



QTC GREEN BOND FRAMEWORK

MAY 2021



QUEENSLAND
TREASURY
CORPORATION





Sunshine Coast Solar Farm. Image courtesy of Sunshine Coast Council.

Introduction

Queensland Treasury Corporation (QTC) bonds issued under this Framework (Green Bonds) support Queensland's transition to a low carbon, climate resilient and environmentally sustainable economy.

QTC's Green Bond Framework (Framework) sets out the governance and processes that underpin QTC's issuance of Green Bonds. It is aligned with the internationally recognised Climate Bonds Standard, issued by the Climate Bonds Initiative (CBI), and the International Capital Market Association Green Bond Principles (ICMA Green Bond Principles).

QTC's Green Bond Framework

This Framework is intended to provide transparency of QTC's Green Bond issuance, use of proceeds and reporting.

QTC may issue two different types of Green Bonds, which must be issued in accordance with this Framework, and either:

- 1 the Climate Bonds Standard (CBI Certified Green Bonds), or
- 2 the ICMA Green Bond Principles (ICMA Green Bonds).

This approach enables QTC to finance and re-finance a broad range of projects and assets (Eligible Assets).

QTC has achieved programmatic certification from CBI, providing a more streamlined certification process.

Changes to this Framework can be made at any time, subject to internal approval by QTC's Green Bond Committee (the Committee). This Framework has been reviewed by an independent third party, and their assurance opinion is available on QTC's website.



Our commitment to a high standard of transparency

QTC's Framework is intended to provide transparency across the following four key pillars:

- 1 Use of proceeds
- 2 Process for Eligible Asset evaluation and selection
- 3 Management of proceeds
- 4 Reporting and assurance

1

Use of proceeds







Any Green Bonds issued by QTC will complement its core funding model of pooling raised funds for on-lending to clients (including the Queensland Government, State Government-related entities and local governments). The net proceeds of Green Bonds may be allocated against Eligible Assets that have an environmental benefit associated with the State of Queensland. This may include proceeds used for partially or wholly financing or re-financing new and existing Eligible Assets.

Eligible Asset guidelines

Eligible Assets are those funded, entirely or in part, by the Queensland Government, State Government-related entities and local governments that support the transition to a low carbon, climate resilient and environmentally sustainable economy.

Prior to the issuance of Green Bonds, QTC intends to provide disclosures in its issuance documentation which accord with the pre-issuance requirements of that bond, including the Climate Bonds Standard (if applicable). At issuance, a term sheet will only be made available to investors, due to regulatory restrictions.



Alignment with the United Nations Sustainable Development Goals	Climate Bonds Standard category	ICMA Green Bond category	Descriptions/examples of Eligible Assets
	Energy	Renewable energy	<p>Includes:</p> <ul style="list-style-type: none"> renewable energy generation facilities (eg, solar, wind, hydro, geothermal, bio-energy, marine renewables).
 	Energy	Energy efficiency	<p>Includes:</p> <ul style="list-style-type: none"> upgrades, energy storage, district heating, smart grids, appliances and products.
 	Transport	Clean transportation	<p>Includes:</p> <ul style="list-style-type: none"> electrified trams and supporting infrastructure rolling stock and vehicles for electrified public transport, such as electrified rail and trams public walking and bicycle infrastructure dedicated charging stations, and alternative fuel infrastructure.
	Buildings	Green buildings	<p>Includes:</p> <ul style="list-style-type: none"> green buildings which meet regional, national or internationally recognised standards or certifications, and products and systems for building efficiency.
  	Water/Waste and pollution control	Sustainable water and wastewater management/climate change adaptation	<p>Includes:</p> <ul style="list-style-type: none"> water infrastructure for the purposes of water collection, storage, supply management and wastewater treatment or distribution, or for flood protection or drought resilience, and sustainable urban drainage systems and other forms of flooding mitigation.
   	Land use and marine resources	Environmentally sustainable management of living natural resources and land use	<p>Includes:</p> <ul style="list-style-type: none"> agricultural production and infrastructure commercial forestry and infrastructure natural ecosystem protection and restoration, including preservation of the Great Barrier Reef fisheries and infrastructure, and supply chain assets management.

2

Process for Eligible Asset evaluation and selection

The Committee has representatives from across QTC and is accountable for evaluating potential Eligible Assets, maintaining a register of approved Eligible Assets and approving the allocation of proceeds. The Committee is responsible for ensuring compliance with all aspects of this Framework. For both proposed and existing Eligible Assets, the Committee has regard to the following matters:

- environmental objectives, features and benefits of the Eligible Assets
- conformance to Eligible Asset guidelines set out above, and
- conformance with the Climate Bonds Standard and sector criteria and conformance with the ICMA Green Bond Principles.

If the Committee endorses an Eligible Asset for inclusion to the Eligible Asset pool (the Pool), an independent and accredited assurance provider will undertake verification.

Throughout the life of the Green Bonds, the Committee may approve changes to the composition of the Pool.

3

Management of proceeds

The net proceeds and allocation of proceeds are tracked through QTC's internal information management and reporting systems. The link between QTC's funding pools and Eligible Assets are managed through an internal register and an earmarking process that accounts for funding allocated against Eligible Assets. This enables the estimation of the share of funds used for financing and refinancing. Any unallocated proceeds are accounted for in accordance with the Climate Bonds Standard (CBI Green Bonds) or ICMA Green Bond Principles (ICMA Green Bonds).



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Reporting and assurance

QTC monitors and reports on management of net proceeds internally and reports externally to investors on an annual basis through QTC's website. External reporting will disclose the following information (subject to confidentiality and competition issues):

- net proceeds of the Green Bond(s) outstanding
- updated Eligible Asset registers including a brief description, amounts allocated against the Eligible Assets, the expected environmental objectives and any relevant qualitative performance indicators and quantitative performance measures (where feasible)
- overall net proceeds allocated (or re-allocated) and any unallocated proceeds at the reporting period end
- confirmation all Green Bonds on issue comply with this Framework
- updates or changes to this Framework, and
- a copy of the CBI's confirmation of certification, the verifier's third-party verification and the third-party audit, as applicable, will also be made available on QTC's website.

This Framework has been reviewed by an independent third-party who has provided an assurance opinion confirming accordance with the ICMA Green Bond Principles.

CBI Certified Green Bonds

QTC has achieved programmatic certification from CBI, providing a more streamlined certification process. This allows QTC to easily tap its existing CBI Certified Green Bonds – providing greater flexibility to meet investor demand.

As a programmatic issuer, QTC's assurance obligations are slightly different to those of other CBI Certified Green Bond issuers. In accordance with the Climate Bonds Standard, QTC will select a verifier from CBI's list of approved verifiers to undertake a third-party verification to confirm that CBI Certified Green Bonds issued by QTC are in accordance with the post-issuance requirements set out in the Climate Bonds Standard.

ICMA Green Bonds

For each ICMA Green Bond issuance, QTC will obtain an independent third-party audit report, confirming the net proceeds of the Green Bond have been allocated against Eligible Assets. A copy of the third-party audit report will be made available on QTC's website.

Share your feedback

As sustainable finance markets continue to evolve, so too will QTC's approach as we respond to changing investor and market expectations.

We strive for continuous improvement and welcome your feedback on our approach.

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