

TransLink Green Bond Framework

October 2018

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Introduction

Created in 1999, the South Coast British Columbia Transportation Authority (TransLink) is Metro Vancouver's public transportation authority. We are guided by our regional mandate: to provide a regional transportation system that moves people and goods, while supporting the growth strategy, environmental objectives, and economic development of the region. TransLink has ambitious goals of reducing greenhouse gas (GHG) emissions by 80 per cent by 2050, and utilizing 100 per cent renewable energy in operations by 2050.

Our services and programs include bus, SkyTrain, SeaBus, and HandyDART services. We also fund a dedicated Transit Police Force, operate and maintain five of the region's bridges, and, in conjunction with local governments, share responsibility for the Major Road Network, as well as walking and cycling infrastructure. Our regional transportation system spans 21 municipalities, as well as the Tsawwassen First Nation and Electoral Area "A" (the unincorporated areas of the regional district). Our service area covers more than 1,800 square kilometers and in 2017, ridership reached a record breaking 408 million boardings (a 5.7 per cent increase over 2016).

In 2016, the Mayors' 10-Year Vision for Metro Vancouver Transportation was approved. This Plan outlines the prioritized transportation investments and initiatives of our region, to advance the goals and actions of the 30-year Regional Transportation Strategy. It includes new transportation services and infrastructure (across all modes) that the region will need over the next 10 years. The Mayors' Vision is being delivered through a series of investment plans (Phase 1, 2 and 3 Plans) that identify capital and operating expenditures over the next 10 years (refer to Attachment A).

The Framework applies to green bonds issued by the TransLink on or after fall 2018 and sets out the guidelines for the TransLink's Green Bond issuances in accordance with the four core components of the International Capital Markets Association (ICMA) Green Bond Principles - Voluntary Process Guidelines for Issuing Green Bonds (June 2018):

1. Use of Proceeds;
2. Project Evaluation and Selection;
3. Management of Proceeds; and
4. Reporting and Disclosure.

1. Use of Proceeds

The net proceeds of TransLink's Green Bond issuances will be used to finance or refinance, in whole or in part, existing and future capital projects that provide environmental benefits to TransLink and the region, and support the achievement of environmental and climate goals.

Eligible capital projects (Eligible Projects) that meet the Eligibility Criteria are described below. Eligible projects may include projects that have been completed by TransLink within 36 months preceding the date of the Green Bond Issuance.

Eligibility Criteria

Without limitation, capital projects in the following categories will generally be considered eligible:

Eligible Category	Description of Eligible Projects
Clean Transportation	<ul style="list-style-type: none"> • Electrification and the use of renewable fuels (renewable diesel from local and/or waste feedstock, and renewable natural gas) for revenue fleet which includes buses, passenger ferries and community shuttles including Access Transit, and non-revenue fleet which includes employee pool cars, and maintenance and support vehicles. • Electrification for rail rapid transit and light rail transit. • Supporting charging infrastructure needed for electrification of revenue and non-revenue fleet. • Maintenance of fleet and infrastructure for electric transportation. • Cycling and walking infrastructure.
Renewable Energy	<ul style="list-style-type: none"> • Production, storage and distribution of renewable energy, including but not limited to solar, wind, geothermal, and renewable fuel technologies.
Energy Efficiency	<ul style="list-style-type: none"> • Energy projects that reduce energy consumption and/or improve overall efficiency including the upgrade and/or replacement of heating, cooling and ventilation systems, lighting, and electrical equipment. • Equipment for monitoring energy performance such as digital controls, sensors and/or building information systems, and/or

	energy management software/systems.
Pollution Prevention and Control	<ul style="list-style-type: none"> • Wastewater treatment infrastructure. • Soil remediation. • Waste prevention, reduction, reuse, and recycling • Reduction of air emissions such as greenhouse gas emissions and criteria air contaminants (particulate matter, carbon monoxide, sulfur oxides, nitrogen oxides).
Green Buildings	<ul style="list-style-type: none"> • New buildings or retrofitted existing buildings that meet regional or national third-party environmental certifications, such as Leadership in Energy and Environmental Design (LEED) at a minimum Gold standard, and/or other similar recognized standards.
Climate Change Adaptation	<ul style="list-style-type: none"> • Vulnerability studies and asset management programs. • Redesigning, retrofitting and upgrading of buildings and infrastructure to mitigate the negative impact of climate change and build resilience for extreme weather events such as flooding, high wind, or extreme temperatures. • Information support systems, such as climate observation, early warning and communication systems.

