



Independent Reasonable Assurance Statement to the Management and Directors of Treasury Corporation of Victoria

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Assurance Conclusion

Ernst & Young ('EY', 'we') was engaged by Treasury Corporation of Victoria to undertake reasonable assurance as defined by the Australian Standard on Assurance Engagements ASAE 3000: *Assurance engagements other than audits or reviews of historical financial information* ('ASAE 3000'), over the Treasury Corporation of Victoria pre-issuance process ('Pre-issuance Process') in relation to its first Sustainability Bond. Based on our procedures, the Subject Matter in the table below has been prepared and presented fairly, in all material respects, in accordance with the Criteria defined below.

What our review covered

The subject matter of the Pre-issuance Process and associated criteria covered by our assurance procedures are detailed in the table below.

Subject Matter	Criteria
Treasury Corporation of Victoria's Sustainability Bond pre-issuance process, as described in Treasury Corporation of Victoria's Sustainability Bond Documentation: <ul style="list-style-type: none"> ▶ Use of proceeds ▶ Process for Project Evaluation and Selection ▶ Management of Proceeds ▶ Reporting and Assurance 	Sustainability Bond Guidelines 2021 Green Bond Principles 2021 Social Bond Principles 2021
Treasury Corporation of Victoria's activities identified as eligible for green or social finance	Treasury Corporation of Victoria's Sustainability Bond Framework

Key responsibilities

EY's responsibility and independence

Our responsibility was to express a conclusion on Treasury Corporation of Victoria's Pre-issuance Process for its first Sustainability Bond.

We have complied with the relevant ethical requirements relating to assurance engagements, which include independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

In accordance with the Professional and Ethical Standard 3 (Amended), EY maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Treasury Corporation of Victoria's responsibility

Treasury Corporation of Victoria's management ('management') was responsible for selecting the Criteria and preparing and fairly presenting the Subject Matter in accordance with that Criteria. This responsibility includes establishing and maintaining internal controls, adequate records and making estimates that are reasonable in the circumstances.

Our approach to conducting the engagement

We conducted this engagement in accordance with ASAE 3000 and the terms of reference for this engagement as agreed with Treasury Corporation of Victoria on 9 April 2021.

Level of Assurance

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

Summary of procedures performed

Our procedures included, but were not limited to:

- ▶ Conducting interviews with personnel to understand the business, its activities and societal outcomes
- ▶ Reviewing whether Treasury Corporation of Victoria's activities met the requirements of the Green and Social Bond Principles eligibility criteria
- ▶ Confirming the eligibility of activities for inclusion in a sustainability bond against Treasury Corporation of Victoria's Sustainability Bond Framework.
- ▶ Checking the accuracy of asset valuations of Treasury Corporation of Victoria's activities identified as eligible for a sustainability bond against the face value of the proposed bond.
- ▶ Requesting documentation supporting assertions made in the Subject Matter
- ▶ Seeking management representation on key assertions

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our reasonable assurance conclusions.

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, the Green Bond Principles and Social Bond Principles is subjective and will be interpreted differently by different stakeholder groups. Our assurance was limited to Treasury Corporation of Victoria's Pre-issuance Process and did not include any procedures in relation to Treasury Corporation of Victoria's statutory financial statements. Our assurance is limited to policies and procedures in place as at 6 September 2021.



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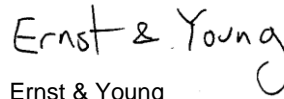
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Use of our Assurance Report

Our responsibility in performing our assurance activities is to the Directors and Management of Treasury Corporation of Victoria only and in accordance with the terms of reference for this engagement as agreed with them. 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 Treasury Corporation of Victoria's Bond Issuance is entirely at its own risk. No statement is made as to whether the criteria are appropriate for any third-party purpose.

Our Independence and Assurance Team

In accordance with APES 110 Code of Ethics for Assurance Practitioners, the firm and all professional personnel involved in this engagement have met the requirements of Australia or International professional ethical requirements, including our independence. Our team has the required competencies and experience for this assurance engagement.


Ernst & Young



Mathew Nelson
Partner - Assurance
Australia
6 September 2021



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Appendix A: Observations on aspects of our engagement

We provide selected observations aligning to the Sustainability Bond Guidelines, Green Bond Principles and Social Bond Principles core components, to provide the reader with further understanding on how Treasury Corporation of Victoria's sustainability bond meets the criteria. These observations are not intended to detract from our conclusion provided above.

