

Second-Party Opinion

South Australian Government Financing Authority Sustainability Bond Framework

Evaluation Summary

Sustainalytics is of the opinion that the South Australian Government Financing Authority Sustainability Bond Framework is credible and impactful and aligns with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021 and Social Bond Principles 2023. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds¹ are aligned with those recognized by the Green Bond Principles and Social Bond Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental or social impacts and advance the UN Sustainable Development Goals, specifically SDGs 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14 and 15.



PROJECT EVALUATION AND SELECTION SAFA's internal process in evaluating and selecting projects will be supported by the ESG Consultation Group, comprising senior officers from SAFA and the Budget and Performance Branch. SAFA will maintain a register of eligible expenditures, which will be reviewed on an annual basis. South Australia has comprehensive laws and control procedures in place to mitigate environmental and social risks associated with the eligible expenditures. Sustainalytics considers the project selection process in line with market practice.



MANAGEMENT OF PROCEEDS SAFA will manage the proceeds raised under the Framework through a portfolio approach. SAFA intends to reach full allocation within two financial years from the date of issuance. Pending allocation, unallocated proceeds will be held in cash or cash equivalents, used to reduce indebtedness temporarily or made as investments in activities respecting the Framework's exclusionary criteria. This is in line with market practice.



REPORTING SAFA intends to report on allocation of proceeds on its website on an annual basis until full allocation. Allocation reporting will include the amount of net proceeds raised; balance of unallocated proceeds; amount of net proceeds allocated per eligible category; share of refinancing and examples of projects funded. In addition, SAFA intends to report on relevant impact metrics. Sustainalytics considers the allocation and impact reporting commitments as aligned with market practice.

Second-Party Opinion

Reviewed by:

MORNINGSTAR

SUSTAINALYTICS



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¹ Socioeconomic Advancement and Empowerment, Climate Change Adaptation, Environmentally Sustainable Management of Living Natural Resources and Land Use, Food Security, Access to Essential Services, Sustainable Water and Wastewater Management, Renewable Energy, Employment Generation, Clean Transportation, Affordable Basic Infrastructure, Affordable Housing, Pollution Prevention and Control, Circular Economy Adapted Products, Production Technologies and Processes, and Terrestrial and Aquatic Biodiversity.

Introduction

The South Australian Government Financing Authority (“SAFA” or the “Issuer”) is the central financing authority for the Government of South Australia. SAFA provides treasury services and engages in financial market transactions, overseeing the Government of South Australia’s funding and investment needs.

SAFA has developed the South Australian Government Financing Authority Sustainability Bond Framework, dated November 2023 (the “Framework”), under which it intends to issue sustainability bonds² and use the proceeds to finance or refinance expenditures intended to support South Australia’s progress towards the UN SDGs and the Paris Agreement. Sustainalytics expects funds raised under the Framework to contribute to and accelerate South Australia’s transition to a low-carbon economy and increase access to essential services and support for vulnerable populations. The Framework defines eligibility criteria in 15 areas according to the UN Sustainable Development Goals:

1. SDG 1: Socioeconomic Advancement and Empowerment
2. SDG 2: Climate Change Adaptation, Environmentally Sustainable Management of Living Natural Resources and Land Use and Food Security
3. SDG 3: Access to Essential Services and Socioeconomic Advancement and Empowerment
4. SDG 4: Access to Essential Services and Socioeconomic Advancement and Empowerment
5. SDG 5: Socioeconomic Advancement and Empowerment
6. SDG 6: Sustainable Water and Wastewater Management
7. SDG 7: Renewable Energy
8. SDG 8: Employment Generation and Socioeconomic Advancement and Empowerment
9. SDG 9: Employment Generation, Clean Transportation and Affordable Basic Infrastructure
10. SDG10: Socioeconomic Advancement and Empowerment
11. SDG 11: Clean Transportation, Affordable Housing, Access to Essential Services and Environmentally Sustainable Management of Living Natural Resources and Land Use
12. SDG 12: Pollution Prevention and Control and Circular Economy Adapted Products, Production Technologies and Processes
13. SDG 13: Climate Change Adaptation and Pollution Prevention and Control
14. SDG 14: Environmentally Sustainable Management of Living Natural Resources and Land Use and Terrestrial and Aquatic Biodiversity
15. SDG 15: Environmentally Sustainable Management of Living Natural Resources and Land Use and Terrestrial and Aquatic Biodiversity

SAFA engaged Sustainalytics to review the Framework and provide a Second-Party Opinion on the Framework’s environmental and social credentials and its alignment with the Sustainability Bond Guidelines 2021 (SBG), Green Bond Principles 2021 (GBP), and Social Bond Principles 2023 (SBP).³ The Framework has been published in a separate document.⁴

Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁵ opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, and Social Bond Principles 2023, as administered by ICMA;

² Sustainalytics notes that SAFA intends labelling existing bonds first issued from 1 July 2018 as sustainability bonds, subject to compliance with eligibility criteria defined under the Framework. SAFA additionally commits to ensure that these bonds are managed in a portfolio approach, and proceeds of the bonds are earmarked to the eligible portfolio in compliance with the eligibility criteria and the management and reporting commitments defined in the Framework.

³ The Sustainability Bond Guidelines, Green Bond Principles, and Social Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/>

⁴ The South Australian Government Financing Authority Sustainability Bond Framework is available on the South Australian Government Financing Authority’s website at: <https://www.safa.sa.gov.au/>

⁵ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer's sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.14, which is informed by market practice and Sustainalytics' expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of SAFA and Priority Reforms, both branches of the Department of Treasury and Finance of the Government of South Australia, to understand the sustainability impact of their processes and planned use of proceeds, as well as the management of proceeds and reporting aspects of the Framework. SAFA representatives have confirmed that: (1) they understand it is the sole responsibility of SAFA to ensure that the information provided is complete, accurate and up to date; (2) they have provided Sustainalytics with all relevant information, and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics' opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and SAFA.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible activities expected to be financed with bond proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through activities financed under the Framework is the responsibility of the Framework owner. Upon 24 (twenty-four) months following the evaluation date herein, SAFA is encouraged to update the Framework, if necessary, and seek an update to the Second-Party Opinion to ensure ongoing alignment of the Framework with market standards and expectations.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realised allocation of the bond proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument in favour or against the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that SAFA has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the South Australian Government Financing Authority Sustainability Bond Framework

Sustainalytics is of the opinion that the South Australian Government Financing Authority Sustainability Bond Framework is credible, impactful and aligns with the four core components of the GBP and SBP. Sustainalytics highlights the following elements of SAFA's Sustainability Bond Framework:

- Use of Proceeds:
 - The eligible categories are aligned with those recognized by the GBP and SBP.⁶ Sustainalytics notes that infrastructure projects financed under the Framework may be rated under the IS Rating scheme of Australia's Infrastructure Sustainability Council,⁷ in addition to complying with the Framework's eligibility criteria. Moreover, in the event that SAFA seeks certification under

⁶ Socioeconomic Advancement and Empowerment, Climate Change Adaptation, Environmentally Sustainable Management of Living Natural Resources and Land Use, Food Security, Access to Essential Services, Sustainable Water and Wastewater Management, Renewable Energy, Employment Generation, Clean Transportation, Affordable Basic Infrastructure, Affordable Housing, Pollution Prevention and Control, Circular Economy Adapted Products, Production Technologies and Processes, and Terrestrial and Aquatic Biodiversity.

⁷ Infrastructure Sustainability Council, "IS Ratings", at: <https://www.iscouncil.org/is-ratings/>

the Climate Bonds Standard, the use of proceeds will comply with the relevant CBI criteria and guidance.⁸

