



Verifier's Report

EXECUTIVE SUMMARY



ISSUER

State Public Works Board of the State of California

OPINION ON

Lease Revenue Bonds (California Air Resources Board) 2022 Series D (Southern California Headquarters – Mary D. Nichols Campus) (Green Bonds - Climate Bond Certified)

STANDARD AND SECTOR CRITERIA

Climate Bonds Standard Version 3.0 ■ Low Carbon Buildings

PAR

\$280,455,000 (Preliminary, subject to change)

KEYWORDS

LEED Platinum, Zero Net Energy, green buildings, air pollution, emissions testing laboratory, climate leader, California

EVALUATION DATE

March 4, 2022

SUMMARY OF FINDINGS

Kestrel Verifiers is of the opinion that the Lease Revenue Bonds (California Air Resources Board) 2022 Series D (Southern California Headquarters – Mary D. Nichols Campus) (Green Bonds - Climate Bond Certified) (“Bonds”) conform with the Climate Bonds Standard (Version 3.0) as follows:

■ Use of Proceeds

The Bonds will finance and refinance a substantial portion of costs of the new Southern California Headquarters – Mary D. Nichols Campus (the “Project”) for the California Air Resources Board (“CARB”). The Project is the largest Zero Net Energy building in the US and is designed to meet LEED Platinum standards. The Bonds align with the *Low Carbon Buildings* Sector Criteria under the Climate Bonds Standard.

■ Process for Evaluation and Selection of Projects & Assets

The process for evaluation and design of the Project was guided by several factors: the need to consolidate and expand emissions testing and administration facilities; CARB’s 2021 Mitigation Plan; and CARB’s overarching mission to improve air quality and protect human health. The Project is designed to combine facilities and expand infrastructure to accommodate existing and future demand for fuel- and emissions-testing equipment necessary to meet federal and regional air quality mandates.

■ Management of Proceeds

Proceeds from the Bonds will reimburse an interim loan from the State’s General Fund used for the construction of the Project, pay the costs of issuance, and finance final Project expenditures. The State Controller, Treasurer, and Public Works Board are responsible for overseeing the allocation of proceeds to the Project. Proceeds for the final expenditures will be temporarily invested in Permitted Investments as defined in the Indenture.

■ Reporting

The Project’s energy usage, greenhouse gas emissions, and water usage are expected to be reported on the State of California Green Buildings website: www.green.ca.gov/buildings/departments/CSC. In accordance with the Climate Bonds Standard, Kestrel Verifiers will be engaged to provide one Post-Issuance Report within 24 months of issuance to confirm continued conformance of the Bonds with the relevant Standards and Criteria.

- **Impact and Alignment with United Nations Sustainable Development Goals**

By financing and refinancing the construction of a Zero Net Energy building designed to achieve LEED Platinum certification, which will support the efficient operation of the California Air Resources Board, the Bonds support and advance multiple UN SDGs, including Goals 7: *Affordable and Clean Energy*, 9: *Industry, Innovation and Infrastructure*, and 12: *Responsible Consumption and Production*.

- **Assurance Conclusion**

Based on the Reasonable Assurance procedures we have conducted, in our opinion, the Bonds conform, in all material respects, with the Climate Bonds Standard (Version 3.0), and the bond-financed activities are aligned with the *Low Carbon Buildings Sector Criteria*.



Verifier's Report

Legal Name of Issuer:	State Public Works Board of the State of California
Issue Description:	Lease Revenue Bonds (California Air Resources Board) 2022 Series D (Southern California Headquarters – Mary D. Nichols Campus) (Green Bonds - Climate Bond Certified)
Project:	California Air Resources Board Southern California Headquarters Project – Mary D. Nichols Campus
Standard:	Climate Bonds Standard (Version 3.0)
Sector Criteria:	Low Carbon Buildings
Keywords:	LEED Platinum, Zero Net Energy, green buildings, air pollution, emissions testing laboratory, climate leader, California
Par:	\$280,455,000*
Evaluation Date:	March 4, 2022

*Preliminary, subject to change

CLIMATE BONDS DESIGNATION

State Public Works Board of the State of California (the “Board”) will issue its Lease Revenue Bonds (California Air Resources Board) 2022 Series D (Southern California Headquarters – Mary D. Nichols Campus) (Green Bonds - Climate Bond Certified) (“Bonds”) to finance and refinance costs of the California Air Resources Board Southern California Headquarters – Mary D. Nichols Campus project (“Project”).

