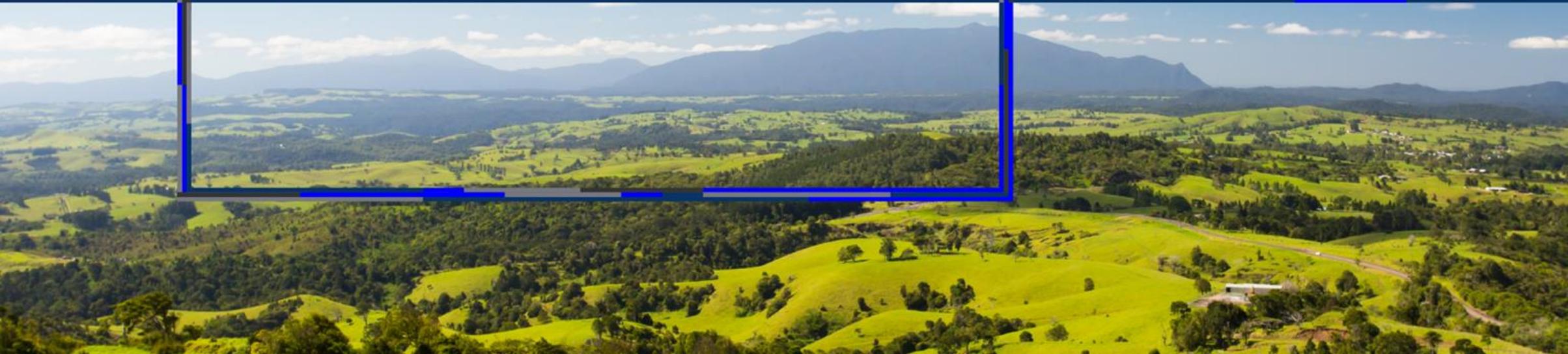


QTC GREEN BONDS



QUEENSLAND
TREASURY
CORPORATION

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© Queensland Treasury Corporation



Queensland Treasury Corporation

The Queensland Government's central financing authority

- Queensland Treasury Corporation (QTC) provides debt funding and financial risk management services to the State, public sector entities, local government
- All debt securities issued by QTC are guaranteed by the Queensland Government
- All debt securities issued by QTC carry the same credit rating as the Queensland Government:
 - AA+ Stable (Standard & Poor's)
 - Aa1 Negative (Moody's)
- QTC is focused on whole-of-State outcomes and securing the State's financial success
- QTC's total debt on issue was AUD91.3 billion (face value) as at 31 December 2016

Credit ratings are not recommendations by a rating agency to buy, sell or hold securities. They may be revised, suspended or withdrawn at any time by the rating agency.

Overview

QTC Green Bonds are 'Use of Proceeds' green bonds which fund projects that contribute to:

- climate change mitigation or adaptation efforts
- the transition to a low carbon and climate resilient economy

All QTC Green Bonds are intended to be:

- issued under QTC's A\$ Bond Program with U.S. Rule 144A capability, carry the guarantee and credit rating of the Queensland Government
- issued in accordance with QTC's Green Bond Framework
- certified in compliance with the Climate Bonds Standard (CBS)
- verified by DNV GL, QTC's independent verification agent

Overview continued

As per the CBS certification requirements, QTC expects that:

- the QTC Green Bond eligible project pool is expected to be expanded over time, subject to meeting the CBS certification requirements
- QTC Green Bond proceeds will be earmarked for funding new and existing eligible projects
- the aggregate value of all QTC Green Bonds will not exceed the aggregate value of expended funds for the QTC Green Bond eligible project pool
- QTC Green Bonds will carry the same characteristics as conventional QTC bonds in terms of price, yield, maturity and credit rating
- investors will not be exposed to the direct risk related to the underlying projects and payment of interest or principal is not directly linked to the performance of the underlying projects
- green bonds may be issued in the future

Why is QTC issuing green bonds?

1. QTC is supporting Queensland's efforts to adapt to and mitigate the impacts of climate change as well as the journey towards reducing greenhouse gas emissions
2. Demonstrating the Queensland Government's commitment to the global transition to a low carbon future
3. Supporting the development of the green bond asset class
4. Diversifying funding sources
5. Targeting new investors



Queensland's strategies on climate change

Queensland's Department of Environment and Heritage Protection is developing the [Queensland Climate Adaptation Strategy \(Q-CAS\)](#)

- The [Directions Statement](#) is currently available online
- Part of the Queensland Government's Advance Queensland agenda
- Queensland's other efforts and strategies are detailed in the '[Advancing Climate Action in Queensland](#)' report