- Sustainalytics notes that eligible green and social expenditures may include direct and operational expenditures, grants, loans, guarantees, contributions, subsidies and taxes foregone, and physical or intangible assets, such as the capitalised cost of research and development expenditure, as well as transfers to public or private entities.⁹
- SAFA has defined a look-back period of two years for refinancing opex, which Sustainalytics considers to be in line with market practice.
- Under SDG 1, funds raised by SAFA may finance or refinance assets, programmes and initiatives targeting: i) reduction of homelessness and providing support to individuals experiencing homelessness in South Australia; ii) enhanced support for children and youth in vulnerable situations¹⁰ and those with special needs; and iii) improvement of support quality for individuals experiencing trauma, loss, mental illness and abuse. Sustainalytics notes the following:
 - To support those experiencing homelessness, funding may be allocated towards: i) financial support to NGOs dedicated to providing services for homeless individuals in the form of grants or contractual agreement, such as the Aspire homelessness programme; and ii) the provision of services, including homeless shelters and facilities, to assist individuals currently experiencing homelessness and or at risk of homelessness.
 - The initiatives aiming to support vulnerable children and young people may include child protection services and programmes, and post care programmes to address risk of homelessness or housing instability after leaving care or protection services. Associated expenditures may include: i) increasing the number of caregivers for child protection facilities; ii) funding specialized services for children and young people requiring additional support; iii) care programmes such as the Next Steps pilot programme and Stability in Family Based Care programme;¹¹ iv) provision of carer payments for general foster and kinship; and v) grants for NGOs dedicated to providing services for vulnerable children, young people and their carers.
 - Sustainalytics considers that investments under this category are expected to improve accessibility and quality of services for individuals experiencing homelessness vulnerable children, young people and their carers in South Australia.
- Under SDG 2, the funds raised may finance or refinance assets, programmes and initiatives related to: i) R&D in the agricultural sector to adapt to climate change, extreme weather and natural disasters; and ii) programmes for reduction of food wastage. Examples of these are as follows:
 - R&D projects related to agricultural programmes, including development of a value-added plant-based food sector, and investigations of agronomic practices to improve drought resilience for broadacre farming systems. The Issuer has confirmed that projects related to industrial-scale meat production and industrial-scale livestock management will be excluded under the Framework.
 - Investments or programmes that support reduction of food wastage, including: i) incentives and grants to local councils to implement food waste diversion systems through kerbside collection services; and ii) education programmes targeted at improving household recycling behaviour to avoid food waste and promote food waste recycling.
 - Sustainalytics considers investments under the category to be aligned with market practice and supportive of increasing the climate resiliency of the agriculture and marine sectors and reducing food waste.

⁸ Climate Bonds Initiative, "Certification under the Climate Bond Standard", at: <https://www.climatebonds.net/certification>

⁹ SAFA has confirmed to Sustainalytics that transfers to entities will be limited to financing eligible activities as defined under the Framework.

¹⁰ SAFA defines vulnerable youth as individuals below the age of 18 from low-income households, living in poverty, homelessness, disability or impairment, domestic violence, engagement with the criminal justice system or mental illness. In some cases, they may also include young people above 18 years.

¹¹ Department for Child Protection, Government of South Australia, "Next Steps Pilot Service and Stability Post Care Individual Packages Procedure", at: https://www.childprotection.sa.gov.au/_data/assets/pdf_file/0004/946282/Next-Steps-Pilot-Service-and-Stability-Post-Care-Individual-Packages-Procedure.pdf

- Under SDG 3, funds raised by SAFA may finance or refinance assets, programmes and initiatives aimed at providing, increasing and ensuring access to public healthcare services. SAFA has confirmed that all public healthcare facilities and public services financed under the Framework are accessible to all, regardless of ability to pay. This includes through the Medicare system, which provides universal access to public healthcare services and treatment.
 - Activities funded under the Framework may include: i) construction, upgrade, maintenance, expansion and general operation of public health facilities, including hospitals, emergency medical hubs, virtual care services, drug and alcohol rehabilitation centres and mental health facilities; ii) extending and implementing the electronic medical record (EMR) system in public hospitals; iii) vaccines, childhood immunization programmes, testing and other pandemic-related expenditures; and iv) education and vocational training centres for medical staff, public health and emergency response professionals.
 - Financing towards the South Australian Health and Medical Research Institute to support research and development relating to human medicine or health.
 - Financing initiatives and programmes outlined in South Australia’s Tobacco Control Strategy for the period 2023-2027 aimed at reducing smoking rates and tobacco-related harm in South Australia, with a specific focus on vulnerable and disadvantaged populations, including Aboriginal and Torres Strait Islander communities and people with mental health conditions. Sustainalytics notes actions related to raising awareness, increasing access to cessation services, and support towards increasing smoke-free public areas, including evaluation and assessment of monitoring measures as supportive in improving smoking-related health outcomes in South Australia.
 - Sustainalytics considers that expenditures and investments under this category will help deliver and enhance Australia’s universal healthcare system and improve accessibility and quality of care in South Australia.
- Under SDG 4, funds raised by SAFA may finance or refinance expenditure for assets, programmes and initiatives aimed at providing, increasing and delivering public education to students including pre-school, primary and secondary education, universities and vocational training. SAFA has confirmed that all education facilities and services financed under the Framework are accessible to all regardless of ability to pay.
 - To increase access to vocational education and training, funds raised by SAFA may be used to finance programmes under the FEE Free TAFE initiative to establish additional training facilities and places providing free-of-cost education and vocational training in areas with skills shortages, including care services, technology and digital, hospitality and tourism, construction, agriculture and sovereign capability, advanced manufacturing.
 - Funds raised by SAFA may also be used to finance the construction maintenance and expansion of public preschools, primary schools, high schools and gymnasiums, including schools catering to children with special needs. Additional activities include the provision of school supplies, technological devices and financial support for internet access for students from vulnerable backgrounds.
 - To increase the number and quality of teachers and educational professionals in public schools, funds raised by SAFA may finance professional development services and training. SAFA has confirmed to Sustainalytics that such training programmes and financial support funded under the Framework will go towards supporting staff in the public education system.
 - Sustainalytics considers that investments under this category are expected to improve accessibility and quality of education in South Australia.
- Under SDG 5, funds raised by SAFA may finance or refinance assets, programmes and initiatives that focus on providing services for victims of violence or abuse, educational programmes aimed at the prevention of violence and abuse against women, and to promote opportunities for women to participate in the social, political and economic spheres. Intended projects under this category may include:
 - Through the Women’s and Children’s Health Network¹² provide rape and sexual assault services for people aged 16 years and over at the time of the sexual assault, including 24-hour crisis response services, professional counselling and advocacy, and intensive therapeutic care for young people aged 12-25 years who are at risk of sexual exploitation.

¹² Government of South Australia, Women’s and Children’s Health Network, “Yarrow Place Rape and Sexual Assault Service”, at: <https://www.wchn.sa.gov.au/our-network/yarrow-place>

- Safety response and services, including accommodation, material assistance, advice and information, specialized legal assistance, advocacy, and health and well-being support for women and their children who are experiencing domestic or family violence. Additionally, funds raised by SAFA may finance the development and operation of a personal protection app linking at-risk women directly to police and domestic violence services programmes.
 - Construction and upgrade of sporting facilities for women to reduce barriers in their involvement in physical activities and sports.
 - Upskilling, training and support programmes to women entrepreneurs and business owners under the Women in Business programme¹³ and Multi-cultural Women's Leadership programme.
 - SAFA has confirmed to Sustainalytics that financing will not include facilities or programmes that are designed to be punitive or retributive in nature. Sustainalytics considers investments under this category to be aligned with market practice.
- Under SDG 6, funds raised by SAFA may finance or refinance assets, programmes and initiatives for the development, construction, acquisition, installation, operation and maintenance of sustainable water management projects, such as:
 - Public water treatment infrastructure and distribution networks, including desalination plants. Desalination plants will: i) either be powered by renewables or the state grid;¹⁴ ii) have an appropriate waste management plan in place for brine disposal at desalination plants in line with an EPA license¹⁵; and iii) exclude fossil fuel-powered integrated water and power plants. Sustainalytics acknowledges that South Australia's state grid is decarbonizing at a rapid pace with commitments such as the SA Water Net Zero Emissions target by 2030 and South Australia Net Zero in place.¹⁶ Nevertheless, Sustainalytics notes that funds raised by SAFA may finance desalination plants that may rely on power derived from fossil fuels. While Sustainalytics recognizes that such facilities will help to improve access to water, but notes that desalination plants are highly energy intensive and encourages the Issuer to consider the carbon intensity of power sources when selecting projects.
 - Installation of renewables, including solar PV, to offset the energy requirements of water treatment-related infrastructure and distribution systems.
 - Water management assets and infrastructure to optimize water quality and improve waste and sanitation infrastructure. SAFA has confirmed to Sustainalytics that: i) water quality systems and equipment with sole application in hard-to-abate and fossil fuel industries will not be eligible; and ii) eligible wastewater treatment facilities will exclude the treatment of wastewater from any fossil fuel operations.
 - Sustainalytics considers investments under this category to align with market practice.
 - Under SDG 7, funds raised by SAFA may finance or refinance assets, programmes and initiatives for the development, manufacture, construction, expansion, operation, distribution and maintenance of renewable energy projects, including:
 - Hydrogen production, storage systems and facilities where hydrogen is produced through electrolysis powered by renewables.
 - Large-scale renewable electricity generation from onshore and offshore solar and wind energy sources.
 - Investments in large-scale battery storage systems and facilities and transmission and distribution (T&D) infrastructure, such as the Project EnergyConnect¹⁷. The battery storage systems or facilities will be connected to renewables or the South Australian

¹³ Government of South Australia, Small and Family Business, "Women in Business", at: <https://business.sa.gov.au/programs/women-in-business>

¹⁴ Sustainalytics notes that the average grid emissions intensity for South Australia for the last 12 months as at 8th November 2023 is 129gCO₂e/kWh. Nevertheless it is also noted that currently over 65% of the South Australian grid is powered by renewable energy sources, with the Government of South Australia planning to further decarbonize the grid in the coming years. Electricity Maps, "South Australia", at: <https://app.electricitymaps.com/zone/AU-SA>

¹⁵ Government of South Australia, EPA, "Reforms to licensing of desalination", at:

https://www.epa.sa.gov.au/articles/2013/10/15/reforms_to_licensing_of_desalination

¹⁶ Government of South Australia, Climate Change, "Climate Change Strategy 2015-2050- Towards a low carbon economy", at: <https://ysa-v2-katalyst-com-au.s3.amazonaws.com/production/2015/11/30/01/33/39/498ce396-6788-4d4e-b364-1c35a37a7e88/sa-climate-change-strategy-2015-2050-towards-low-carbon-economy.pdf>

¹⁷ Project Energy Connect, "Resources", at: <https://www.projectenergyconnect.com.au/moreInformation.php>

grid. For transmission infrastructure where the grid uses less than 90% renewable electricity, SAFA will follow a pro-rata approach to determine green allocation to grid development or maintenance.

