

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

### Scope

We have been engaged by TCorp to perform a "reasonable assurance engagement", as defined by Standards on Assurance Engagements, hereafter referred to as the engagement, to report on TCorp's 2018, 2019, 2020 and 2022 Sustainability Bonds, and Sustainability Bond Framework (the "Subject Matter") contained in TCorp's 2023 Sustainability Bond Impact Report as of 30 June 2023 (the "Report").

### Criteria Applied by TCorp

In preparing the Subject Matter, TCorp applied the criteria identified in the following table:

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') v2.1 and 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 2023 Sustainability Bond Impact Report</li> <li>▶ The asset values disclosed within TCorp's 2023 Sustainability Bond Impact Report</li> <li>▶ Select impact data disclosed within TCorp's</li> </ul>	<ul style="list-style-type: none"> <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>

2023 Sustainability Bond Impact Report	
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### TCorp's Responsibilities

TCorp's management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records, and making estimates that are relevant to the preparation of the Subject Matter, such that it is free from material misstatement, whether due to fraud or error.

### EY's Responsibilities

Our responsibility is to express an opinion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the Auditing and Assurance Standards Board, and the terms of reference for this engagement as agreed with TCorp on 2<sup>nd</sup> October 2020. That standard requires that we plan and perform our engagement to obtain reasonable assurance about whether, in all material respects, the Subject Matter is presented in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

### Our Independence and Quality Management

We have complied with the independence and relevant ethical requirements, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour.

The firm applies Auditing Standard ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Description of Procedures Performed

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, 2020 and 2022 Sustainability Bonds
- ▶ Confirming eligibility of nominated projects for inclusion in TCorp's 2018, 2019, 2020 and 2022 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

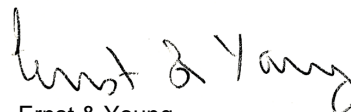
There are inherent limitations in performing Assurance; for example, assurance engagements are based on selective testing of the information being examined and it is possible that fraud, error or non-compliance may occur and not be detected. There are additional inherent risks associated with assurance 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, 2020 and 2022 Sustainability Bonds, and did not include statutory financial statements. Our assurance is limited to policies and procedures in place as at 22 November 2023, after issuance of TCorp's 2018, 2019, 2020 and 2022 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, 2020 and 2022 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.



Ernst & Young  
Sydney, Australia  
27 November 2023

## Annex A

### Climate Bond Standard V3 Criteria

TCorp's 2018, 2019, 2020 and 2022 Sustainability Bonds (post-issuance) and Sustainability Bond Framework was assured against the following requirements as specified in the Climate Bond Standard v2.1 and v3.

CBI ref	Significant Process	Testing Procedures
5	Use of Proceeds	<ul style="list-style-type: none"> <li>▶ Confirmed that TCorp had documented the Nominated Projects and Assets associated with the bonds.</li> <li>▶ Confirmed that the Net Proceeds of the Bonds were no greater than the issuer's total investment exposure/Market Value to the proposed Nominated Projects &amp; Assets.</li> <li>▶ Reviewed whether the nominated projects and assets were not nominated to other Certified Climate Bonds.</li> </ul>
6	Process for Evaluation and Selection of Projects & Assets	<ul style="list-style-type: none"> <li>▶ Confirmed that there is a statement on the environmental objectives of the Bonds.</li> <li>▶ Confirmed that TCorp had considered how the climate-related objectives of the Bonds are positioned within the context of the NSW Government's overarching environmental objectives, strategy, policy and/or processes relating to environmental sustainability.</li> <li>▶ Confirmed that TCorp has documented a rationale for issuing the Bonds.</li> <li>▶ Confirmed that there was a process in place to determine whether the Nominated Projects &amp; Assets meet eligibility requirements specified in Part C of the Climate Bonds Standard. Confirmed that this included reference to related eligibility criteria and any green standards or certifications referenced in the selection of Nominated Projects &amp; Assets.</li> </ul>
7	Management of Proceeds	<ul style="list-style-type: none"> <li>▶ Reviewed TCorp's Sustainability Bond framework to determine whether processes and controls in place are adequate to track proceeds.</li> <li>▶ Reviewed TCorp's Sustainability Bond framework to determine whether processes and controls in place are adequate to manage unallocated proceeds.</li> <li>▶ Reviewed TCorp's Sustainability Bond framework to determine whether processes and controls in place are adequate to earmark funds to Nominated Projects &amp; Assets.</li> </ul>
8	Reporting after issuance	<ul style="list-style-type: none"> <li>▶ Confirmed that TCorp had prepared a Sustainability Bond Framework (Framework), and that this included the following: <ul style="list-style-type: none"> <li>▶ Confirmation that Bonds issued under the Framework are aligned with the Climate Bonds Standard</li> <li>▶ A summary of the expected use of proceeds</li> <li>▶ A description of the decision-making process for the selection of Nominated Projects &amp; Assets</li> <li>▶ Information on the methods and assumptions used, in either determining the eligibility of Nominated Projects &amp; Assets, or when determining their performance for disclosure in impact reporting</li> <li>▶ A summary of the approach to the management of unallocated Net Proceeds</li> <li>▶ The intended approach to providing Update Reports to reaffirm conformance with the Climate Bonds Standard while the bond remains outstanding</li> <li>▶ The list of Nominated Projects &amp; Assets associated with the Bond and the investment areas in which they fall</li> </ul> </li> <li>▶ An estimate of the proportion of Net Proceeds used for refinancing, if applicable</li> </ul>
9	Climate Bond Taxonomy	<ul style="list-style-type: none"> <li>▶ Confirmed that Nominated Projects and Assets fell into one of the investment areas listed as included in the Climate Bonds Taxonomy.</li> </ul>
10	Sector Eligibility Criteria	<ul style="list-style-type: none"> <li>▶ Confirmed that Nominated Projects and Assets met the specific eligibility requirements provided in the relevant Sector Eligibility Criteria documents.</li> </ul>