This Verifier’s Report reflects Kestrel Verifiers’ view of the Board’s projects and financing, allocation and oversight, and conformance of the Bonds with the Climate Bonds Standard (Version 3.0) and *Low Carbon Buildings* Sector Criteria. In our opinion, the Bonds are aligned with the internationally accepted Climate Bonds Standard (Version 3.0) and the *Low Carbon Buildings* Sector Criteria (Version 1.0).

ABOUT THE CALIFORNIA AIR RESOURCES BOARD

The California Air Resources Board (“CARB”) is the state’s lead agency for climate change mitigation programs in California, charged with protecting public health, welfare, and the environment from the harmful effects of air pollution. Run by a 16-member board composed of local air districts, public representatives, and air quality experts appointed by the governor of California, CARB sets statewide emissions requirements, records progress toward emission reduction goals, identifies high-risk pollutants, conducts air pollution research, and leads California’s efforts to achieve carbon neutrality by 2045.

In Kestrel’s view, with a mandate to collaborate at local, subnational, and international levels, CARB’s biggest impact may be in its national and global leadership and pioneering of effective climate change solutions. CARB is instrumental in executing programs to advance California’s commitment to address climate change and reduce greenhouse gas emissions through deep decarbonization and other methods. CARB has numerous programs related to health, transportation electrification, and environmental justice, and specifically in the area of climate change, CARB oversees the state’s Cap-and-Trade Program, the Low Carbon Fuel Standard, and the California Climate Investments program. Additionally, CARB oversees the Ambient Air Monitoring Network which monitors air quality data from more than 250 air monitoring stations throughout the state to define the nature and severity of pollution. CARB partners with campuses of the University of California system and others to sponsor research in the causes, effects, and solutions to air pollution. The research informs CARB’s emissions regulations and other programs.

CARB has numerous educational tools on air quality and climate change for students, teachers and parents, and maintains ongoing and robust public dialogue about actionable climate change solutions, environmental justice and investment priorities. AB 32¹ required CARB to develop a Scoping Plan that describes how California will reduce greenhouse gas emissions to achieve carbon neutrality goals, and update the plan every five years. Since 2008, there have been two updates to the Scoping Plan, and public outreach for the 2022 update is currently underway. The Scoping Plans include suites of policies and recommended actions centered around regulations, incentives, and carbon pricing to help California achieve its greenhouse gas emission targets, in large part leveraging existing programs aimed at reducing air pollution.

CONFORMANCE WITH CLIMATE BONDS STANDARD AND SECTOR CRITERIA

Kestrel Verifiers has been engaged to provide an independent verification on alignment of the Bonds with the Climate Bonds Standard (Version 3.0) and Certification Scheme, and the *Low Carbon Buildings* Sector Criteria. The Climate Bonds Initiative (CBI) administers the Standard and Sector Criteria. Additionally, Kestrel Verifiers examined alignment of the Bonds with the United Nations Sustainable Development Goals (“UN SDGs”).

Kestrel Verifiers is a Climate Bonds Initiative Approved Verifier. The Kestrel Verification Team included environmental scientists and financial professionals. We performed a Reasonable Assurance engagement to independently verify that the Bonds meet relevant criteria, in all material respects.

For this engagement, Kestrel Verifiers reviewed the Board’s bond disclosure documentation, Green Bond Framework, disclosures and documentation on the allocation and uses of Bond proceeds, as well as relevant plans and alignment to the State’s overarching climate objectives. We examined public and non-public information and interviewed members of the Board, DGS, CARB and other Project participants. Our goal was to understand the planned use of proceeds, procedures for managing proceeds, and plans and practices for reporting in sufficient detail to verify the Bonds.