UNDERSTAND

Develop a comprehensive understanding of how climate change will affect Queensland



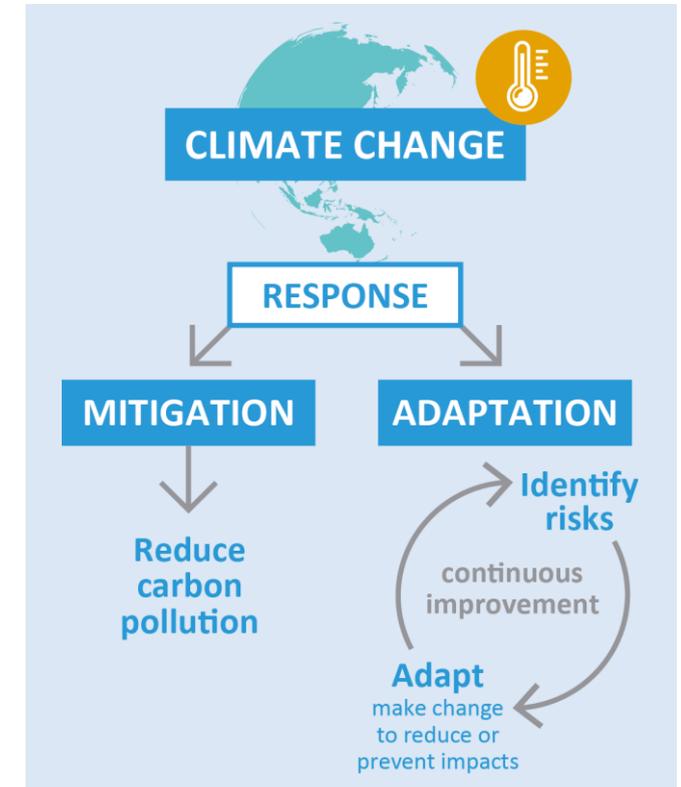
ADAPT

Work to reduce the risk of current and future climate change impacts on Queensland



TRANSITION

Do our fair share to reduce greenhouse gas emissions, and create the low-carbon economy jobs of the future in Queensland



QTC's Green Bond Framework

The QTC Green Bond Framework sets out the types of projects that are eligible for funding via QTC Green Bonds and the management process around QTC Green Bonds

- Draws on the International Capital Market Association (ICMA) Green Bond Principles (GBP) and fulfils the requirements for CBS certification
- The QTC Green Bond Framework addresses:
 1. Use of Proceeds
 2. Process for project selection
 3. Management of bond proceeds
 4. Verification and assurance
 5. Reporting



Use of proceeds

Proceeds will be earmarked for funding QTC Green Bond eligible projects. These may include, but are not limited to, projects which are CBS eligible and fall within the following categories:

- renewable energy ie. solar and wind
- energy efficiency processes and products
- low carbon transport (rail, mass transit, bus rapid transport)
- drought resilience and flood defence
- water and wastewater treatment plants and distribution infrastructure
- preservation of the Great Barrier Reef and other natural ecosystems
- low carbon buildings, and
- other projects covered by new or revised CBS sector criteria.

Eligible projects may be added/removed from the QTC Green Bond eligible project portfolio over time.

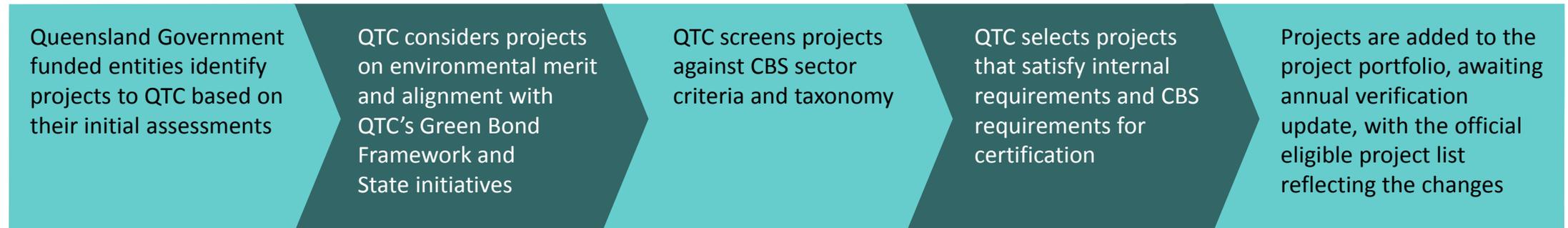


Selection process for eligible projects

The QTC Green Bond Committee manages the eligible project selection process.

