

# **BART Climate Bonds External Pre-Issuance Verification**

San Francisco Bay Area Rapid Transit District

Luke Monhollon / SPERR002-01

August 14, 2025

Prepared for:

San Francisco Bay Area Rapid  
Transit District  
2150 Webster Street, 10<sup>th</sup> Floor,  
Oakland, CA 94612

Prepared by:

First Environment, Inc.  
10 Park Place, Building 1A, Suite  
504  
Butler, NJ 07405



# Contents

Introduction .....	1
Objectives .....	1
Verification Scope .....	1
Standards Used to Verify Low-Carbon Criteria .....	1
Overview of the Verification Process .....	2
Conflict of Interest Review .....	3
Verification Team .....	3
Verification Kick-off .....	3
Development of the Verification Plan .....	3
Site Visit .....	3
Low-Carbon Assertion Assessment .....	3
Verification Reporting .....	3
Findings: Climate Bonds Conformance with Verification Criteria .....	4
Conformance with the Climate Bonds Standard Pre-Issuance Requirements .....	4
Conformance with the Sector-Specific Criteria (Low-Carbon Transport) .....	4
Verification Conclusion .....	4
Lead Verifier Signature .....	4

## Tables

Table 1: Verification Scope .....	1
Table 2: Verification Guidance and Protocols .....	1

## Appendices

Appendix A: Climate Bonds Standard 4.2 Checklist .....	4
Appendix B: CBS Sector-Specific Checklist .....	4

# Introduction

This report is provided to the management and fiduciaries of The San Francisco Bay Area Rapid Transit District (BART) and Climate Bonds Standard Board (CBSB) as a deliverable of the Climate Bonds Initiative Certification process. This report covers the pre-issuance verification of the BART's 2025 Sales Tax Revenue Bond. First Environment, Inc. (First Environment) conducted the verification from July 24th to Aug 4th of 2025. First Environment, Inc. is an approved verifier by the Climate Bonds Standard Board operating for this engagement within the jurisdiction of the United States, specifically the State of California.

# Objectives

The purpose of this verification was, through review of appropriate evidence, to establish that the Pre-issued Climate Bonds conforms to the requirements of the verification criteria, including all eligibility requirements, discussed in Section 4 of this report.

# Verification Scope

Specific scope for the verification is outlined in the table below:

Table 1: Verification Scope	
Issuing Entity	San Francisco Bay Area Rapid Transit District (Responsible Party)
Bond Issuance/s	Sales Tax Revenue Bonds, 2025 Refunding Series A
Type of Climate Bonds	Sales Tax Revenue Bond
Pre- or Post-Issuance	Pre-Issuance
Impact Reporting Period	Not Applicable
Sources of Information	Climate Bonds offering and supporting documents including BART's Green Bond Framework, observations, and interviews with responsible individuals.

# Standards Used to Verify Low-Carbon Criteria

The following table outlines the guidance and protocols used to conduct this verification:

Table 2: Verification Guidance and Protocols	
Standard of Verification	<ul style="list-style-type: none"> <li>Climate Bonds Standard, Version 4.2 (CBS);</li> <li>CBS Sector-specific criteria: Low Carbon Land Transport, Version 2.2</li> </ul> <p>Limitation of CBS: The Climate Bonds Standard is designed specifically to allow investors, governments, and other stakeholders to prioritize 'low carbon and climate resilient' investments with confidence that the funds are being used to deliver a low carbon and climate resilient economy. It is not a financial standard and does not imply any impact on the credit ratings of specific investments.</p>

**Table 2: Verification Guidance and Protocols**

Verification Process	<ul style="list-style-type: none"> <li>The Climate Bonds Standard Assurance Framework Version 1</li> <li>The Climate Bonds Verification Agreement</li> <li>ISAE 3000 (revised), Assurance Engagement Other than Audits or Reviews of Historic Financial Information;</li> <li>Professional auditing ethics and quality control principles as presented in ISO 14065 for validation and verification bodies which is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.</li> </ul>
Level of Assurance	<ul style="list-style-type: none"> <li>Limited Level of Assurance.</li> </ul> <p>The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.</p>
Materiality	<ul style="list-style-type: none"> <li>Qualitative non-conformities with the CBS or related Sector-specific criteria are considered material;</li> <li>Quantitative misstatements greater than five percent of any applicable numeric sector-specific criteria are considered material</li> </ul>

## Overview of the Verification Process

The role of verifier is to independently express a conclusion about the subject matter information as it relates to pre-issuance verification of a Climate Bond conformance with the Climate Bonds Standard and related Sector-specific criteria.