- Financing of infrastructure related to the development of a virtual power plant targeted at increasing renewable energy access by connecting solar energy equipment and batteries at no cost for tenants residing in social housing; reducing the electricity prices for tenants living in social housing and improving grid stability by supporting the network in case of extreme weather events, such as during blackouts. The Issuer confirmed to Sustainalytics the exclusion of fossil fuel power storage.
 - Sustainalytics considers investments under this category to be aligned with market practice.
- Under SDG 8, funds raised by SAFA may finance or refinance assets, programmes and initiatives in the areas of employment generation, financial support to vulnerable populations, increasing opportunities for indigenous populations, and support to businesses in various industries and businesses affected by extreme events, such as natural disasters and public health disasters. Example programmes for financing include:

- The energy bill relief plan¹⁸ to support eligible individuals or households¹⁹ and small businesses²⁰ through rebates.
- Financing towards the South Australian Water Corporation to support with costs associated with providing water and sewerage services in remote and regional areas.
- Provision of grants to local councils for the delivery of services related to waste management²¹, and recreational facilities, cultural centres, museums and libraries, green open spaces and parks where access to these sites will be free for all or subsidized for low-income populations.
- Funds raised by SAFA may provide finance for the Inclusive SA initiative, which is dedicated to promoting accessibility and inclusivity in South Australia, with a specific focus on supporting individuals with disabilities, such as through increasing accessibility to public and community infrastructure, transport, services, information, sport and recreation. Sustainalytics notes the indirect nature of some of the expenditures under this category and the uncertainty around future policies and measures. Nevertheless, Sustainalytics considers financing towards these programmes to be supportive in increasing social inclusion for people living with disabilities. Sustainalytics encourages the SAFA to report on social impacts achieved.
- Financing towards the development of South Australia's Autism Strategy and Charter²² with the goal of creating opportunities for individuals with autism to participate in society and increase inclusivity. Sustainalytics notes the indirect nature of some of the expenditures under this objective and the uncertainty of where the financing will ultimately be used as the strategy is under development. Nevertheless, Sustainalytics considers the establishment of the strategy through a multi-stakeholder consultation process and the delivery of action items to have an expected positive impact on people with autism, including children. Sustainalytics encourages SAFA to report on social impacts achieved.
- Grants and support programmes towards: i) disaster recovery efforts for businesses impacted by the River Murray flooding; ii) programmes assisting small business²³

¹⁸ Government of South Australia, Household concessions, "Energy Bill Relief", at: <https://www.sa.gov.au/topics/care-and-support/concessions/household-concessions/energy-bill-relief#:~:text=Your%20eligibility%20for%20the%20energy.addition%20to%20the%20energy%20concession.>

¹⁹ To be eligible for concessions individuals must have one of the following: Pensioner Concession Card, Health Care Card (including Low Income Health Care Card), DVA Gold Card, Commonwealth Seniors Health Card, Family Tax Benefit (FTB) A or B, or Carer Allowance.

²⁰ Small businesses eligible for financial support are defined as businesses with separately metered business tariffs and consumption of less than 160 MWh of electricity annually.

²¹ Waste management and coastal protection services as defined under SDGs 12 and 14.

²² Inclusive SA, "Autism Strategy", at: <https://autismstrategy.sa.gov.au/>

²³ Small businesses defined as: 1) holds an Australian Business Number (ABN); and 2) is not a public company within the meaning of the Corporations Act 2001; and 3) employs fewer than 30 full-time employees, where the sum of all standard hours worked by all employees (whether full-time or part-time) is smaller than the number of standard hours that would be worked by 30 full-time employees. ; 4) is a sole trader, partnership, private company or trust that carries on a small business and has been trading in 2022-2023 and prior to the eligible disaster event.

transport; ii) infrastructure for increased public transportation use; iii) increasing access to affordable housing for vulnerable populations and providing funding to facilitate housing ownership; iv) increasing the share of green buildings in South Australia; and v) increasing access to public spaces and nature parks. Potential projects for financing include:

- Clean transportation related expenditures, such as: i) financing of electric passenger vehicles and public transport, such as buses and trains with zero direct emissions; ii) infrastructure for low-carbon transport, such as electric vehicle charging stations; and iii) public walking and cycling infrastructures such as pedestrian paths and bicycle lanes. Sustainalytics considers these expenditures to be aligned with market practice.
- Increased access to public transport through the financing of public transport infrastructure, roads and discount on public transportation for vulnerable populations. SAFA has confirmed to Sustainalytics that financing under the Framework for the construction of roads will be limited to areas and regions that currently lack adequate access or have no access, hindering communities from accessing basic goods and services.
- Affordable housing expenditures include:
 - Public and community housing for single adult households with an annual income below AUD 39,880 (USD 25,386), noting that the income limit necessarily increases for each additional adult or child in a household. To ensure affordability of public housing, households generally pay no more than 30% of the household's total assessable income before tax, with further subsidised rent applied on a need's basis.
 - HomeSeeker SA³⁰ is part of the Government of South Australia's affordable home ownership scheme and connects eligible buyers to affordable homes, defined as being priced at AUD 417,000 or less³¹. Under Home Seeker SA, eligible applicants may include single-person metropolitan households with an annual income of up to AUD 100,000 (USD 63,655) with lower income thresholds for households in regional South Australia. HomeSeeker SA offers additional support to applicants including education about renting and the buying process. The Government of South Australia, through RevenueSA, also offers stamp duty relief and grants of up to AUD 15,000 (USD 9,548) to first-time buyers. Sustainalytics acknowledges the expected benefits of the HomeSeeker SA and above-mentioned government programmes for first-time home buyers, but notes that the programme's eligibility thresholds are above the current median income for South Australia. Sustainalytics consider it as good practice to define a target population with an upper threshold at or below the annual median income at the municipal or regional level to ensure increased access to affordable housing and encourages SAFA to prioritize the identification of first-time home buyers from lower income populations under the Framework.
- Green building expenditures include the construction, acquisition and renovation of residential buildings that have achieved a NATHERS³² 7-star energy efficiency rating and a minimum rating of NABERS³³ 4 star or Green Star³⁴ 4 stars. Sustainalytics considers a minimum rating of NABERS 4.5 stars and Green Star minimum rating of 5 stars as credible for green finance, therefore, encourages funds raised by SAFA to finance buildings that achieve at least NABERS 4.5 stars and Green Star 5 stars, and to provide transparent reporting on the environmental performance of the buildings financed.
- Financing towards operations and projects that maintain and increase green open spaces and public parks such as through construction of visitor centres and upgrade

³⁰ HomeSeeker SA, at: <https://homeseeker.sa.gov.au/>

³¹ The South Australian Government Gazette, "South Australian Housing Trust Regulations 2010", at: [Government-Gazette-Determination-of-Criteria-for-the-Purposes-of-Affordable-Housing.pdf](#)

³² NatHERS: <https://www.nathers.gov.au/>

³³ Nabers: <https://www.nabers.gov.au/>

³⁴ Green Star: <https://new.gbca.org.au/green-star/exploring-green-star/>

and expansion of visitor trails. SAFA has confirmed to Sustainalytics that nature parks and green open spaces financed under the Framework will be affordable to all regardless of the ability to pay. In addition, SAFA also confirmed that they will exclude the financing of associated car parks and roads. Sustainalytics considers the financing of green open spaces and public parks as aligned with market practice.

