Stanford University
Series V-2 Green Bond Framework

March 31, 2021

Sustainable Stanford

Stanford University ("Stanford" or the "University") is committed to being a leader in sustainability research, teaching and direct action. The University has demonstrated its leadership with respect to environmental stewardship by creating a comprehensive set of guidelines and criteria for creating responsible, low carbon buildings on its campus. It maintains a commitment to plan and develop high-value, quality, long-term, cost effective facilities and landscapes that align with and enhance the academic mission of the University and reinforce stewardship of Stanford land and the environment, in general.

"Sustainable Stanford" is a university-wide effort to reduce the University's environmental impact, preserve resources, and lead sustainability by example across its three pillars - environment, economy, and equity. Through this effort, Stanford engages in both infrastructural enhancements and community behavior change across multiple topic areas, including energy, water, waste, transportation, purchasing, and greenhouse gas emissions.

Green Bond Framework

The purpose of Stanford's Green Bond Framework (the "Framework") is to communicate the methods that Stanford has in place to confirm alignment of the California Educational Facilities Authority Revenue Bonds (Stanford University) Series V-2 (Sustainability Bonds – Climate Bond Certified) ("Series V-2 Bonds") with the Climate Bonds Standard V3.0 of the Climate Bonds Initiative (the "Climate Bonds Standard"). The Framework establishes Stanford's approach to the four components of the Climate Bonds Standard and the Green Bond Principles: use of proceeds, project evaluation and selection, management of proceeds, and reporting.

By issuing Certified Climate Bonds, Stanford aims to:

- Support a holistic approach to environmental, social, and governance ("ESG") and sustainability principles across a broad range of institutional activities, including financing;
- Enable the capital markets to participate in and support Sustainable Stanford;
- Enhance transparency to investors; and
- Demonstrate leadership among universities and colleges.

Use of Proceeds

The Series V-2 Bonds will finance and refinance projects on Stanford's campus and other lands which exceed the goals of the Paris Agreement. All financed activities are expected to be eligible under the Low Carbon Buildings Criteria of the Climate Bonds Standard by following a trajectory to reach zero emissions by approximately 2030. The bond-financed projects include, but are not limited to, new student housing, a new academic and research building for the Stanford School of Medicine and replacement of a critical university facilities support building.

Process for Project Evaluation and Selection

Sustainability is an integral part of Stanford's published Capital Project Delivery Process ("PDP"), which incorporates sustainable site design & planning, energy use, water management, materials, indoor environmental quality. To ensure principles of sustainability—including the strategies laid out in the University's Energy and Climate plan—are incorporated into *all* building and infrastructure projects, the PDP incorporates specific sustainability-related tasks into all process phases from scoping, design and construction to closeout. Stanford's Climate Action Plan serves as a guiding resource to inform design of new buildings and renovation of existing buildings. All projects are required to meet specific energy use, peak heating and cooling demand reductions, and water use targets that exceed any regional code requirements. Stanford University requires project teams to evaluate energy efficiency measures using full life cycle cost analysis to capture the long-term value of the efficiency investments. Design Teams are expected to report back throughout design phases on performance of measures included in the design & construction of new projects that allow Stanford University's energy and water use targets to be met. This process ensures that individual projects contribute to Stanford University's overall Climate Action goa*ls.*

Management of Proceeds

The Series V-2 Bonds proceeds will be used to finance and refinance projects and activities which are eligible under the Climate Bonds Standard and may be used to pay a portion of the costs of issuance. The California Educational Facilities Authority ("CEFA") is the conduit issuer for the Series V-2 Bonds and all proceeds will be loaned to Stanford. Stanford has provided a comprehensive list of projects to CEFA that qualify for financing with the proceeds of the Series V-2 Bonds, as well as a shorter list of anticipated projects to be financed by the bond, all of which are consistent with the Climate Bonds Standard.

Stanford University's Office of the Treasurer ("OOT") manages the University's debt portfolio, including the issuance of new debt and internal allocation of bond proceeds. Bond proceeds are used to finance new projects and/or refinance older projects (*e.g.*, when refunding a bond). The University seeks approval from CEFA, a California state agency, for the issuance and use of tax-exempt bonds and, while doing so, identifies projects that may utilize the bond proceeds and/or that will be refunded by a new bond. Once issued, bond proceeds are held in a Bond Construction Fund (as defined/named in the bond document), separate from all other University funds. Individual project budgets, funding sources and allocations are approved by management according to University policies and guidelines. The allocation and use of debt is approved on an individual project basis along with all other funding sources. OOT works with the University's Controller's Office to track project costs, bond allocations, and disbursements to qualifying projects. Withdrawals are made for individual projects when qualifying expenditures are incurred (or used to reimburse university funds after having been identified as qualifying). Stanford tracks the use and allocation of all bond proceeds for capital/construction projects for the life of the bond, as is required under US tax regulations.

Reporting

Stanford has established monitoring and reporting plans which will fulfill the ongoing reporting obligation of the Climate Bonds Standard.

As described in the Series V-2 Continuing Disclosure Agreement, Stanford will submit certain required continuing disclosures to the Municipal Securities Rulemaking Board (MSRB) so long as the Series V-2 bonds are outstanding. This includes Annual Financial Information and Audited Financial Statements that will be provided annually on the Electronic Municipal Market Access (EMMA) system operated by MSRB. Stanford will also report on certain listed events as described in the Continuing Disclosure Agreement.

Apart from disclosure requirements described above, Stanford intends to voluntarily provide additional information described below. None of this additional information is intended to become part of the reporting requirements defined in the Continuing Disclosure Agreement. Campus and building-specific energy performance is tracked by the University's Department of Sustainability and Energy Management. Each year, that Office produces a report which highlights significant achievements in academics, energy supply, water, waste, central office, energy demand, food and living, buildings, and transportation. Through these reports, key metrics associated with the University's reduction in GHG missions will be publicly available to confirm alignment with the Climate Bonds Standard V3.0 and the Paris Agreement. These reports will be available on the University's website, and voluntarily at the University's discretion on EMMA.

Further, all greenhouse gas emissions are publicly reported on an annual basis to The Climate Registry.

Assurance

Stanford will seek a Reasonable Assurance engagement on its Series V-2 Bonds from Kestrel Verifiers. Kestrel Verifiers is an Approved Verifier of the Climate Bonds Initiative. Kestrel Verifiers will also be engaged to complete Post-Issuance reporting on Certified Climate Bonds.