

QUEENSLAND TREASURY CORPORATION GREEN BOND FRAMEWORK

DNV ELIGIBILITY ASSESSMENT

Scope and objectives

Queensland Treasury Corporation ("QTC") has developed a Green Bond Framework for the issuance of green Bonds as defined within the Climate Bonds Initiative Climate Bonds Standard v3.0 ("CBS") and the International Capital Market Association (ICMA) Green Bond Principles 2018 ("GBP").

The QTC Green Bond Framework sets out Use of Proceeds including Green categories of Renewable Energy, Energy Efficiency, Clean Transportation, Green Buildings, Water/Waste and Pollution Control and Land Use and Marine Resources.

DNV Business Assurance Australia Pty Ltd (henceforth referred to as "DNV") has been commissioned by QTC to provide a Green Bond eligibility assessment of the QTC Green Bond Framework. Our methodology to achieve this is described under 'Work Undertaken' below. We were not commissioned to provide independent assurance or other audit activities.

No assurance is provided regarding the financial performance of the green Bonds, the value of any investments in the green Bonds, or the long-term environmental benefits of the issuance of the green Bonds.

The scope of this DNV opinion is limited to the CBS and GBP.

Responsibilities of the Management of QTC and DNV

The management of QTC has provided the information and data used by DNV during the delivery of this review. Our statement represents an independent opinion and is intended to inform QTC management and other interested stakeholders in the green Bonds as to whether the established criteria have been met, based on the information provided to us. In our work we have relied on the information and the facts presented to us by QTC. DNV is not responsible for any aspect of the nominated assets referred to in this opinion and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. Thus, DNV shall not be held liable if any of the information or data provided by QTC's management and used as a basis for this assessment were not correct or complete.

Basis of DNV's opinion

We have adapted our CBS and GBP assessment methodology, to create a QTC-specific Green Bond Eligibility Assessment Protocol (henceforth referred to as "Protocol"). In addition, DNV has implemented our ASEAN Sustainability Bond Standards protocol. Our Protocols include sets of suitable criteria that can be used to underpin DNV's opinion. The overarching principle behind the criteria is that an offering of green

Bonds should “enable capital-raising and investment for new and existing projects with environmental and social benefits”.

As per our Protocol, the criteria against which the Framework has been reviewed are grouped under the four Principles:

- **Principle One: Use of Proceeds.** The Use of Proceeds criteria are guided by the requirement that an issuer of a Green Bond must use the funds raised to finance eligible activities. The eligible activities should produce clear environmental and social benefits.
- **Principle Two: Process for Project Evaluation and Selection.** The Project Evaluation and Selection criteria are guided by the requirements that an issuer of sustainability Bonds should outline the process it follows when determining eligibility of an investment using proceeds from the issuance of sustainability Bonds, and outline any impact objectives it will consider.
- **Principle Three: Management of Proceeds.** The Management of Proceeds criteria are guided by the requirements that the proceeds from the issuance of sustainability Bonds should be tracked within the issuing organization, that separate portfolios should be created when necessary and that a declaration of how unallocated funds will be handled should be made.
- **Principle Four: Reporting.** The Reporting criteria are guided by the recommendation that at least Sustainability Reporting to the green Bonds’ investors should be made of the use of proceeds and that quantitative and/or qualitative performance indicators should be used, where feasible.

Work undertaken

Our work constituted a high-level review of the available information, based on the understanding that this information was provided to us by QTC in good faith. We have not performed an audit or other tests to check the veracity of the information provided to us. The work undertaken to form our opinion included:

- Creation of a QTC-specific Protocol, adapted to the purpose of the green Bonds, as described above and in Schedule 1 to this Assessment;
- Assessment of documentary evidence provided by QTC on the green Bonds and supplemented by a high-level desktop research. These checks refer to current assessment best practices and standards methodology;
- Discussions with QTC management, and review of relevant documentation;
- Documentation of findings against each element of the criteria. Our opinion as detailed below is a summary of these findings.