- Under SDG 12, the raised funds may finance or refinance operational and capital expenditure for assets, programmes and initiatives related to waste management and mitigation of environmental pollutants in the air, water and soil. Eligible activities may include the following:
 - Waste management projects including waste prevention, collection, recycling and reuse in line with the Green Industries South Australia's Waste Strategy (2020-2025),³⁵ which supports circular economy development, waste management and resource recovery measures. The Issuer has confirmed to Sustainalytics that waste management projects will often: i) include source segregation of waste, ii) be limited to mechanical recycling of plastic; and iii) exclude financing of e-waste recycling, noting that since September 2013, e-waste has been banned from direct landfill disposal across South Australia.
 - Projects related to air quality improvements including equipment for monitoring and reducing air pollutants. The Issuer has confirmed to Sustainalytics that activities under this category will exclude: i) equipment, systems or technologies driven by fossil fuels; and ii) where air pollution results from fossil fuel production .
 - Sustainalytics considers activities under this category to be aligned with market practice.
- Under SDG 13, the Issuer may finance or refinance expenditures for assets, programmes and initiatives related to the development, operation and management of projects and programmes, such as natural disaster prevention infrastructure and monitoring systems, and investments in data, technology and education programmes to increase awareness on climate-related issues. Eligible activities may include the following:
 - Development of the State Emergency Management Plan³⁶ including bushfire and wildfire management.
 - Projects related to addressing damage and displacement caused by natural disasters such as support to emergency services for bushfire and flood response, emergency accommodation assistance, travel assistance, clean-up and waste programme, Aboriginal heritage protection.
 - Carbon emission reduction activities, such as strategies and objectives under the SA Climate Change Actions and Blue Carbon Strategy. Investments may also be used towards climate change emergency priority projects, including net zero emissions modelling and planning, climate-ready initiatives, and restoration and enhancement of coastal projects to re-establish natural tidal flows and landward movement of saltmarsh and mangroves as sea levels rise. The Issuer has confirmed to Sustainalytics projects will follow the Framework's objectives and eligibility criteria.
 - Projects related to the natural environment protection and resilience building include initiatives that support climate change adaptation such as Stronger Together - South Australia's Disaster Resilience Strategy³⁷. For the prevention of coastal erosion, financing may also include the development of the Coast Protection Board for protection, restoration and development of the coast.
 - The Department for Environment and Water, through its Climate Change Science and Knowledge Plan³⁸, provides vital information on climate change risk assessment, mitigation, planning and adaptation responses in South Australia, recommended and available for use by all. All eligible climate adaption projects under the Framework, will

³⁵ Government of South Australia, "South Australia's Waste Strategy 2020-2025", at: <https://www.greenindustries.sa.gov.au/resources/sa-waste-strategy-2020-2025>

³⁶ Government of South Australia, Department of the Premier and Cabinet, "State Emergency Management Plan", at: <https://www.dpc.sa.gov.au/responsibilities/security-emergency-and-recovery-management/state-emergency-management-plan>

³⁷ Government of South Australia, South Australian Fire and Emergency Services Commission, "South Australia's Disaster Resilience Strategy", at: <https://www.safecom.sa.gov.au/initiatives/stronger-together-south-australias-disaster-resilience-strategy/>

³⁸ Government of South Australia, Enviro Data SA, "Climate Change Science and Knowledge Plan for South Australia", (2020), at: <https://data.environment.sa.gov.au/Content/Publications/Climate-Change-Science-and-Knowledge-Plan.pdf>

- have vulnerability assessments and adaptation plans in place. Sustainalytics considers the expenditures under this category to be aligned with market practice.
- Under SDG 14, the Issuer may finance or refinance assets, programmes and initiatives for the development, management, maintenance, protection, restoration and establishment of beaches, terrestrial and marine biodiversity, and national parks. Eligible activities may include:
 - South Australia has a network of 19 marine parks where a variety of habitats and thousands of species are protected. For the protection of coasts and beaches, examples of projects include beach replenishment, dune rehabilitation, protection structures (including seawalls), and mangrove and coastal protection and restoration. Additionally, expenditures towards coastal management may include financial support and coastal protection grants, including those made to local governments.
 - Projects related to preservation and conservation of terrestrial biodiversity, natural habitats and landscapes in South Australia under the National Parks and Wildlife Act 1972, such as restoration of coastlines and former agricultural land.³⁹
 - Forestry activities may involve financing for afforestation, reforestation, conservation of native tree species, where such projects will use tree species that are native and well adapted to site conditions. Additionally, projects will be supported with a sustainable forest management plan in place under the Native Forest Reserve Management Plan.⁴⁰ The key objectives under the plan include managing biodiversity, conserving Aboriginal heritage and culture and managing adverse effects of human activities and their impact on surrounding areas.
 - Sustainalytics considers these expenditures to be aligned with market practice.
 - Under SDG 15, funds raised by SAFA may finance or refinance the development, operation and management of expenditures related to conservation of parks, land and natural habitats and the protection and restoration of biodiversity. Eligible activities may include:
 - Systems to record, manage and share the biodiversity data, such as BioData SA.⁴¹
 - Sustainalytics considers these expenditures to be aligned with market practice.
 - Project Evaluation and Selection:
 - In collaboration with different agencies of the Government of South Australia, SAFA will select a preliminary list of assets, capital and operating expenditures and specific projects for inclusion in the register of eligible assets. The Issuer has established an ESG Consultation Group to support the evaluation, selection and approval process; the ESG Consultation Group comprises senior officers from SAFA and the Budget and Performance Branch of the Government of South Australia's Department of Treasury and Finance. The final list of activities included in the register will be approved by SAFA's Chief Executive Officer.
 - The environmental and social laws and regulations of South Australia apply to all allocation decisions made under the Framework. For more detail on the Government of South Australia's environmental and social risk mitigation processes, please refer to Section 2.
 - Based on the cross-functional oversight for the project evaluation and selection process and the presence of a risk management process, Sustainalytics considers this process to be in line with market practice.
 - Management of Proceeds:
 - SAFA will be responsible for the monitoring, tracking and overall management of proceeds using a portfolio approach and a dedicated register for eligible expenditures.
 - SAFA will regularly assess and adjust the balance of sustainability bond proceeds allocated to the pool of eligible expenditures. SAFA will ensure that the total pool of eligible expenditures is greater than the net proceeds raised.

³⁹ Government of South Australia, "National Parks and Wildlife Act", (1972), at: https://www.legislation.sa.gov.au/_/legislation/lz/c/a/national%20parks%20and%20wildlife%20act%201972/current/1972.56.auth.pdf

⁴⁰ Government of South Australia, Forestry SA, "Mount Lofty Ranges Forest Management Plan 2021-2026", at: https://www.forestrysa.com.au/app/uploads/2022/03/MLR-Forest-Management-plan-2021-2026_.pdf

⁴¹ Government of South Australia, Department of Environment and Water, "Biodata SA", at: <https://www.environment.sa.gov.au/topics/science/information-and-data/biodata-sa>

- SAFA intends to reach full allocation within two financial years from the date of issuance. Pending full allocation, unallocated proceeds will be held in cash, or cash equivalents, used to reduce temporarily indebtedness or made as investments in activities not included under the Framework's exclusionary criteria.
- Based on the use of a tracking system and the disclosure of the temporary use of proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:
 - SAFA intends to report on the allocation of proceeds and corresponding impact through a dedicated Sustainability Bond Allocation and Impact Report on an annual basis until full allocation. The reporting is expected to commence up to 12 months after issuance or labelling.
 - The allocation report will include information about the issuance, the amount of proceeds allocated to eligible expenditures, the balance of unallocated proceeds, share of financing versus refinancing, and examples of initiatives financed.
 - Impact reporting may include, subject to availability, relevant impact metrics, such as public transport patronage, annual GHG emissions avoided, number of homeless people assisted, waiting times in emergency departments.
 - Based on the annual allocation and impact reporting commitments, Sustainalytics considers this process to be in line with market practice.

Alignment with Sustainability Bond Guidelines 2021

Sustainalytics has determined that the South Australian Government Financing Authority Sustainability Bond Framework aligns with the four core components of the GBP and SBP. For detailed information, please refer to Appendix 1: Sustainability Bond/ Sustainability Bond Programme External Review Form.

Section 2: Sustainability Strategy of the Government of South Australia

Contribution to the Government of South Australia's sustainability mandate

Sustainalytics is of the opinion that South Australia's commitment to sustainability is demonstrated through South Australia Responding to Climate Change⁴² and the Climate Change and Greenhouse Emissions Reduction Act 2007.⁴³ Current strategies aimed at advancing sustainability in the state include South Australia's Waste Strategy 2020-2025 and the State Landscape Strategy 2022.^{44,45}

The Government of South Australia has set goals for South Australia to achieve net zero GHG emissions by 2050 in line with Australia's Nationally Determined Contribution under the Paris Agreement, and to reducing the State's emissions by 50% by 2030 compared to 2005.⁴⁶ The Climate Change Actions⁴⁷ provides a roadmap and outlines the Government of South Australia's actions aimed at supporting the reduction of GHG emissions and adapting to a changing climate across the state's main sectors and industries. Key objectives of the plan include: i) 100% net renewable energy generation by 2030; ii) development of a renewable hydrogen industry; iii) development of a more circular economy through innovative technologies; iv) development of climate-resilient farming operations and water supply; v) development of infrastructure that supports increased use of public transport and zero-emission vehicles; vi) increased energy efficiency and climate-resilient improvements in the built environment; and vii) development of climate-resilient emergency and health services.