## Annex B

### Green Bond Principles and Social Bond Principles

TCorp's 2018, 2019, 2020 and 2022 Sustainability Bonds and Sustainability Bond Framework was assured against the following requirements as specified in the Green Bonds Principles and Social Bond Principles.

CBI ref	Significant process	Testing Procedures
1	Use of Proceeds	<ul style="list-style-type: none"> <li>▶ EY reviewed TCorp's Sustainability Bond framework to determine whether processes and controls are adequately in place to ensure appropriate use of proceeds.</li> <li>▶ EY conducted a process interview with TCorp to understand further detail regarding internal processes and controls.</li> </ul>
2	Process for Project Evaluation & Selection	<ul style="list-style-type: none"> <li>▶ EY reviewed TCorp's Sustainability Bond Framework to determine whether decision making processes with respect to selecting nominated projects and assets were adequate.</li> <li>▶ EY conducted a process interview with TCorp to understand whether nominated projects and assets are already nominated to another bond, and if so, EY determined whether parts could be distinguished.</li> <li>▶ EY verified the expected net proceeds of the bond, based on the value of the proposed nominated assets and projects, against underlying evidence.</li> </ul>
3	Management of Proceeds	<ul style="list-style-type: none"> <li>▶ EY reviewed TCorp's Sustainability Bond Framework to determine whether processes and controls are adequately in place to track proceeds.</li> <li>▶ EY conducted a process interview with TCorp to understand further detail regarding internal processes and controls.</li> <li>▶ EY examined TCorp's asset list to consider whether processes described within the Framework were implemented.</li> </ul>
4	Reporting	<ul style="list-style-type: none"> <li>▶ EY reviewed processes and procedures in place in relation to bond disclosure documentation and Impact Report to consider whether they met the requirements of the GBP and SBP.</li> </ul>

## Annex C

### TCorp's list of 2018, 2019, 2020 and 2022 Sustainability Bond nominated projects, as at 30 June 2023

Nominated Project	Class	Country
Newcastle Light Rail	Low Carbon Transport	Australia
Sydney Metro Northwest	Low Carbon Transport	Australia
Quakers Hill and St Mary's Water Recycling Plants Process and Reliability Renewal	Water	Australia
Green Square Trunk Stormwater Improvement	Water	Australia
Astrolabe Park Stormwater Improvement	Water	Australia
Strangers Creek Stormwater Improvement	Water	Australia
Powells Creek Naturalisation	Water	Australia
Cooks River Naturalisation	Water	Australia
Transport Access Programme 3	Social	Australia
Schools - New/Upgrades	Social	Australia
Social Housing Maintenance Stimulus Program	Social	Australia
Johnstons Creek Stormwater Naturalisation	Water	Australia
Milson Park Stormwater Improvement	Water	Australia
Parkside Drive Reserve Stormwater Improvement	Water	Australia
CBD and South East Light Rail	Low Carbon Transport	Australia
Paramatta Light Rail	Low Carbon Transport	Australia
Improving Access to National Parks Program	Social	Australia
Critical Communications Enhancement Program	Social	Australia

### TCorp's list of verified benched assets

Nominated Project	Class	Country
Aboriginal Housing Office Stimulus 2022 Program	Social	Australia

## Annex D

TCorp's exposure to Nominated Projects and Assets, and existing and proposed Sustainability Bond capital raising, as of 30 June 2023

Description	Drawn Funding (\$AUDm)	Bond Value (\$AUDm)
<b>Number of assets in pool</b>	<b>19</b>	
Low Carbon Transport Assets	8,276	
Water Assets	588	
Social Assets	4,336	
<b>Total value related to certified assets</b>	<b>13,200</b>	
2022 Sustainability Bond		3,090
2020 Green Bond		2,250
2019 Sustainability Bond		2,100
2018 Green Bond		1,800
<b>Total bond value</b>		<b>9,240</b>