2. Project Evaluation and Selection

The selection of Eligible Projects is the responsibility of the Corporate Finance Department where the Corporate Sustainability, Treasury and Capital Asset Management functions reside. Evaluating and screening projects is completed in consultation with TransLink's bus and rail operating companies, and other business units such as such as Policy and Planning, Infrastructure and Engineering, Enterprise Risk Management, Strategic Sourcing and Real Estate, and Emergency Management. The decision as to the selection of Eligible Projects will be documented and a record kept.

TransLink will select the Eligible Projects that meet the criteria for use of proceeds described above. Projects must also comply with all applicable laws and regulations, and TransLink's policies and guidelines.

3. Management of Proceeds

- TransLink's Corporate Finance Department will be responsible for the allocation of the net proceeds from the issuance of Green Bonds to the relevant and approved Eligible Projects.
- Net proceeds from each Green Bond will be deposited in a separate TransLink Green Bond Proceeds designated bank account and recorded separately in TransLink's records and books of account in order to clearly track the use of and allocation of funds for Eligible Projects.
- In most cases when such projects are underway or completed, proceeds from the Green Bonds issued by TransLink will be directly applied to the Eligible Projects. This includes any Eligible Projects that have been funded by TransLink within the 36 months preceding the date of any inaugural Green Bond issuance.
- In the case where projects are delayed, any portion of the net proceeds that have not been allocated can be temporarily held as cash in the above mentioned TransLink Green Bond Proceeds designated bank account or invested in liquid fixed income instruments in accordance with TransLink's Investment Policy. These investments will be held in a separate TransLink Green Bond Proceeds designated investment account.
- Any interest and investment income earned on the above mentioned separately designated cash and investments can be applied to defray any reasonable administration costs associated with the management and administration of the Green Bond program.
- Payment of principal and interest on any Green Bond issuance will be made from TransLink's General Fund (Unrestricted Cash and Investments) or TransLink's Self-Administered Sinking Fund and will not be directly linked to the performance of any Eligible Project.
- It is TransLink's intention to fully allocate the net proceeds of a Green Bond within 18 months of issuance.

4. Reporting and Disclosure

TransLink's Corporate Finance Department will coordinate the collective reporting requirements and, as long as there are outstanding Green Bonds issued under this Framework, provide an annual information report on its website addressing both the allocation and impact reporting:

- A summary of TransLink's green bond developments including existing and future projects;
- Allocation of the proceeds from the green bond into Categories and/or Eligible Projects and updates with respect to distribution of unspent bond proceeds;
- Project updates and status reports for Categories and/or Eligible Projects; and when possible,
- Key performance indicators and environmental benefits.

Key performance indicators/environmental benefits may include but not be limited to:

Eligible Category	Key Performance Indicators
Clean Transportation	<ul style="list-style-type: none"> • GHG emissions reduced/avoided (tCO₂e) • Air quality improvements (Criteria Air Contaminants reduced) (tonnes) • Cycling, walking and transit trips as percentage of mode share • Support for biking infrastructure (kms)
Renewable Energy	<ul style="list-style-type: none"> • GHG emissions reduced/avoided (tCO₂e) • kWh of power generated from renewable energy
Energy Efficiency	<ul style="list-style-type: none"> • GHG emissions reduced/avoided (tCO₂e) • Energy saved per year (kWh/year) • Building energy efficiency (kWh/m² or GJ/m²)
Pollution Prevention and Control	<ul style="list-style-type: none"> • Amount of emissions or air pollutants reduced/avoided (tCO₂e/tonnes) • Amount of waste diverted from landfill (tonnes) • Increase in cubic meters of water treated (m³) • Amount of contaminated soil removed (tonnes) or area remediated
Green Buildings	<ul style="list-style-type: none"> • List of eligible buildings that received third-party environmental certifications.
Climate Change Adaptation	<ul style="list-style-type: none"> • Description of the investment, and where available, indicators that highlight the resilience created by the investment.