As part of these objectives, the Government of South Australia has established the Hydrogen and Renewable Energy Bill 2023 and the Hydrogen Jobs Plan, through which the state has budgeted AUD 593 million (USD 378.32 million) by the end of 2025 to support the development of the state's renewable hydrogen

⁴² Government of South Australia, "Responding to climate change", at: <https://cdn.environment.sa.gov.au/environment/docs/Responding-to-Climate-Change-info-sheet.pdf>

⁴³ Light Regional Council, "Environmental Sustainability Strategy and Action Plan 2022-2027", (2022), at:

https://www.light.sa.gov.au/_data/assets/pdf_file/0022/503662/Sustainability-Strategy-and-Action-Policy.pdf

⁴⁴ Government of South Australia, Green Industries SA, "South Australia's Waste Strategy 2020-2025", at: <https://www.greenindustries.sa.gov.au/resources/sa-waste-strategy-2020-2025>

⁴⁵ Government of South Australia, Department of Environment and Water, "State Landscape Strategy", at: <https://cdn.environment.sa.gov.au/landscape/docs/statewide/828374-LSA-Statewide-Landscape-Strategy-V15-FIN3-web.pdf>

⁴⁶ Government of South Australia, Department of Environment and Water, "Climate Change Actions", at: <https://cdn.environment.sa.gov.au/environment/docs/935664-DEW-SA-Government-Climate-Actions-doc-V8.pdf>

⁴⁷ Ibid.

industry.^{48,49} To achieve the 100% renewable energy generation target, South Australia has attracted investment from the private sector for the development of large-scale renewable energy and storage projects.⁵⁰ Additionally, the Government of South Australia aims to provide support for the installation of charging stations over approximately 4,440 km of roads in South Australia with a budgeted investment of AUD 25 million (USD 15.98 million) by 2025 for the installation of public charging stations.⁵¹

In addition to its environmental commitments and policies, the Government of South Australia's social programmes and policies include the Aboriginal Health Care Framework 2023-2031 and State Disability Inclusion Plan.^{52,53} For the provision of education, the Government of South Australia has budgeted AUD 3.5 billion in 2023-24. To strengthen South Australia's education system, the state government earmarked an additional AUD 155.6 million (USD 99.40 million) over five years in the 2023-24 state budget, of which AUD 100.2 million (USD 64.01 million) over four years will be directed to improving public school infrastructure.^{54,55}

In relation to affordable housing, the Government of South Australia budgeted AUD 474.7 million (USD 299.52 million) for the provision of affordable housing services in 2023-24. In 2023, the Government of South Australia developed the A Better Housing Future housing package to respond to housing challenges in South Australia. The package includes public, social and affordable housing, providing lower costs for renters and support for home buyers, among other measures,⁵⁶ aiming to provide 3,600 affordable homes over the next five years (from 2023-24), including an additional 1,144 public housing units in stock by 30 June 2026.⁵⁷

In relation to enhancing access to healthcare, the Government of South Australia budgeted AUD 4.9 billion (USD 3.09 billion) for the provision of health services in 2023-24. The Government of South Australia earmarked an additional AUD 2.3 billion (USD 1.47 billion) over five years in the 2023-24 state budget to enhance South Australia's healthcare system.⁵⁸ This includes a budgeted amount of AUD 20.1 million (USD 12.84 million) over two years to upgrade the paediatric intensive care unit at the Women's and Children's Hospital, among other initiatives.⁵⁹

Sustainalytics is of the opinion that the Framework is aligned with the Government of South Australia's overall sustainability strategy and will further support action on its key environmental and social priorities.

Approach to managing environmental and social risks associated with the projects.

Sustainalytics recognizes that the proceeds from the instruments issued under the Framework will be directed towards eligible activities that are expected to have positive environmental and social impact. However, Sustainalytics is aware that such eligible activities could also lead to negative environmental and social outcomes. Some key environmental and social risks possibly associated with the eligible activities may include issues related to land use and biodiversity issues associated with large-scale infrastructure development, effluents and waste generated in construction, occupational health and safety, community relations and corruption and business ethics.

⁴⁸ Government of South Australia, "Hydrogen and Renewable Energy Bill", (2023), at:

https://www.legislation.sa.gov.au/_legislation/lz/b/current/hydrogen%20and%20renewable%20energy%20bill%202023/b_as%20introduced%20in%20h/a/hydrogen%20renewable%20energy%20bill%202023.un.pdf

⁴⁹ Government of South Australia, "Hydrogen Jobs Plan", (2022), at:

https://www.hydrogen.sa.gov.au/_data/assets/pdf_file/0007/841966/205675_OHPSA_Green_Hydrogen_brochure_for_print_ENGLISH.pdf

⁵⁰ Government of South Australia, Energy and Mining, "Leading the Green Economy", at: <https://www.energymining.sa.gov.au/industry/modern-energy/leading-the-green-economy#:~:text=Renewable%20energy,-South%20Australia%20is&text=In%202021%2C%20South%20Australia%20met,billion%20in%20the%20investment%20pipeline.>

⁵¹ Ibid.

⁵² Government of South Australia, SA Health, "Aboriginal Health Care Framework 2023-2031", at:

<https://www.sahealth.sa.gov.au/wps/wcm/connect/public+content/sa+health+internet/about+us/about+sa+health/aboriginal+health/aboriginal+health+care+framework+2023-2031>

⁵³ Government of South Australia, Inclusive SA, "State Disability Inclusion Plan 2019-2023", at:

https://inclusive.sa.gov.au/_data/assets/pdf_file/0007/95335/State-Disability-Inclusion-Plan-Inclusive-SA.pdf

⁵⁴ Government of South Australia, "Our Strategy for Public Education in South Australia", at: <https://www.education.sa.gov.au/purpose-media/Strategy-public-education.pdf>

⁵⁵ Government of South Australia, State Budget 2023-24, "Education", at: <https://www.statebudget.sa.gov.au/our-budget/education>

⁵⁶ Government of South Australia, SA Housing Authority, "Our Housing Future 2020-2030", at:

https://www.housing.sa.gov.au/_data/assets/pdf_file/0003/130692/Our-Housing-Future-2020-2030.pdf

⁵⁷ Ibid.

⁵⁸ Government of South Australia, State Budget 2023-24, "Health", at: <https://www.statebudget.sa.gov.au/our-budget/Health>

⁵⁹ Government of South Australia, State Budget 2023-24, "Investing in Health Services", at: <https://www.statebudget.sa.gov.au/our-budget/Health/investing-in-health-services>

Sustainalytics notes that the activities financed under the Framework are subject to South Australia's policies, rules and regulations and is of the opinion that the Government of South Australia is able to manage or mitigate potential risks through implementation of the following:

- To address issues related to land use associated with large-scale infrastructure development, South Australia's laws such as the Planning, Development and Infrastructure Act (2016),⁶⁰ the Petroleum and Geothermal Energy Act (2000)⁶¹ and the Mining Act (1971)⁶² set out requirements for an environmental impact assessment for proposed developments or projects in the state. Additionally, the state adheres to the Australian Government's Environment Protection and Biodiversity Conservation Act 1999 (EPBC Act),⁶³ which requires the state to assess, on behalf of the Australian Government, projects and developments that are likely to have a significant impact on a matter of national environmental significance through an environmental impact assessment.⁶⁴
- Further, the Landscape South Australia Act (2019) promotes ecologically sustainable development in South Australia by establishing an integrated scheme for the use and management of natural resources contributing to the protection, enhancement, restoration and sustainable management of land, soil, water resources and native flora and fauna, among other objectives.⁶⁵ Other laws in place in South Australia regarding the restoration of land and conservation of wildlife include the Wilderness Protection Act (1992)⁶⁶ and the National Parks and Wildlife Act (1972).⁶⁷
- To mitigate risks related to waste and effluents in construction, South Australia's Environment Protection (Waste to Resources) Policy (2010) sets out an objective to implement waste management hierarchy and outlines general practices for effective monitoring, recording and reporting of disposal, treatment and transportation of waste within the state.⁶⁸
- For occupational health and safety (OH&S) related risks, South Australia's Work Health and Safety Act (2012)⁶⁹ sets out a framework on worker health and safety to eliminate or minimize risks at the workplace. The act also sets requirements to promote improvements in health and safety practices, provide health and safety training and ensure appropriate reviews of corrective measures implemented at the workplace.
- In relation to community relations, South Australia has adopted a Community Engagement Charter under the Planning, Development and Infrastructure Act (2016).^{70,71} The Charter outlines a guide for public participation and consultation for preparation and amendment of designated strategies and schemes for planning and development of infrastructure projects within the state. Additionally, South Australia's Environment Protection Authority sets requirements on community engagement with key stakeholders, including residents from impacted areas, local groups, Aboriginal communities, and to improve community engagement practices where community interests are high in an entity's operations or activities.⁷²

