



**Municipal Finance  
Authority of BC**

**2021 ESG Framework**

# DISCLAIMER

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This presentation, including the accompanying slides and subsequent discussion, contains certain forward-looking information, forecasts, projections, goals and strategies (the “forward-looking information”) with respect to revenues, funding, expenses, the financial condition, and results of operations. This forward-looking information represents the Municipal Finance Authority of British Columbia’s expectations or beliefs concerning future events and involves known and unknown risks and uncertainty that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. This material is for information purposes only.

## MFA'S ESG APPROACH

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- Since inception in 1970, MFA's main mandate of providing low-cost lending for local government capital projects has provided tremendous benefits to communities and citizens all across British Columbia
  - MFA has recently committed to increasing its efforts on collecting, standardizing and disseminating more granular data on its lending activities to assist the investment community
- MFA will now provide "Use of Proceeds" disclosure in conjunction with all future bond issues and in our annual report every year
  - MFA's initial approach will be to map its use of proceeds to UN SDG's, Green Bond Principles and Social Bond Principles
  - Management is committed to helping improve both local government and MFA's disclosures over time - in conjunction with expected improvements of global ESG reporting standards
- MFA currently has no intention of getting a third-party Sustainability certification for our bonds. Given our unique model, and until ESG reporting methodologies and standards improve, our efforts will be focused on being a thought leader and promoter of the adoption of common and comparable ESG reporting data by our Members

# ESG FRAMEWORK



The MFA has developed an ESG mapping approach which endeavours to provide Environmental, Social, and Governance disclosure by which investors, bond market participants, and other interested stakeholders can better understand how proceeds from our funding program are used. While our bond issues are not certified as such, we view all of our bond issues as being 'sustainable bonds', used to support and advance various ESG initiatives throughout the province.



Using our new ESG mapping approach, the MFA aims to provide stakeholders with insight into how the capital projects we fund align to not only specific UN Sustainable Development Goals but also recognized Green Bond Principles and Social Bond Principles. These principles have been used to help guide our project mapping approach but should not be construed as a formal framework where explicit impacts are measured at this time. We encourage stakeholders to reach out and dialogue with us as we take initial steps to improve our ESG approach in an effort to provide stakeholders with clearer information regarding our use of proceeds.

# MFA MAPPING TOOL FOR ESG CRITERIA

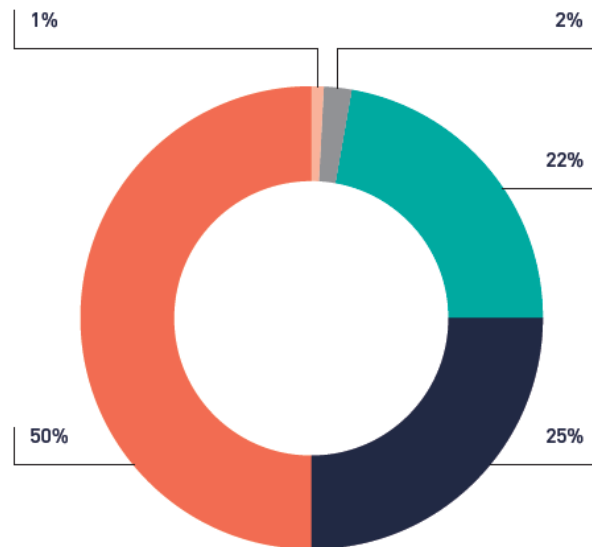


UN SDG Alignment	Green Bond Principles	Social Bond Principles	MFA Purpose of Borrowing	Project Examples In This Category
<b>3 GOOD HEALTH &amp; WELLBEING</b>	-	Access to Essential Services	Health/Social Services	Hospitals, hospital equipment, day cares
<b>6 CLEAN WATER &amp; SANITATION</b>	Sustainable Water & Wastewater Management	Affordable Basic Infrastructure	Water	Water treatment, distribution, storage, water metering
	Sustainable Water & Wastewater Management	Affordable Basic Infrastructure	Sewer/Drainage	Sewage treatment, distribution, storage, storm drainage systems, dikes, flood protection
<b>7 AFFORDABLE &amp; CLEAN ENERGY</b>	Energy Efficiency	Affordable Basic Infrastructure	Renewable Energy Systems	Solar, hydro electric, heat recapture, energy efficiency retrofits
	Renewable Energy	Affordable Basic Infrastructure	Renewable Energy Systems	Solar, hydro electric, heat recapture, energy efficiency retrofits
<b>11 SUSTAINABLE CITIES &amp; COMMUNITIES</b>	Clean Transportation	Affordable Basic Infrastructure	Transportation/Transit	Airports, public transit, cycling and walking infrastructure
	-	Affordable Basic Infrastructure	Roads	Paving, new roads, road safety improvements, bridges, interchanges, street lighting
	Green Buildings	Affordable Basic Infrastructure	Public Safety	Public safety buildings, fire halls, fire trucks
	Green Buildings	Affordable Basic Infrastructure	Local Government Land & Buildings	Land acquisition, City hall, public works buildings, animal shelters, other Local Government owned facilities
	-	Affordable Basic Infrastructure	Communications Utilities	Fibre optic network, TV rebroadcasting, phone network
	Green Buildings	Affordable Basic Infrastructure	Parks/Recreation/Culture	Parkland, park improvements, recreational facilities, libraries, community halls, theaters, museums
	Environmentally sustainable management of natural resources and land use	Affordable Basic Infrastructure	Parks/Recreation/Culture	Parkland, park improvements, recreational facilities, libraries, community halls, theaters, museums
	-	Affordable Basic Infrastructure	Other	Cemetery improvements, cruise ship dock
Green Buildings	Affordable Housing	Affordable Housing	Social/supportive housing	
<b>12 RESPONSIBLE CONSUMPTION &amp; PRODUCTION</b>	Pollution Prevention & Control	-	Solid Waste Management/Recycling	Landfills, landfill closure, recycling facilities, composting facilities, vehicles for these purposes
<b>13 CLIMATE ACTION</b>	Climate Change Adaptation	-	Environmental Conservation/Remediation	Brownfield remediation, habitat restoration
<b>14 LIFE BELOW WATER</b>	Terrestrial & Aquatic Biodiversity Conservation	-	Environmental Conservation/Remediation	Brownfield remediation, habitat restoration
<b>15 LIFE ON LAND</b>	Terrestrial & Aquatic Biodiversity Conservation	-	Environmental Conservation/Remediation	Brownfield remediation, habitat restoration