Findings and DNV's opinion

DNV's findings are listed below:

- 1. Principle One: Use of Proceeds.** QTC intends to use the proceeds of green Bonds under the Framework to finance and refinance Green projects and assets including: Renewable Energy, Energy Efficiency, Clean Transportation, Green Buildings, Water/Waste and Pollution Control and Land Use and Marine Resources. DNV undertook an analysis of the associated project types, including type, location and scale of the assets to determine eligibility of these projects as "Green". DNV evaluates and concludes that QTC's nominated projects and assets are aligned with one or more of eligible Green project categories specified in the CBS and GBP.
- 2. Principle Two: Process for Project Evaluation and Selection.** The raised proceeds will be allocated to finance and refinance the assets as set out under Use of Proceeds. DNV has reviewed QTC's Framework in relation to Project Evaluation and Selection and the operation of this section and confirmed its compliance with the requirements of the Climate Bonds Standard.
- 3. Principle Three: Management of Proceeds** DNV has reviewed evidence showing how QTC plans to trace the proceeds from the green Bonds, from the time of issuance to the time of disbursement. The full amount of the proceeds will be deposited in the general account and an amount equal to the net proceeds will be earmarked for allocation to the Eligible Green Projects and tracked using QTC's internal financial reporting system. On an annual basis, QTC will review the outstanding balance of the green Bonds. As stated above, DNV provides no assurance regarding the financial performance of the green Bonds, the value of any investments in the green Bonds, or the effects of the issuance of the green Bonds.
- 4. Principle Four: Reporting.** QTC has confirmed that it will report on its corporate website the following:
 - 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.

On the basis of the information provided by QTC and the work undertaken, it is DNV's opinion that the QTC Green Bond Framework meets the criteria established in the Protocol and are aligned with the stated definition of green Bonds within the CBS and GBP.

for DNV Business Assurance Australia Pty Ltd

Singapore / 28 May 2021



Mark Robinson
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About DNV

Driven by our purpose of safeguarding life, property and the environment, DNV enables organisations to advance the safety and sustainability of their business. Combining leading technical and operational expertise, risk methodology and in-depth industry knowledge, we empower our customers' decisions and actions with trust and confidence. We

continuously invest in research and collaborative innovation to provide customers and society with operational and technological foresight. With our origins stretching back to 1864, our reach today is global. Operating in more than 100 countries, our 16,000 professionals are dedicated to helping customers make the world safer, smarter and greener.

SCHEDULE 1: VERIFICATION CRITERIA

Summary criteria for assertions of compliance with the Climate Bond Standard v2.1 and v3.0

The criteria against which QTC and its nominated projects and assets have been reviewed prior to inclusion in the Bonds are grouped under the requirements as detailed within the Climate Bond Standard Version 2.1 and 3.0 as below. DNV notes that these meet and exceed the requirements associated with the Green Bond Principles and are therefore appropriate for the evaluation of alignment with the Green Bond Principles.

Part A: Pre Issuance Requirements

Area	Requirement
Use of Proceeds	Nominated Projects & Assets which are proposed to be associated with the Bonds and which have been assessed as likely to be Eligible Projects & Assets
Project Selection	Establish, document and maintain a decision-making process which it uses to determine the eligibility of the Nominated Projects & Assets
Management of Proceeds	The systems, policies and processes to be used for management of the Net Proceeds shall be documented by the Issuer
Reporting Prior to Issuance	The Issuer shall prepare a Green Bond Framework and make it publicly available prior to Issuance or at the time of Issuance
Reporting	Reporting on use of proceeds and nominated projects and assets

Part B: Post Issuance Requirements

Use of Proceeds	Nominated Projects & Assets which are proposed to be associated with the Bonds and which have been assessed as likely to be Eligible Projects & Assets
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Project Selection	Establish, document and maintain a decision-making process which it uses to determine the eligibility of the Nominated Projects & Assets
Management of Proceeds	The systems, policies and processes to be used for management of the Net Proceeds shall be documented by the Issuer
Reporting	Reporting on use of proceeds and nominated projects and assets

Part C: Eligible projects and physical assets

Nominated projects and assets include financing of or investments in the mitigation and abatement of greenhouse gasses and adaptation and resilience to climate change as detailed in Schedule 1 of the DNV Programmatic Verification Opinion 2021 or as per previous Verification Statements at that time.

Area	Requirement
Solar Energy Generation	Solar electricity generation facilities
Low Carbon Transport	Electrified Rail and Associated Infrastructure Cycle Ways
Water Infrastructure	Water Infrastructure for Adaptation and Resilience Flood Protection and Climate Change Adaptation and resilience

Part D: Certification under the Climate Bonds Standard

Area	Requirement
Pre Issuance Certification	The Borrower of a Climate Bonds Standard Certified must satisfy the Pre Issuance Certification requirements including the completion of all forms, Pre Issuance Verification by an approved verifier and provision of relevant information

Post Issuance Certification	The Borrower of a Climate Bonds Standard Certified must satisfy the Post Issuance Certification requirements including the completion of all forms, Post Issuance Verification by an approved verifier and provision of relevant information
Maintaining Certification	The Borrower shall provide annual reporting to the CBI and comply with non-conformance correction as required