⁶⁰ Government of South Australia, "Planning, Development and Infrastructure Act 2016", at:

<https://www.legislation.sa.gov.au/lz/path=%2FC%2FA%2FPLANNING%20DEVELOPMENT%20AND%20INFRASTRUCTURE%20ACT%202016>

⁶¹ Government of South Australia, "Petroleum and Geothermal Energy Act 2000", at:

<https://www.legislation.sa.gov.au/lz/path=%2FC%2FA%2FPETROLEUM%20AND%20GEOTHERMAL%20ENERGY%20ACT%202000>

⁶² Government of South Australia, "Mining Act 1971", at: <https://www.legislation.sa.gov.au/lz/path=%2FC%2FA%2FMINING%20ACT%201971>

⁶³ Australian Government, Department of Climate Change, Energy, the Environment and Water, "Environment Protection and Biodiversity Conservation Act 1999 (EPBC Act)", at: <https://www.dcceew.gov.au/environment/epbc>

⁶⁴ Australian Government, Department of Climate Change, Energy, the Environment and Water, "South Australia bilateral agreement for environmental assessments", at: [https://www.dcceew.gov.au/environment/epbc/approvals/state-](https://www.dcceew.gov.au/environment/epbc/approvals/state-assessments/sa#:~:text=This%20agreement%20allows%20South%20Australia,with%20all%20states%20and%20territories)

[assessments/sa#:~:text=This%20agreement%20allows%20South%20Australia,with%20all%20states%20and%20territories](https://www.dcceew.gov.au/environment/epbc/approvals/state-assessments/sa#:~:text=This%20agreement%20allows%20South%20Australia,with%20all%20states%20and%20territories)

⁶⁵ Government of South Australia, "Landscape South Australia Act 2019", at:

<https://www.legislation.sa.gov.au/lz/path=%2FC%2FA%2FLANDSCAPE%20SOUTH%20AUSTRALIA%20ACT%202019>

⁶⁶ Government of South Australia, "Wilderness Protection Act 1992", at:

<https://www.legislation.sa.gov.au/lz/path=%2FC%2FA%2FWILDERNESS%20PROTECTION%20ACT%201992>

⁶⁷ Government of South Australia, "National Parks and Wildlife Act 1972", at:

<https://www.legislation.sa.gov.au/lz/path=%2FC%2FA%2FNATIONAL%20PARKS%20AND%20WILDLIFE%20ACT%201972>

⁶⁸ Government of South Australia, "Environment Protection (Waste to Resources) Policy 2010", at:

[https://www.legislation.sa.gov.au/lz/path=%2FC%2FPOL%2FEnvironment%20Protection%20\(Waste%20to%20Resources\)%20Policy%202010](https://www.legislation.sa.gov.au/lz/path=%2FC%2FPOL%2FEnvironment%20Protection%20(Waste%20to%20Resources)%20Policy%202010)

⁶⁹ Government of South Australia, "Work Health and Safety Act 2012", at:

<https://www.legislation.sa.gov.au/lz/path=%2FC%2FA%2FWORK%20HEALTH%20AND%20SAFETY%20ACT%202012>

⁷⁰ Government of South Australia, Department for Trade and Investment, "Community Engagement Charter", at:

https://plan.sa.gov.au/resources/planning/community_engagement_charter

⁷¹ Government of South Australia, "Planning, Development and Infrastructure Act 2016", at:

<https://www.legislation.sa.gov.au/lz/path=%2FC%2FA%2FPLANNING%20DEVELOPMENT%20AND%20INFRASTRUCTURE%20ACT%202016>

⁷² South Australia Environment Protection Authority, "Community Engagement" at: https://www.epa.sa.gov.au/business_and_industry/community-engagement

- For risks related to corruption and business ethics, South Australia’s Independent Commission Against Corruption Act (2012) establishes requirements on the identification and investigation of matters related to corruption in the public administration, the prevention or minimization of corruption through evaluation policies and procedures and outlines provisions to register complaints about the public administration.⁷³ In terms of business ethics, South Australia has a Code of Ethics in place for the public sector that outlines standards for professional and courteous behaviour, conflicts of interest, use of government or public resources and reporting of unethical behaviour among other aspects.⁷⁴

Based on these policies, standards and assessments, Sustainalytics is of the opinion that the Government of South Australia has adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

Section 3: Impact of Use of Proceeds

All 15 use of proceeds categories are aligned with those recognized by the GBP or SBP. Sustainalytics has focused on three categories below where the impact is specifically relevant in the local context.

Importance of renewable energy in South Australia

South Australia is the second-highest producer of renewable energy among states in Australia, after Tasmania.⁷⁵ In 2021, renewable energy accounted for 65% of energy generation in South Australia, where wind accounted for 41% of generation and solar energy accounted for 23%.⁷⁶ In addition, renewable energy generation in South Australia is projected to reach 85% by 2025-2026 with a target to achieve 100% net renewable energy by 2030.⁷⁷ To support this, the Government of South Australia policies aim to increase the network’s share of renewables with renewable power infrastructure, including wind, solar PV generation and storage.⁷⁸ South Australia also aims to contribute in the decarbonization plans of its neighbouring states by exporting renewable power, for example, having exported 1335 GWh of gross renewable electricity to Victoria in 2020.⁷⁹

Based on the above context, Sustainalytics is of the opinion that South Australia’s financing in renewable energy is expected to contribute to South Australia’s transition to a low-carbon economy and the achievement of state and national climate targets.

Importance of increasing affordable housing in South Australia

An increase in interstate migration since the COVID-19 pandemic has contributed to increased housing demand in both metropolitan and regional areas across South Australia.⁸⁰ As a consequence, house prices and rents have increase in the state, with the median house price in South Australia having increased by 36.8% to AUD 595,000 (USD 382,466)⁸¹ and rents for houses by approximately 28.9% between December 2019 and December 2022. The Latest projections for the state indicate the need for between 95,000 and 115,000 additional dwellings by 2032 to accommodate the projected growth in population.⁸²

⁷³ Government of South Australia, “Independent Commission Against Corruption Act 2012”, at: <https://www.legislation.sa.gov.au/lz/path=%2FC%2FA%2FIndependent%20Commission%20Against%20Corruption%20Act%202012>

⁷⁴ Government of South Australia, Office of the Commissioner for Public Sector Employment, “Code of Ethics for the South Australian public sector”, at: <https://www.publicsector.sa.gov.au/hr-and-policy-support/code-of-ethics/files/OCPSE-CodeofEthics-25072023.pdf>

⁷⁵ Statista, “Share of energy acquired from renewable sources in Australia in 2022, by state”, (2023) at: <https://www.statista.com/statistics/1087804/australia-renewable-energy-penetration-by-state/>

⁷⁶ Government of Australia, “Australian Energy Update 2022”, at: <https://www.energy.gov.au/sites/default/files/Australian%20Energy%20Statistics%202022%20Energy%20Update%20Report.pdf>

⁷⁷ Government of South Australia, Energy and Mining, “Our electricity supply and market”, at: <https://www.energymining.sa.gov.au/consumers/energy-grid-and-supply/our-electricity-supply-and-market#:~:text=supply%20and%20demand-Where%20does%20South%20Australia's%20electricity%20come%20from%3F.net%20renewable%20energy%20by%202030.>

⁷⁸ Government of South Australia, Office of Hydrogen Power South Australia, at: <https://www.ohpsa.sa.gov.au/>

⁷⁹ Australian Energy Market Operator (AEMO), “South Australian Electricity Report”, (2020), at: https://aemo.com.au/-/media/files/electricity/nem/planning_and_forecasting/sa_advisory/2020/2020-south-australian-electricity-report.pdf?la=en

⁸⁰ Government of South Australia, Department of Treasury and Finance, “A Better Housing Future – February 2023”, at: <https://www.treasury.sa.gov.au/Growing-South-Australia/a-better-housing-future/A-Better-Housing-Future-February-2023.pdf>

⁸¹ Ibid.

⁸² Ibid.