Use of Proceeds:

- ▶ Proceeds from Treasury Corporation of Victoria's sustainability bond will be used for financing and refinancing eligible projects.
- ▶ The value of the eligible assets is based on estimated budget and actual spend, which is greater than the value of the sustainability bond.
- ▶ The projects which are included in Treasury Corporation of Victoria's sustainability bond align with the Green Bond Principles and Social Bond Principles project categories (refer to Appendix B).

Process for Project Evaluation and Selection:

- ▶ Treasury Corporation of Victoria has developed a Sustainability Bond Framework that outlines the environmental and social objectives of Treasury Corporation of Victoria's sustainability bond for determining projects and the process for selection and evaluation.

Management of Proceeds:

- ▶ Treasury Corporation of Victoria has implemented processes to manage funds received from the sustainability bond and to monitor the on-going use of proceeds. These processes include:
 - Use of proceeds will be tracked and monitored by participating authorities, government departments and state related entities who manage the projects.
 - Treasury Corporation of Victoria will establish a register of all projects earmarked against the sustainability bond. This register will be updated on a quarterly basis to allow for monitoring and ensure all funds are properly expended.
 - Net proceeds of the sustainability bond will be notionally allocated to projects within a maximum of 24 months from the issuance date. This will be validated by the quarterly register update and confirmed in the Use of Proceeds reporting undertaken for the sustainability bond.
 - Where full distribution of the net proceeds of the sustainability bond is not achieved within 24 months of issuance date, or if surplus funds arise during the tenor of the bond, Treasury Corporation of Victoria will demonstrate that the equivalent funds are invested in temporary investments that are either cash, or cash equivalent instruments or projects that do not include greenhouse gas intensive projects which are inconsistent with the delivery of a low carbon and climate resilient economy.

Reporting:

- ▶ Treasury Corporation of Victoria will publicly release Use of Proceeds and Impact Reporting which will include; a summary of eligible projects, confirmation of aggregated amount of proceeds, the allocation of proceeds per Eligible Project, and the relevant use of proceeds category for each, the disclosure of any unallocated proceeds, confirmation of accordance with applicable market standards and confirmation of annual assurance.



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Appendix B: Assessment of the nominated projects against Social Bond Principles and Green Bond Principles categories

Relevant criteria	Project	Value (\$Am)	Description	Relevant category
Green Bond Principles	Solar homes project	880.4	The Solar Homes program enables the installation of solar panels, solar hot water systems or batteries on 770,000 homes across Victoria. The program is expected to result in over one million Victorian homes being powered by renewable energy.	Renewable energy
Green Bond Principles	Victoria Renewable Energy Zones	540	The Renewable Energy Zone (REZ) program includes grants to accelerate the development of Victoria's REZs and unlock new renewable investment. REZs are areas of abundant renewable energy resources, which no specific energy source specified in the program. The zones will include energy sources such as solar and wind.	Renewable energy
Green Bond Principles	Household Energy Efficiency Upgrades	447.7	Grants to upgrade the energy efficiency of 250,000 low-income/vulnerable households and 35,000 social housing properties with improved thermal performance (insulation, draught sealing) and smart technologies. These grants and rebates are available to low-income earners, vulnerable households, and community housing providers.	Energy efficiency
Green Bond Principles	High Capacity Metro Trains	421.2	The delivery of High Capacity Metro Trains (HCMTs) and a range of ancillary activities to support the maintenance and operation of the HCMTs. By nature of the metro network, the trains are required to be electric.	Clean transportation
Social Bond Principles	Victoria's Big Housing Build	5,000	Grants to registered Community Housing Agencies (CHAs) for the construction of new Social Housing dwellings on land owned by the CHA. This project is expected to result in 12,300 various dwellings (social housing, affordable housing and low-cost private housing).	Affordable housing
Social Bond Principles	Specialist school upgrades	388	Funding for upgrades to create modern safe places for students with disability to learn and explore. Aimed to improve educational outcomes through the provision of high-quality teaching spaces.	Access to essential services
Social Bond Principles	Inclusion for All: Support for students with a disability in government schools	1,560	Resources to ensure students with disability are supported in the classroom, including new staff, education for staff, and resources to support their needs.	Access to essential services

Total asset value 9,237

Total bond value To be confirmed*

*The expected bond size is to be confirmed; however, management has represented that the initial issuance will not exceed 75% of the planned total asset value.