagement.

**Table 4: Sample green project reporting indicators**

| Sector                                                                                               | Example key impact indicator                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Clean transportation                                                                                 | <ul style="list-style-type: none"> <li>GHG emissions in tCO<sub>2</sub>-e</li> <li>GHG emissions savings, reduced or avoided</li> <li>Passenger trips or passenger trip-kilometres</li> </ul> <p>Construction or improvement to core infrastructure:</p> <ul style="list-style-type: none"> <li>Total kilometres of new or improved train lines/dedicated bus, BRT, LRT corridors bicycle lanes.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Sustainable water and wastewater management                                                          | <ul style="list-style-type: none"> <li>Annual absolute (gross) water use in m<sup>3</sup>/a, reduction in water use in %</li> <li>Amount of wastewater treated, reused or avoided (e.g. m<sup>3</sup> and p.e. per year)</li> <li>Amount of raw/untreated sewage sludge that is treated and disposed of (e.g. tonnes of dry solids per year)</li> <li>Amount of sludge that is reused (e.g. tonnes of dry solids per year)</li> <li>Number of people and/or enterprise (e.g. companies or farms) benefitting from measures to mitigate the consequences of floods and droughts</li> <li>Area covered by sustainable land and water resources management practices.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Waste management and resource efficiency                                                             | <ul style="list-style-type: none"> <li>Waste that is avoided in % of total waste and/or in absolute amount in tonnes p.a.</li> <li>Annual energy generation from non-recyclable waste in energy/emission-efficient waste to energy facilities in MWh/GWh (electricity) and GJ/TJ (other energy)</li> <li>Energy recovered from waste (minus any support fuel) in MWh/GWh/KJ of net energy generated p.a.</li> <li>GHG emissions from waste management in tCO<sub>2</sub>-e p.a.</li> <li>Annual absolute (gross) amount of waste that is separated and/or collected, and treated (including composted) or disposed of (in tonnes p.a. and in % of total waste).</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Green buildings                                                                                      | <p>Certification Standard, if available (e.g. NABERS)</p> <p>Energy performance</p> <ul style="list-style-type: none"> <li>kWh/m<sup>2</sup> of GBA p.a.; and % of energy use reduced or avoided vs local baseline/building code</li> </ul> <p>Carbon performance</p> <ul style="list-style-type: none"> <li>kgCO<sub>2</sub>/m<sup>2</sup> of GBA p.a.; and</li> <li>Annual GHG emissions reduced or avoided in tonnes of CO<sub>2</sub> equivalent vs local baseline/baseline certification level; and/or</li> <li>% of carbon emissions reduced or avoided vs local baseline/baseline certification level</li> </ul> <p>Water efficiency and savings</p> <ul style="list-style-type: none"> <li>M<sup>3</sup>/m<sup>2</sup> of GBA p.a.; and annual absolute (gross) water use in m<sup>3</sup>/a (for retrofitted buildings) and/or</li> <li>% of water reduced or avoided vs local baseline/baseline certification level/IGCC/International Plumbing Code</li> </ul> <p>Waste management</p> <ul style="list-style-type: none"> <li>Amount p.a. of waste minimised, reused or recycled in % of total waste and/or in absolute (gross) amount in tonnes p.a.</li> <li>Waste removed in tonnes.</li> </ul> |
| Energy efficiency                                                                                    | <ul style="list-style-type: none"> <li>Energy savings per year (e.g. MWh/GWh (electricity), GJ/TJ (other energy))</li> <li>Annual GHG emissions reduced or avoided in tonnes of CO<sub>2</sub> equivalent.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Renewable energy                                                                                     | <ul style="list-style-type: none"> <li>GHG emissions avoided per year (e.g. tCO<sub>2</sub>e)</li> <li>Renewable energy generation (e.g. MWh/GWh (electricity), GJ/TJ (other energy))</li> <li>Capacity of renewable energy plants constructed or rehabilitated in MW</li> <li>Capacity of renewable energy plants to be served by transmission systems (MW)</li> <li>GHG emissions from the project in tonnes of CO<sub>2</sub> equivalent.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Terrestrial and aquatic biodiversity conservation <sup>2</sup> / Forestry and landscape conservation | <ul style="list-style-type: none"> <li>Maintenance/safeguarding/increase of protected area/OECM/habitat in km<sup>2</sup> and in % for increase</li> <li>Absolute number of predefined target organisms and species per km<sup>2</sup> (bigger fauna) or m<sup>2</sup> (smaller fauna and flora) before and after the project</li> <li>Maintenance/safeguarding/increase of natural landscape area (including in urban and forest areas) (e.g. km<sup>2</sup>/% for increase)</li> <li>Absolute number of Indigenous species, flora or fauna restored (e.g. trees, shrubs, grasses) restored</li> <li>Number or capacity of nurseries created under the project: seedlings trees or shrubs per year.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |

2 Project offsets are required under the NSW Biodiversity Offset Scheme.

### 5.1.2 Social Bond impact reporting

Table 5 shows examples of Social Bond impact reporting indicators utilising guidance published by the ICMA SBP Impact Reporting Working Group, further details are accessible [here](#).