In response to the current housing challenges, the Government of South Australia released the A Better Housing Future housing package to improve the delivery of social and affordable houses and associated supports, as well as lowering costs for renters, and increasing support for people to buy an affordable home. The package also intends to provide support for regional communities to pursue housing projects that meet their needs. The AUD 474.7 million (USD 299.52 million) housing package is estimated to directly support the building of approximately 3,600 homes over the next five years (from 2023-24), including ensuring there is an additional 1,144 public housing units in stock by 30 June 2026 compared to previous projections.

Based on the above, Sustainalytics is of the opinion that the public, social and affordable housing expenditures under the Framework are expected to contribute towards improving accessibility and affordability of housing in South Australia.

Importance of improving access to education in South Australia

In South Australia, approximately 80% of all children enrolled in preschools attend public preschools and similarly, 63% of all students are enrolled in public schools. The state has a total of 900 public schools, preschools and children's centres.⁸³ Just under half of the state's public schools and 40% of all public preschools are in rural areas.⁸⁴ South Australia has more than 30% of its student population in rural areas, where students are less likely to do well in the NAPLAN (National Assessment Program – Literacy and Numeracy)⁸⁵ assessment compared with students from metropolitan schools. Additionally, completion rates for the South Australian Certificate of Education (SACE)⁸⁶ are lower for students undertaking year 12 or 13 studies within a country school as compared to those in metropolitan areas.⁸⁷ To encourage the attraction and retention of teachers in rural areas, the Government of South Australia has, for example, the Teach for Australia programme, which provides benefits to teaching professionals, including support to complete a two-year master's combined with on-the-job learning to fill a teaching position in hard-to-staff remote areas.⁸⁸ Additionally, the Government of South Australia also offers other benefits to attract teachers to country schools, such as incentives in addition to the salary, compensation for relocation, government employee housing concessions, among others.⁸⁹

To ensure delivery of good quality education for students, the Government of South Australia has developed the Early Learning Strategy (2021-2031) with the objective of reducing the proportion of developmentally vulnerable students across the state.⁹⁰ The Government of South Australia plans to use the strategy to increase the number of students assessed as 'developmentally on track' across the AEDC developmental domains, with an investment of AUD 50.1 million (USD 32.23 million) over the initial four years of the strategy.⁹¹ Alongside the strategy, the Government of South Australia has also committed to implementing universal preschool for three-year-olds, which will contribute to this goal.⁹² Further, under the South Australian Skills Plan, the state plans to invest AUD 65 million (USD 41.82 million) in partnership with the Australian Government towards the delivery of fee-free Technical and Further Education (TAFE) and vocational education places or facilities in the state. This includes 110 courses in priority sectors for 12,500 students. with an additional 15,000 student places to be made available over three years starting from 2024.^{93,94} Furthermore, in 2024 the Government of South Australia plans to invest AUD 4 million (USD 2.57 million) over the following four years to support development of foundational skills among adults.⁹⁵

⁸³ Government of South Australia, Department of Education, "Our strategy for Public Education in South Australia", at: <https://www.education.sa.gov.au/purpose-media/Strategy-public-education.pdf>

⁸⁴ Government of South Australia, Department of Education, "Country Education Strategy 2021 to 2028", at: <https://www.education.sa.gov.au/docs/sper/country-education-strategy/country-education-strategy.pdf>

⁸⁵ National Assessment Program, "NAPLAN", at: <https://www.nap.edu.au/naplan>

⁸⁶ South Australian Certification of Education, "What is the SACE?", at: <https://www.sace.sa.edu.au/studying/your-sace/what-is-the-sace>

⁸⁷ Government of South Australia, Department of Education, "Country Education Strategy 2021 to 2028", at: <https://www.education.sa.gov.au/docs/sper/country-education-strategy/country-education-strategy.pdf>

⁸⁸ Government of South Australia, Department of Education, "Teach for Australia pilot program", at: <https://www.education.sa.gov.au/working-us/careers-education/other-roles-and-opportunities/teach-australia-pilot-program>

⁸⁹ Government of South Australia, Department of Education, "Incentives and support for country teachers and leaders", at: <https://www.education.sa.gov.au/working-us/careers-education/opportunities-country-south-australia/teaching-opportunities-country-south-australia/incentives-and-support-country-teachers-and-leaders>

⁹⁰ Government of South Australia, Department of Education, "Early Learning Strategy", at: <https://www.education.sa.gov.au/department/strategies-and-plans/early-learning-strategy>

⁹¹ Ibid.

⁹² Ibid.

⁹³ Government of South Australia, Department of Education, "South Australian Skills Plan Engagement (March 2023)", at: <https://mytraining.skills.sa.gov.au/assets/uploads/downloads/skillsHub/South-Australian-Skills-Plan-Taking-immediate-action.pdf>

⁹⁴ Government of South Australia, Department of Education, "South Australian Skills Plan Engagement (March 2023)", at: <https://mytraining.skills.sa.gov.au/training/get-started/fee-free>

⁹⁵ Government of South Australia, Department of Education, "South Australian Skills Plan Engagement (March 2023)", at: <https://mytraining.skills.sa.gov.au/assets/uploads/downloads/skillsHub/South-Australian-Skills-Plan-Taking-immediate-action.pdf>

Based on the above context, Sustainalytics is of the opinion that funds raised by SAFA are expected to support South Australia's educational reforms and policies and improve education outcomes in the state.

Contribution to SDGs

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by 2030. The instruments issued under the South Australian Government Financing Authority Sustainability Bond Framework are expected to help advance the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Socioeconomic Advancement and Empowerment	1. No Poverty	1.3 Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable
Climate Change Adaptation Environmentally Sustainable Management of Living Natural Resources and Land Use Food Security	2. Zero Hunger	2.4 By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality
Access to Essential Services Socioeconomic Advancement and Empowerment	3. Good Health and well-health	3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all
Access to Essential Services Socioeconomic Advancement and Empowerment	4. Quality Education	4.1 By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and Goal-4 effective learning outcomes 4.2 By 2030, ensure that all girls and boys have access to quality early childhood development, care and pre-primary education so that they are ready for primary education 4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship 4.a Build and upgrade education facilities that are child, disability and gender sensitive and provide safe, nonviolent, inclusive and effective learning environments for all
Socioeconomic Advancement and Empowerment	5. Gender Equality	5.1 End all forms of discrimination against all women and girls everywhere 5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision making in political, economic and public life
Sustainable Water and Wastewater Management	6. Clean water and sanitation	6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater

		<p>and substantially increasing recycling and safe reuse globally</p> <p>6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity</p>
Renewable Energy	7. Affordable and clean energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Employment Generation Socioeconomic Advancement and Empowerment	8. Decent work and economic growth	<p>8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services</p> <p>8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value</p>
Employment Generation Clean Transportation Affordable Basic Infrastructure	9. Industry, innovation and infrastructure	<p>9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all</p> <p>9.5 Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending</p>
Socioeconomic Advancement and Empowerment	10. Reduced inequalities	10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status
Clean Transportation Affordable Housing Access to Essential Services Environmentally Sustainable Management of Living Natural Resources and Land Use	11. Sustainable cities and communities	<p>11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums</p> <p>11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons</p> <p>11.3 By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable</p>

		<p>human settlement planning and management in all countries</p> <p>11.4 Strengthen efforts to protect and safeguard the world's cultural and natural heritage</p> <p>11.c Support least developed countries, including through financial and technical assistance, in building sustainable and resilient buildings utilizing local materials</p>
<p>Pollution Prevention and Control</p> <p>Circular Economy Adapted Products, Production Technologies and Processes</p>	12. Responsible consumption and production	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse
<p>Climate Change Adaptation</p> <p>Pollution Prevention and Control</p>	13. Climate Action	<p>13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries</p> <p>13.2 Integrate climate change measures into national policies, strategies and planning</p>
<p>Environmentally Sustainable Management of Living Natural Resources and Land Use</p> <p>Terrestrial and Aquatic Biodiversity</p>	14. Life below water	14.2 By 2020, sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts, including by strengthening their resilience, and take action for their restoration in order to achieve healthy and productive oceans
<p>Environmentally Sustainable Management of Living Natural Resources and Land Use</p> <p>Terrestrial and Aquatic Biodiversity</p>	15. Life on land	<p>15.2 By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally</p> <p>15.8 By 2020, introduce measures to prevent the introduction and significantly reduce the impact of invasive alien species on land and water ecosystems and control or eradicate the priority species</p>

Conclusion

SAFA has developed the South Australian Government Financing Authority Sustainability Bond Framework under which it may issue sustainability bonds and use the proceeds to finance refinance expenditures intended to support South Australia's progress towards the UN SDGs and the Paris Agreement. Sustainability considers that the projects funded by the sustainability bond proceeds are expected to provide positive environmental and social impact in South Australia.