Relevant Climate Bonds Sector Criteria and Other Standards

The 2022D Bonds align with the Climate Bonds Standard (Version 3.0) and *Low Carbon Buildings* Criteria (Version 1.0).

Assurance Approach

Kestrel Verifiers’ responsibility was to conduct a Reasonable Assurance engagement to determine whether the Bonds meet, in all material respects, the requirements of the Climate Bonds Standard. Our Reasonable Assurance was conducted in accordance with the Climate Bonds Standard (Version 3.0) and the *International Standard on Assurance Engagements (ISAE) 3000: Assurance Engagements Other than Audits or Reviews of Historical Financial Information*. Information relating to this engagement and the Verifier’s and Issuer’s Responsibilities, and Independence and Quality Control are available in Appendix C.

Kestrel Verifiers has relied on information provided by the Board, DGS staff, CARB staff and other Project participants. There are inherent limitations in performing assurance, and fraud, error or non-compliance may occur and not be detected. Kestrel Verifiers is not responsible or liable for any opinions, findings or conclusions within the information provided by the Board, DGS staff, CARB staff and other Project participants that are incorrect. Our assurance is limited to the review of the Board’s policies and procedures that are, in Kestrel’s view, relevant to the key components of the Climate Bonds Standard (Version 3.0). The distribution and use of this verification report are at the sole discretion of the Board. Kestrel Verifiers does not accept or assume any responsibility for distribution to any other person or organization.

¹ The passage of AB 32, the California Global Warming Solutions Act of 2006, marked a watershed moment in California’s history. By requiring in law a sharp reduction of greenhouse gas emissions, California set the stage for its transition to a sustainable, low-carbon future. AB 32 was the first program in the US to take a comprehensive, long-term approach to addressing climate change, and does so in a way that aims to improve the environment and natural resources while maintaining a robust economy. “AB 32 Global Warming Solutions Act of 2006,” California Air Resources Board, September 2018, <https://ww2.arb.ca.gov/resources/fact-sheets/ab-32-global-warming-solutions-act-2006>.

Use of Proceeds

The Bond proceeds will finance and refinance a substantial portion of the costs of the new Southern California Headquarters – Mary D. Nichols Campus (the “Project”) for the California Air Resources Board and pay costs of issuance. The building is expected to achieve a LEED Platinum certification and will be Zero Net Energy, meaning that the building will consume only as much energy as can be produced onsite through renewable resources over a given year, when accounted for at the energy generation source. The building is located in Riverside, California and is the largest Zero Net Energy building in the US with an on-site 3.75 MW solar array and a 1.5 MWh battery storage solution. Construction is substantially completed.

The facility’s administrative and public space serves 460 employees and includes visitor reception, a conference space, education areas, and a 250-person public auditorium. State-of-the-art laboratories include dedicated test cells for heavy-duty vehicles, workspace for new testing methods to evaluate new technologies, and an advanced chemistry laboratory—making it one of the most advanced vehicle emissions testing and research facilities in the world.

The newly constructed building incorporates many features to minimize environmental impacts:

- Optimized energy performance
- 3.75 MW solar array
- 1.5 MWh battery storage
- Charging station infrastructure for up to 274 EV charging stations
- Chilled beam temperature management system
- Heat recovery chiller to reduce boiler energy use
- Fully electric
- Water conservation fixtures
- Water-efficient landscaping
- Rainwater management

Educational features within the facility are designed to share the green building practices with visitors and the public, with a goal to inform, stimulate and inspire visitors. An interactive dashboard in the lobby shares sustainable design information and real-time energy metrics. CARB also provides tours of the building and its testing laboratories to educate visitors about ongoing research and innovative aspects of design and construction of the facility.

Approximately 25% of California’s greenhouse gas emissions are from commercial and residential buildings.² By integrating on-site solar, optimized heating and cooling, and a fleet of electric vehicle charging stations into the Project, the Project is reducing emissions from the built environment.