**Table 5: Sample social project reporting indicators**

| Sector                                                                                                                                                                               | Example key impact indicator                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Infrastructure related to education and vocational training including schools and universities                                                                                       | <ul style="list-style-type: none"> <li>Intake of students at new facilities as percentage of relevant population</li> <li>Percentage of students who feel that the physical environments at their schools are safe, welcoming and supportive.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                              |
| Mass transport accessibility                                                                                                                                                         | <ul style="list-style-type: none"> <li>Percentage of stations that are wheelchair accessible.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Programmes to address homelessness                                                                                                                                                   | <ul style="list-style-type: none"> <li>Percentage decrease in street homelessness from a base year</li> <li>Percentage of homeless clients who have achieved sustained accommodation</li> <li>Number of clients assisted by homelessness services.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                         |
| Programmes to increase permanency for children in out of home care                                                                                                                   | <ul style="list-style-type: none"> <li>Increase in number of children in safe and permanent homes from a baseline</li> <li>Number of children restored to families</li> <li>Number of adoptions</li> <li>Number of guardianships</li> <li>Average length of stay in out of home care.</li> </ul>                                                                                                                                                                                                                                                                                                                                      |
| Access to public healthcare                                                                                                                                                          | <ul style="list-style-type: none"> <li>Number of people with access to improved health facilities</li> <li>Decrease in preventable hospitalisations from base line</li> <li>Percentage of on time treatment across all triage categories</li> <li>Number of essential health safety equipment, hygiene supplies, or medical equipment to limit the spread an infectious virus or pandemic</li> <li>Increase in ICU capacity (e.g. number of additional beds, number of trained staff)</li> <li>Number of vaccines, tests or medicines distributed</li> <li>Number of individuals obtaining the tests, vaccine or medicine.</li> </ul> |
| Programmes to reduce income inequality, increase equitable access to and control over assets (including natural assets), services, resources, and opportunities, markets and society | <ul style="list-style-type: none"> <li>Improved access to government procurement opportunities (e.g. number of Aboriginal-owned businesses and social enterprises reached through public procurement, % public spend awarded to aboriginal-owned businesses and social enterprises)</li> <li>Improved access to natural/green recreational areas (e.g. number/increase in visitors to national parks)</li> <li>Maintenance/increase in national parks trails and lookouts accessible to people with restricted mobility (e.g. km/% increase in accessible trails, number of accessible lookouts).</li> </ul>                          |



## 6. External review

TCorp will engage an appropriate verifier to:

- Provide an assurance opinion over the Framework, to confirm alignment with the GBP, SBP and SBG
- Complete pre-issuance and post-issuance assurance to confirm compliance with selected criteria (for example, CBS certification) for TCorp's GSS Bond issuance
- Provide an annual review and assurance that each outstanding TCorp GSS Bond remains in compliance with the Framework.



# Glossary

|                                  |                                                                                                                                                                                                       |
|----------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| AIG                              | Asset Identification Group                                                                                                                                                                            |
| CBS                              | Climate Bonds Standard version 3.0 (as amended)                                                                                                                                                       |
| CBS Secretariat                  | Climate Bonds Standards Secretariat                                                                                                                                                                   |
| Fair Value                       | Means the value ascribed to a project or asset utilising the methodology prescribed by the NSW Treasury Accounting Policy (TPP 14-01) Valuation of Physical Non-Current Assets at Fair Value          |
| GBP                              | 2021 ICMA Green Bond Principles (as amended)                                                                                                                                                          |
| Governance Committees and Forums | Refers to the NSW Sustainability Committee (NSBC), Asset Identification Group (AIG) and the Reporting Group established pursuant to the NSW Sustainability Bond Programme Memorandum of Understanding |
| NSBC                             | NSW Sustainability Bond Committee                                                                                                                                                                     |
| SBG                              | 2021 ICMA Sustainability Bond Guidelines (as amended)                                                                                                                                                 |
| SBP                              | 2021 ICMA Social Bond Principles (as amended)                                                                                                                                                         |
| UN SDGs                          | United Nations Sustainable Development Goals                                                                                                                                                          |

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