Projects are considered against:

1. Environmental objectives, features and benefits of the projects
2. Conformance to the updated versions of the CBS and sector criteria
3. The Climate Bonds Taxonomy of eligible projects



Management of proceeds

How are proceeds tracked?

- Net proceeds from QTC Green Bonds will be earmarked and allocated to QTC's internal funding, liquidity and on-lending pools according to existing systems, policies and processes
- An internal register of QTC Green Bond proceeds, eligible projects and allocations will be maintained for the annual assurance process
- It is expected that net QTC Green Bond proceeds be allocated immediately upon issuance of each QTC Green Bond. Any unallocated proceeds will be temporarily invested in cash or cash equivalent instruments as per the requirements of the CBS
- Payment of principal and interest on QTC Green Bonds will be made from QTC's general funds, not directly related to performance of eligible projects



Assurance and certification

QTC Green Bonds are certified as in compliance with the Climate Bonds Standard (V 2.1)

- Compliance with the CBS has been independently verified by DNV GL
- The CBS certificate and DNV GL pre-issuance assurance opinion are available online
- QTC Green Bonds will require an annual verification update¹ to confirm QTC Green Bonds remain in compliance with updated versions of the CBS
- QTC expects to maintain CBS certification for all QTC Green Bonds on issue.

Reporting

- QTC maintains an internal register of proceeds of all QTC Green Bonds and a list of eligible nominated projects
- Annual QTC Green Bond reporting will include:
 - DNV GL independent QTC Green Bond assurance updates
 - Confirmation of net proceeds of QTC Green Bond(s) on issue
 - progress, outcomes and impact reporting of the eligible projects where available
 - confirmation of compliance with the QTC Green Bond Framework and CBS Certification requirements

Summary

- Proceeds from QTC Green Bonds will be used to fund a pool of eligible projects across Queensland that support the transition to a low-carbon future and climate change mitigation and adaptation.
- QTC Green Bonds will maintain certification under the Climate Bonds Standard (Version 2.1)
- QTC Green Bonds are issued under QTC's AUD bond program
- QTC aims to issue green bonds in future



Use of proceeds – nominated projects

Gold Coast Light Rail Stages 1 and 2



CBS criteria applied: low carbon transport

Stage 1 – operating since June 2014

- 13km, 16 station electric urban transport corridor
- Connects high-density precincts using 14 electric trams

Stage 2 – completion expected in early 2018

- 7.3km, three station electric transport connection corridor
- Capacity for 3000 passengers per hour
- Connects existing light rail from Griffith University to SEQ hard rail network using four additional electric trams
- 1400 ‘Park and Ride’ spaces
- QTC Green Bond proceeds will be used to refinance State Government Contributions and Gold Coast City Council loans to Light Rail project

Use of proceeds – nominated projects

Moreton Bay Rail Link – Redcliffe Peninsula Line



- The Moreton Bay region is the third largest local government area in Australia being home to over 375,000 people
- 12.6km dual-track passenger line, from Petrie to Kippa-Ring
- 6 new stations including bus connections and bike storage
- Provides an efficient, integrated low-carbon public transport solution in a region heavily geared towards car transport
- Opened and operational in October 2016
- QTC Green Bond proceeds will be used to refinance State Government Contributions

CBS criteria applied: low carbon transport

Use of proceeds – nominated projects

New Generation Rolling Stock



- 75 new six-car electric trains to service the South-East Queensland metropolitan region
- Maintaining trains for approximately 30 years
- Constructing a modern, purpose-built maintenance centre
- Provides a significant increase to the South-East Queensland electric train fleet to meet the growing demand for low-carbon transport services
- Progressively rolled out onto the network until late 2018
- QTC Green Bond proceeds will be used to refinance State Government Contributions

CBS criteria applied: low carbon transport

Use of proceeds – nominated projects

Various cycle ways



- Cycle ways and cycle infrastructure at various locations around Brisbane, Townsville and Toowoomba
- Provides a zero-carbon transport option to commuters and an alternative to carbon-intensive transport options such as cars
- QTC Green Bond proceeds will be used to refinance State Government Contributions

CBS criteria applied: low carbon transport

Use of proceeds – nominated projects

Sunshine Coast Solar Farm development



- 15 megawatt solar farm built on 49 hectare site
- 57,000 PV modules, six inverter stations, control room among other structural works
- Electricity generated over one year is sufficient to power 5000 homes
- 36,000 trees are expected to be planted as part of the project
- Due for completion in mid-2017
- QTC Green Bond proceeds will be used to refinance Sunshine Coast Regional Council Solar Farm development loans

CBS criteria applied: renewable energy (solar)