The Bonds support CARB’s work as an air pollution and emissions testing facility. CARB’s research informs regulation of toxic pollution and greenhouse gas emissions—CARB has expanded the contaminants that can be practically and efficiently monitored from carbon monoxide, nitrogen oxides, and sulfur dioxide, to include pollutants such as hundreds of organic compounds, particulate matter, greenhouse gases, and other toxic air pollutants.

CARB is at the forefront of California’s progressive vehicle emission and Clean Fuels regulations. Transportation accounts for approximately 50% of California’s greenhouse gas emissions and 29% of emissions in the US.^{3,4} CARB’s research in the new facility is integral to transforming the transportation sector to support zero emission vehicles, accelerating the transition to cleaner fuels, testing new technology, and implementing and enforcing air quality regulations. CARB is responsible for analyzing fuel samples for compliance with Clean Fuels regulation and identifying non-compliant vehicles. This is important work which serves as a model for clean fuel standards in other states. The new facility will allow CARB to test and research heavy-duty trucks and engines as part of the Sustainable Freight Initiative with goals to reduce freight and diesel particulate matter emissions.

² “Building Decarbonization,” California Air Resources Board, accessed February 22, 2022, <https://ww2.arb.ca.gov/our-work/programs/building-decarbonization>.

³ “Transforming Transportation Fact Sheet,” California Energy Commission, 2019, https://www.energy.ca.gov/sites/default/files/2019-07/TRAN-TransformingTransportation_1.pdf.

⁴ “Sources of Greenhouse Gas Emissions,” US Environmental Protection Agency, 2019, <https://www.epa.gov/ghgemissions/sources-greenhouse-gas-emissions>.

Sector Criteria for Low Carbon Buildings (Version 1.0)

The Project aligns with the CBI *Low Carbon Buildings* Sector Criteria for Commercial Buildings through the Low Carbon Trajectory method. The mitigation component of the Criteria varies for commercial and residential buildings and depends on the maturity of the bonds. Under the Low Carbon Trajectory method, an issuer must demonstrate the alignment of a building's carbon intensity (kg CO₂e/m²) with a trajectory to zero emissions in 2050. Under the method, performance targets are set by CBI based on a city's baseline performance (the top 15% of the market), the year of issuance, and the term of the bond. The carbon intensity target for a commercial building in the City of Los Angeles financed by bonds maturing in 2047 is 8.11 kg CO₂e/m².

The Project's large solar arrays and energy efficient design minimize emissions. The operational emissions for the first year of operation are projected to be 6.85 kg CO₂e/m², meeting the target threshold set by CBI for commercial buildings in Los Angeles, California. CARB also intends to implement a transportation demand management program to decrease vehicle miles traveled in order to further reduce greenhouse gas emissions.

Climate Risk and Transition Alignment⁵

Mitigation of transition risk requires planning for the necessary structural changes to address climate change and the transition to a low-carbon economy, with recognition of the risks associated with inaction. CARB is facilitating the climate transition through its research, and leading by example with a strong commitment to low carbon buildings. By constructing a state-of-the-art Zero Net Energy building with renewables and battery storage, CARB is directly advancing deep decarbonization goals and improving its ability to conduct research and testing to achieve critical climate action and air quality goals.

The Project aligns with the *just transition*, characterized by the equitable inclusion and accommodation of all individuals, with a special focus on disadvantaged groups who may be directly or indirectly affected by the structural changes necessary for the transition to a low-carbon economy. A project that aligns with the *just transition* works to balance a sustainable society, environment and economy and will consider the intersections of racial, socioeconomic, religious, cultural, intergenerational or environmental justice. The Project supports the just transition by prioritizing design and construction of the Project with minimal environmental impacts and, in turn, minimal negative impacts on human health. The Project also supports the mission of CARB to improve air quality and protect human health. Over 90% of Californians are exposed to unhealthy levels of at least one air pollutant in any given year.⁶ In Kestrel's opinion, CARB's research and programs are integral to identifying and directly addressing air pollution burden disparities in California.⁷

Process for Project Evaluation and Selection

The process for evaluation and design of the Project was guided by several factors, including: the need for consolidating and expanding emissions testing and administration facilities; CARB's *2021 Mitigation Plan*; and CARB's overarching mission to improve air quality and protect human health.