The South Australian Government Financing Authority Sustainability Bond Framework outlines a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainability believes that South Australian Government Financing Authority Sustainability Bond Framework is aligned with the overall sustainability strategy of the Government of South Australia and that the use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14 and 15. Additionally, Sustainability is of the opinion that the Government of South Australia has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the proceeds.

Based on the above, Sustainalytics is confident that South Australian Government Financing Authority is well positioned to issue sustainability bonds and that that South Australian Government Financing Authority Sustainability Bond Framework is robust, transparent, and in alignment with the four core components of the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, and Social Bond Principles 2023.

Appendix

Appendix 1: Social Bond / Social Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	South Australian Government Financing Authority
Social Bond ISIN or Issuer Social Bond Framework Name, if applicable:	South Australian Government Financing Authority Sustainability Bond Framework
Review provider's name:	Sustainalytics
Completion date of this form:	November 10, 2023
Publication date of review publication:	
Original publication date <i>[please fill this out for updates]:</i>	

Section 2. Review overview

SCOPE OF REVIEW

The review:

- assessed the 4 core components of the Principles (**complete review**) and confirmed the alignment with the GBP/SBP/SBG (*delete where appropriate*).
- assessed only some of them (**partial review**) and confirmed the alignment with the GBP/SBP/SBG (*delete where appropriate*); please indicate which ones:
 - Use of Proceeds
 - Management of Proceeds
 - Process for Project Evaluation and Selection
 - Reporting
- assessed the alignment with other regulations or standards (CBI, EU GBS, ASEAN Green Bond Standard, ISO 14030, etc.); please indicate which ones:

ROLE(S) OF INDEPENDENT REVIEW PROVIDER

- Second Party Opinion
- Verification
- Other (please specify):
- Certification
- Scoring/Rating

Does the review include a sustainability quality score?

- Of the issuer
- Of the project

- Of the Framework Other (please specify):
- No scoring

ASSESSMENT OF THE PROJECT(S)

Does the review include:

- The environmental and/or social features of the type of project(s) intended for the Use of Proceeds?
- The environmental and/or social benefits and impact targeted by the eligible Green and/or Social Project(s) financed by the Green, Social or Sustainability Bond?
- The potentially material environmental and/or social risks associated with the project(s) (where relevant)?

ISSUER'S OVERARCHING OBJECTIVES

Does the review include:

- An assessment of the issuer's overarching sustainability objectives and strategy, and the policies and/or processes towards their delivery?
- An identification and assessment of environmental, social and governance related risks of adverse impact through the Issuer's [actions] and explanations on how they are managed and mitigated by the issuer?
- A reference to the issuer's relevant regulations, standards, or frameworks for sustainability-related disclosure and reporting?

CLIMATE TRANSITION STRATEGY

Does the review assess:

- The issuer's climate transition strategy & governance?
- The alignment of both the long-term and short/medium-term targets with the relevant regional, sector, or international climate scenario?
- The credibility of the issuer's climate transition strategy to reach its targets?
- The level/type of independent governance and oversight of the issuer's climate transition strategy (e.g. by independent members of the board, dedicated board sub-committees with relevant expertise, or via the submission of an issuer's climate transition strategy to shareholders' approval).
- If appropriate, the materiality of the planned transition trajectory in the context of the issuers overall business (including the relevant historical datapoints)?
- The alignment of the issuer's proposed strategy and targets with appropriate science-based targets and transition pathways that are deemed necessary to limit climate change to targeted levels?
- The comprehensiveness of the issuer's disclosure to help investors assess its performance holistically?

Overall comment on this section:

Section 3. Detailed Review

1. USE OF PROCEEDS

Does the review assess:

- the environmental/social benefits of the project(s)?

- whether those benefits are quantifiable and meaningful?
- for social projects, whether the target population is properly identified?

Does the review assess if the issuer provides clear information on:

- the estimated proceeds allocation per project category (in case of multiple projects)?
- the estimated share of financing vs. re-financing (and the related lookback period)?

Overall comment on this section:

The eligible categories for the use of proceeds⁹⁶ are aligned with those recognized by the Green Bond Principles and Social Bond Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental or social impacts and advance the UN Sustainable Development Goals, specifically SDGs 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14 and 15

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Does the review assess:

- whether the eligibility of the project(s) is aligned with official or market-based taxonomies or recognised international standards? Please specify which ones.
- whether the eligible activities are aligned with the overall sustainability strategy of the issuer and/or if the eligible activities are aligned with material ESG-related objectives in the issuer's industry?
- the process and governance to set the eligibility criteria including, if applicable, exclusion criteria?
- the processes by which the issuer identifies and manages perceived social and environmental risks associated with the relevant project(s)?
- any process in place to identify mitigants to known material risks of negative social and/or environmental impacts from the relevant project(s)?

Overall comment on this section:

SAFA's internal process in evaluating and selecting projects will be supported by the ESG Consultation Group, comprising senior officers from SAFA and the Budget and Performance Branch. SAFA will maintain a register of eligible expenditures, which will be reviewed on an annual basis. South Australia has comprehensive laws and control procedures in place to mitigate environmental and social risks associated with the eligible expenditures. Sustainalytics considers the project selection process in line with market practice

3. MANAGEMENT OF PROCEEDS

Does the review assess:

- the issuer's policy for segregating or tracking the proceeds in an appropriate manner?
- the intended types of temporary investment instruments for unallocated proceeds?
- Whether an external auditor will verify the internal tracking of the proceeds and the allocation of the funds?

Overall comment on this section: SAFA will manage the proceeds raised under the Framework through a portfolio approach. SAFA intends to reach full allocation within two financial years from the date of issuance. Pending allocation, unallocated proceeds will be held in cash or cash equivalents, used to reduce indebtedness temporarily or made as investments in activities respecting the Framework's exclusionary criteria. This is in line with market practice.

4. REPORTING

⁹⁶ Socioeconomic Advancement and Empowerment, Climate Change Adaptation, Environmentally Sustainable Management of Living Natural Resources and Land Use, Food Security, Access to Essential Services, Sustainable Water and Wastewater Management, Renewable Energy, Employment Generation, Clean Transportation, Affordable Basic Infrastructure, Affordable Housing, Pollution Prevention and Control, Circular Economy Adapted Products, Production Technologies and Processes, and Terrestrial and Aquatic Biodiversity.

Does the review assess:

- the expected type of allocation and impact reporting (bond-by-bond or on a portfolio basis)?
- the frequency and the means of disclosure?
- the disclosure of the methodology of the expected or achieved impact of the financed project(s)?

Overall comment on this section:

SAFA intends to report on allocation of proceeds on its website on an annual basis until full allocation. Allocation reporting will include the amount of net proceeds raised; balance of unallocated proceeds; amount of net proceeds allocated per eligible category; share of refinancing and examples of projects funded. In addition, SAFA intends to report on relevant impact metrics. Sustainalytics considers the allocation and impact reporting commitments as aligned with market practice

Section 4. Additional Information

Useful links (e.g. to the external review provider's methodology or credentials, to the full review, to issuer's documentation, etc.)

Analysis of the contribution of the project(s) to the UN Sustainable Development Goals:

Additional assessment in relation to the issuer/bond framework/eligible project(s):

ABOUT ROLE(S) OF REVIEW PROVIDERS AS DEFINED BY THE SBP

- i. Second-Party Opinion: An institution with social expertise, that is independent from the issuer may issue a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Social Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Social Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to social sustainability, and an evaluation of the social features of the type of projects intended for the Use of Proceeds.
- ii. Verification: An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or social criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the socially sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Social Bond proceeds, statement of social impact or alignment of reporting with the SBP, may also be termed verification.
- iii. Certification: An issuer can have its Social Bond or associated Social Bond framework or Use of Proceeds certified against a recognised external social standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. Social Bond Scoring/Rating: An issuer can have its Social Bond, associated Social Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include

a focus on social performance data, process relative to the SBP, or another benchmark. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material social risks.

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These are based on information made available by the issuer and therefore are not warranted as to their merchantability, completeness, accuracy, up-to-dateness or fitness for a particular purpose. The information and data are provided "as is" and reflect Sustainalytics' opinion at the date of their elaboration and publication. Sustainalytics accepts no liability for damage arising from the use of the information, data or opinions contained herein, in any manner whatsoever, except where explicitly required by law. Any reference to third party names or Third Party Data is for appropriate acknowledgement of their ownership and does not constitute a sponsorship or endorsement by such owner. A list of our third-party data providers and their respective terms of use is available on our website. For more information, visit <http://www.sustainalytics.com/legal-disclaimers>.

The issuer is fully responsible for certifying and ensuring the compliance with its commitments, for their implementation and monitoring.

In case of discrepancies between the English language and translated versions, the English language version shall prevail.

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For more information, visit www.sustainalytics.com

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