# TOTAL 2020 DEBT ISSUANCE BY UNSDG



**Total 2020 Debt Issuance by UN Sustainable Development Goal**



- 3 Good Health & Wellbeing
- 6 Clean Water & Sanitation
- 11 Sustainable Cities & Communities
- 12 Responsible Consumption & Production
- 14 Life Below Water

## 2020 New Financing by UN SDG

3 - Good Health & Wellbeing	\$ 79,741,155
6 - Clean Water & Sanitation	317,663,574
11 - Sustainable Cities & Communities	117,247,525
12 - Responsible Consumption & Production	15,921,809
14 - Life Below Water	4,425,937
	<b>\$ 535,000,000</b>

## 2020 Refinancings by UN SDG

3 - Good Health & Wellbeing	\$ 179,081,036
6 - Clean Water & Sanitation	194,361,618
11 - Sustainable Cities & Communities	107,797,032
12 - Responsible Consumption & Production	3,760,314
	<b>\$ 485,000,000</b>

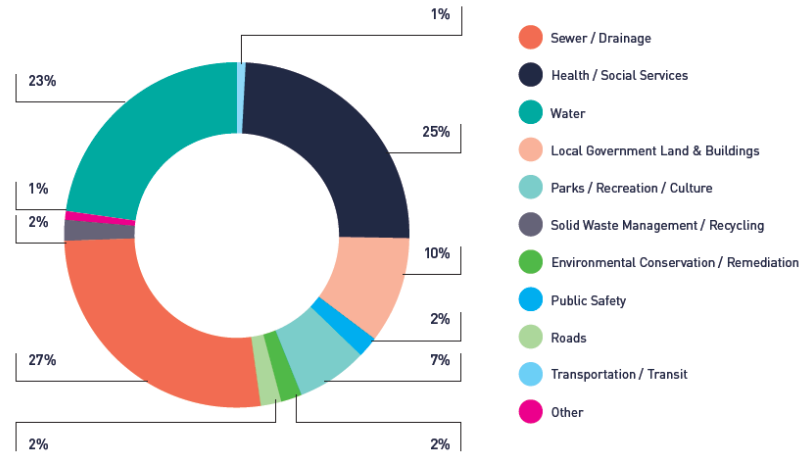
## Total 2020 Financings By UN SDG

3 - Good Health & Wellbeing	\$ 258,822,191
6 - Clean Water & Sanitation	512,025,192
11 - Sustainable Cities & Communities	225,044,557
12 - Responsible Consumption & Production	19,682,123
14 - Life Below Water	4,425,937
	<b>\$ 1,020,000,000</b>

# TOTAL 2020 DEBT ISSUANCE BY PURPOSE



**Total 2020 Debt Issuance by Borrowing Purpose**



	2020 New Financings by Borrowing Purpose	2020 Refinancings by Borrowing Purpose	Total 2020 Debt Issuance by Borrowing Purpose
Environmental Conservation/Remediation	\$ 4,425,936	\$ -	\$ 4,425,936
Health/Social Services	79,741,154	179,081,036	258,822,190
Local Government Land & Buildings	95,736,179	8,768,313	104,504,492
Other	-	5,000,000	5,000,000
Parks/Recreation/Culture	4,854,198	60,909,801	65,763,999
Public Safety	7,974,058	12,157,621	20,131,679
Roads	7,842,660	11,523,888	19,366,548
Sewer/Drainage	228,043,923	45,675,687	273,719,610
Solid Waste Management/Recycling	15,921,809	3,760,314	19,682,123
Transportation/Transit	840,431	9,437,409	10,277,840
Water	89,619,652	148,685,931	238,305,583
	<b>\$ 535,000,000</b>	<b>\$ 485,000,000</b>	<b>\$ 1,020,000,000</b>

# CREDIT RATINGS



## Long-Term Ratings

Agency	Rating	Outlook	Date
S&P	AAA	Stable	May 15, 2020
Moody's	Aaa	Stable	Feb 2, 2021
Fitch	AAA	Stable	April 26, 2021

## Short-Term Ratings

Agency	Rating	Outlook	Date
S&P	A-1+	Stable	May 15, 2020
Moody's	P-1	Stable	Feb 2, 2021





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