The existing vehicle and engine emissions laboratory, The Haagen-Smit Laboratory was opened in 1971 and was originally designed to support 40 staff. The Laboratory has expanded to five separate buildings and a testing facility associated with the Los Angeles County Metropolitan Transit Authority. The Project is designed to consolidate CARB's facilities and expand infrastructure to accommodate existing and future demand for fuel- and emissions-testing equipment necessary to meet federal and regional air quality mandates.

⁵ Climate change poses significant systemic risks to US financial systems and municipal issuers. These risks may broadly be divided into physical risk, transition risk and societal risk. Physical risk includes effects of climate change on physical assets, such as extreme weather events and sea level rise. Transition risk includes market and technology risks, reputational risks, policy risks and legal risks. Societal risk includes risk to stable democracies, risk to civil liberties and human rights, risk to labor supply, and risk to public health. Mitigation of transition risk requires planning for the necessary structural changes to address climate change and societal inequity with recognition of the risks associated with inaction. We refer to this as the just transition to a decarbonized economy, or the just transition.

⁶ "Common Air Pollutants," California Air Resources Board, accessed February 25, 2022, <https://ww2.arb.ca.gov/resources/common-air-pollutants>.

⁷ "Research on Health Effects of Air Pollution," California Air Resources Board, accessed February 25, 2022, <https://ww2.arb.ca.gov/research/research-health-effects-air-pollution>.

After the need for a new facility was identified, CARB made the commitment to achieve a zero net increase in greenhouse gas emissions for the construction and operation of the new facility and adopted the *2021 Mitigation Plan: Report to Achieve Zero Net Carbon Emissions and Reduce Vehicle Miles Traveled* (“*Mitigation Plan*”). The *Mitigation Plan* outlines the pathways for the building to achieve Zero Net Energy, including design features and the local mitigation program which will reduce vehicle miles traveled and transportation-related emissions. The Project also aligns with the goals of CARB’s Building Decarbonization Program that aims to expand zero emission construction to achieve long-term carbon neutrality goals.

The Project is directly advancing CARB’s mission to *promote and protect public health, welfare, and ecological resources through effective reduction of air pollutants while recognizing and considering effects on the economy*. CARB has been a leader in climate action and air pollution control in California for decades, and the innovative design of the Southern California Headquarters building is an exemplary demonstration of this continued leadership. The new facility exceeds minimum green building requirements in California, fulfills the need for a consolidated and updated facility, and advances CARB’s purpose to advance decarbonization goals and improve air quality.

Management of Proceeds

Proceeds from the Bonds will: reimburse an interim loan from the State’s General Fund that was used for a substantial portion of design and construction costs, pay costs of issuance, and finance remaining Project costs. The State Controller, Treasurer, and the Board are responsible for overseeing the allocation of bond proceeds. Upon issuance of the Bonds, the majority of proceeds will be used to pay off the outstanding General Fund loan. The remaining portion will be used for additional Project expenditures. These proceeds will be temporarily held in Permitted Investments as defined in the Indenture and managed by the State Treasurer through the Pooled Money Investment Account. Permitted Investments include conservative instruments such as highly rated commercial paper, bonds or obligations of the US federal government or agencies, and money market funds.

Reporting

So long as the Bonds are outstanding, the State Treasurer, on behalf of the Board, is to provide annually, in an “Annual Report” to be filed with the Municipal Securities Rulemaking Board (“MSRB”), certain financial information and operating data relating to the State of California, including any information from the Board and DGS requested by the State Treasurer in connection with the Annual Report.

The State Treasurer, on behalf of the Board, will also provide the MSRB reports in the event of certain listed events, as set forth in the continuing disclosure undertaking relating to the Bonds. This reporting will be done on the Electronic Municipal Market Access (“EMMA”) system operated by the MSRB.

The Board intends to voluntarily prepare a one-time report confirming the receipt of the LEED Platinum certification for the Project. This report is expected to be posted on EMMA. Energy use, greenhouse gas emissions, and water usage of the Project is expected to be reported on the State of California Green Buildings website: www.green.ca.gov/buildings/department/CSC, as required by the Green Building Action Plan for Implementation of Executive Order B-18-12.⁸

In accordance with the Climate Bonds Standard, Kestrel Verifiers will provide one Post-Issuance Report within 24 months of issuance of the 2022D Bonds to confirm continued conformance of the Bonds with the relevant Standards and Criteria.

IMPACT AND ALIGNMENT WITH UN SDGS




By financing the largest Zero-Net Energy building in the United States, which supports the efficient operations of CARB, the Bonds address UN SDGs 7, 9, and 12. By financing the design and construction of a low-carbon building and incorporating a large solar array, the Bonds align with Targets 7.2 and 7.3. Integration of innovative heating and cooling systems and battery storage supports Target 9.4. Improving

⁸ Green Building Action Plan – For Implementation of Executive Order B-18-12, 2012, https://www.ca.gov/archive/gov39/wp-content/uploads/2017/09/Green_Building_Action_Plan_B.18.12.pdf.

efficiency of operations for an entity with a primary purpose of mitigating air pollutants and protecting public health through testing and research facilities, advances Target 12.2.

Full text of the Targets for Goals 7, 9 and 12 is available in Appendix A, with additional information available on the United Nations website: www.un.org/sustainabledevelopment



7 AFFORDABLE AND CLEAN ENERGY 	Affordable and Clean Energy (Targets 7.2, 7.3) <u>Possible Indicators</u> <ul style="list-style-type: none">▪ Reduced greenhouse gas emissions as a result of energy efficiency features
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	Industry, Innovation and Infrastructure (Target 9.4) <u>Possible Indicators</u> <ul style="list-style-type: none">▪ Increased resource-use efficiency above baseline (energy, water)
12 RESPONSIBLE CONSUMPTION AND PRODUCTION 	Responsible Consumption and Production (Target 12.2) <u>Possible Indicators</u> <ul style="list-style-type: none">▪ Improved energy efficiency▪ Improved operational efficiency in California Air Resources Board departments

ASSURANCE STATEMENT AND CONCLUSIONS

Based on the Reasonable Assurance procedures we have conducted, in our opinion, the Bonds conform, in all material respects, with the current Climate Bonds Standard, and the bond-financed activities are completely aligned with the *Low Carbon Buildings Sector Criteria*. Construction of the largest Zero Net Energy building in the US demonstrates the California Air Resources Board’s forward-thinking leadership in climate action. The Project incorporates innovative features to reduce environmental impacts and includes an air pollution and emissions testing facilities that are critical to the transition to a decarbonized economy.

Sincerely,



April Strid, Lead Verifier
Kestrel Verifiers
Hood River, Oregon, United States
March 4, 2022

© 2022 Kestrel 360, Inc.

ABOUT KESTREL VERIFIERS



KESTREL
VERIFIERS™

For over 20 years Kestrel has been a trusted consultant in sustainable finance. Kestrel Verifiers, a division of Kestrel 360, Inc. is a Climate Bonds Initiative Approved Verifier qualified to verify transactions in all asset classes worldwide. Kestrel is a US-based certified Women's Business Enterprise. For more information, visit kestrelverifiers.com.

For inquiries about our green and social bond services, contact:

- **Melissa Winkler**, Senior Vice President
melissa.winkler@kestrelverifiers.com
+1 720-384-4791



Verification Team

- Monica Reid, CEO
- April Strid, Lead ESG Analyst
- Melissa Audrey, Senior ESG Analyst
- Jordynn Paz, ESG Analyst

DISCLAIMER

This Verifier's Report ("Opinion") aims to explain how and why the discussed financing meets the CBI Climate Bonds Standard based on the information which was available to us during the time of this engagement (February - March 2022) only. By providing this Opinion, Kestrel Verifiers is not certifying the materiality of the projects financed by the Climate Bonds. It was beyond Kestrel Verifiers' scope of work to review for regulatory compliance and no surveys or site visits were conducted. Furthermore, we are not responsible for surveillance on the project or use of proceeds. Kestrel Verifiers relied on information provided by the Board and publicly available information. The Opinion delivered by Kestrel Verifiers does not address financial performance of the Climate Bonds or the effectiveness of allocation of its proceeds. This Opinion does not make any assessment of the creditworthiness of the Board, or its ability to pay principal and interest when due. This is not a recommendation to buy, sell or hold the Bonds. Kestrel Verifiers is not liable for consequences when third parties use this Opinion either to make investment decisions or to undertake any other business transactions. This Opinion may not be altered without the written consent of Kestrel Verifiers. Kestrel Verifiers reserves the right to revoke or withdraw this Opinion at any time. Kestrel Verifiers certifies that there is no affiliation, involvement, financial or non-financial interest in the Board or the projects discussed. We are 100% independent. Language in the offering disclosure supersedes any language included in this Verifier's Report.

Use of the United Nations Sustainable Development Goal (SDG) logo and icons does not imply United Nations endorsement of the products, services or bond-financed activities. The logo and icons are not being used for promotion or financial gain. Rather, use of the logo and icons is primarily illustrative, to communicate SDG-related activities.

Appendix A.

UN SDG TARGET DEFINITIONS

Target 7.2

By 2030, increase substantially the share of renewable energy in the global energy mix

Target 7.3

By 2030, double the global rate of improvement in energy efficiency

Target 9.4

By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities

Target 12.2

By 2030, achieve the sustainable management and efficient use of natural resources

Appendix B.

ASSURANCE PROCEDURES

REQUIREMENT	ASSURANCE PROCEDURES
1. Use of Proceeds	
1.1 Project Documentation	Review documentation of the Nominated Projects assessed as likely to be Eligible Projects, and list of Nominated Projects that Issuer will keep up-to-date during the term of the bond.
1.2 Valuation	Review net proceeds of the bond to ensure they are not greater than the value of the project.
1.3 Multiple Nominations for Certified Debt Instruments	Review Nominated Projects for previous nominations to other Certified Climate Debt Instruments, green bonds, or other designated instruments.
1.3.1 Nominations to Other Debt Instruments	Review Nominated Projects to determine whether certain portions are being financed by separately designated Certified Debt Instruments.
1.3.2 Refunding Existing Certified Climate Debt	Review and confirm whether Nominated Projects have been refinanced by other Certified Debt Instruments or bonds under assessment will refinance existing Certified Debt Instruments.
2. Process for Project Evaluation and Selection	
2.1 Environmental Statement & Process (2.1.1-2.1.4)	Review statement of the climate-related objectives of the bond. Review documentation of the process that the Issuer followed to identify projects and confirm eligibility requirements for inclusion of Nominated Projects in the bond. Review planning documents which establish goals, priorities and potential impact.
2.2 Eligibility (2.2.1-2.2.2)	Review additional documentation Issuer provided on further aspects of identification process including strategic directions and standards. Review the Issuer's environmental and social integrity policy, and/or Green Bond Framework, and confirm its coverage of the Nominated Projects.
2.3 Taxonomy & Technical Criteria	Test Nominated Projects to determine whether they meet the minimum technical requirements of the Climate Bonds Standard and relevant Sector Criteria (Part C: Eligibility of Projects and Assets).
3. Management of Proceeds	
3.1 Documentation of Processes & Procedures	Confirm that the policies, processes and procedures for tracking financial flows of the bond proceeds to the Nominated Projects are in place.
3.1.1 Tracking of Proceeds	Review the allocation of funds to ensure they can be tracked against Nominated Projects.
3.1.2 Managing of Unallocated Proceeds	Review documentation for the management of bond proceeds for funds that are not allocated to a Nominated Project and review eligible temporary investments for unallocated proceeds.
3.1.3 Earmarking Funds	Confirm that the policies, processes and procedures to identify flows of proceeds related to the Bond have been established.
4. Reporting	
4.1 Bond Disclosure Documentation	Review the Issuer's Green Bond Framework and confirm plans to make the document publicly available. Confirm inclusion of necessary information within the Green Bond Framework.
4.1.1 Confirmation of Alignment	In the Green Bond Framework, confirm documentation and review areas of investment align with the Climate Bonds Standard and review statements of alignment with other relevant standards.
4.1.2 Uses of Proceeds	In the Green Bond Framework, confirm documentation and review expected uses of proceeds and the amounts allocated to activities in relevant sectors and subsectors.

REQUIREMENT	ASSURANCE PROCEDURES
4.1.3 Decision-making Process	In the Green Bond Framework, confirm documentation of decision-making processes and positioning in the context of the Issuer’s overarching objectives.
4.1.4 Sector Criteria Assumptions and Methodologies	In the Green Bond Framework, confirm documentation of assumptions and methodologies to evaluate conformance with Sector Criteria.
4.1.5 Temporary Investment Instruments	In the Green Bond Framework, confirm documentation of allowable temporary investment instruments.
4.1.6 Reporting Approach	In the Green Bond Framework, confirm disclosure of intended approach to providing Update Reports and/or undertaking periodic Assurance Engagements during term of bond to reaffirm conformance with the Climate Bonds Standard.
4.1.7 List of Nominated Projects	In the Green Bond Framework, confirm disclosure of list of Nominated Projects likely to be eligible.
4.1.8 Refinancing	In the Green Bond Framework, confirm disclosure of proportion of proceeds for refinancing, if applicable.
4.2 Disclosure Documentation	Confirm incorporation of key information in Disclosure Documentation.
4.2.1 Sector Criteria Disclosure	Confirm “investment areas,” or alignment with the Climate Bonds Taxonomy and relevant Sector Criteria for Nominated Projects.
4.2.2 Temporary Investments	Confirm disclosure of eligible temporary investments for unallocated proceeds.
4.2.3 Verifier	Confirm disclosure of Verifier selected for Pre-Issuance and Post-Issuance Engagements.
4.2.4 Ongoing Reporting	Confirm disclosure of intended ongoing reporting on the Nominated Projects and allocation of proceeds.
4.2.5 CBI Disclaimer	Confirm incorporation of the CBI Disclaimer as provided in the Certification Agreement.



Appendix C.

RESPONSIBILITIES AND QUALITY CONTROL

Verifier's Responsibilities

Kestrel Verifiers' responsibilities for confirming alignment of the 2022D Bonds with the Climate Bonds Standard and *Low Carbon Buildings* Criteria include:

- assess and certify Board's internal processes and controls, including selection process for projects and assets, internal tracking of proceeds, and the allocation system for funds;
- assess policies and procedures established by Board for reporting;
- assess the readiness of Board to meet the Climate Bonds Standard (V3.0) and *Low Carbon Buildings* Sector Criteria; and
- express a Reasonable Assurance conclusion.

Issuer's Responsibilities

Issuer was responsible for providing detailed information and documents relating to:

- The details of the Nominated Projects and Assets and the project selection process;
- Maintaining adequate records and internal controls designed to support the Climate Bond Pre-Issuance Certification process; and
- The collection, preparation, and presentation of the subject matter in accordance with the Climate Bonds Standard and Criteria.

Independence and Quality Control

Kestrel Verifiers provides green bonds advisory services for corporate and public finance issuers. The Kestrel Verification Team is committed to providing robust, transparent, and accurate verifications. For over 20 years Kestrel has been a trusted advisor to state and local governments, nonprofits, and corporations. Kestrel certifies that there is no affiliation, involvement, financial or non-financial interest in the issuer or the projects discussed. Accredited as an Approved Verifier by the Climate Bonds Initiative, Kestrel is qualified to evaluate bonds against the Climate Bonds Initiative Standards and Criteria.