The Management of BART is responsible for the underlying subject matter including:

- preparation and implementation of all applicable requirements of the Climate Bonds Standard and related Sector-specific criteria;
- establishing appropriate risk management, policies, and internal controls as described in their internal and confidential Green Bond Framework July 28<sup>th</sup>, 2025 including the suitable design of controls to meet the purpose set out therein in conformance with the requirements of the Climate Bonds Standard; and
- preparation and presentation of reporting in conformance with the Climate Bonds Standard that is free from material misstatement, whether due to fraud or error.

The verification process was utilized to gain an understanding of the green bonds' conformance with applicable low-carbon requirements and to review the process and controls for the use and management of proceeds. As applicable, the calculations that lead to reported results were also reviewed.

The following verification process was used:

- conflict of interest review (to ensure independence);
- selection of Verification Team (to ensure competency);
- initial interaction and kickoff meeting with Climate Bonds issuer and supporting service providers;
- request for relevant documentation;
- development of the Verification Plan;
- review and assessment of the use and management of bond proceeds as described in relevant documentation;

- follow-up interaction with the Climate Bonds issuer for clarification, or supplemental information as needed; and
- final Verification Report and Statement submittal to the management of the Climate Bonds issuer and the Climate Bonds Standard Board.

## Conflict of Interest Review

Prior to beginning any verification project, First Environment conducts an evaluation to identify any potential conflicts of interest associated with the project. No potential conflicts were found and documented for this project.

## Verification Team

First Environment's Verification Team consisted of the following individuals who were selected based on their verification experience, as well as familiarity with relevant subject matter.

Lead Verifier – Luke Monhollon  
Senior Internal Reviewer – Katherine Callahan

## Verification Kick-off

The verification was initiated with a kick-off conference call on July 24, 2025 with the Climate Bonds' issuer. The meeting focused on confirming the scope, schedule, and information required for verification.

## Development of the Verification Plan

The Verification Team formally documented its Verification Plan. The Verification Plan was developed based on the discussion of key elements of the bond verification process during the kick-off meeting. BART was afforded the opportunity to comment on the key elements of the plan for verification. Based on items discussed and agreed upon with BART, the plan identified the First Environment project team members, project level of assurance, materiality threshold, and standards of evaluation and reporting for the verification. It also provided an outline of the verification process and established project deliverables.

## Site Visit

Not Applicable

## Low-Carbon Assertion Assessment

This assessment used information and insights gained during the previous steps to evaluate the asserted conformance with the Climate Bonds Standard and related Sector-specific criteria, and identify if either contained material or immaterial misstatements. See Section 6 for the results of this assessment.

## Verification Reporting

Verification reporting, represented by this report, documents the verification process and identifies its findings and results. Verification reporting consists of this report, a Verification Statement, and a list of findings to be submitted to the Climate Bonds Standard Board.

# Findings: Climate Bonds Conformance with Verification Criteria

## Conformance with the Climate Bonds Standard Pre-Issuance Requirements

See Appendix A: Climate Bonds Standard 4.2 Pre-Issuance Checklist.

## Conformance with the Sector-Specific Criteria (Low-Carbon Transport)

Appendix B: CBS Sector-Specific Checklist: Low-Carbon Transportation (V2.2)

## Verification Conclusion

Based on the evidence collected and the assessments performed, nothing has come to our attention that causes us to believe that BART's 2025 Sales Tax Revenue Bond proposed to fund its electrified public transport infrastructure has not conformed, in all material respects, with the pre-issuance requirements of the Climate Bonds Standard 4.2 and the Low Carbon Land Transport sector-specific criteria (version 2.2).

## Lead Verifier Signature




Luke Monhollon  
Senior Project Engineer

## Appendix A: Climate Bonds Standard 4.2 Checklist

The checklist provides a simple (fill-in the blank) tool for the identification and assessment of potential gaps (non-conformance) with key elements (requirements) of the Climate Bonds Standard 4.2. The checklist was completed on the CBI provided template. **This checklist is privileged and confidential.**

## Appendix B: CBS Sector-Specific Checklist

The following checklist provides a simple tool for the identification and assessment of potential gaps (non-conformance) with key elements of the low-carbon Transportation sector-specific criteria. This metric was based on the Low-Carbon Transportation version 2.2. . **This checklist is considered privileged and confidential.**

Low-carbon Transportation Checklist			
Conformance Requirement	Verification Inquiry and/or Test	Procedure Applied	If Response is "No" or "N/A" or "Don't Know"
<p>Eligible Use of Proceeds</p> <p>These criteria can variously be used to certify projects relating to the following sub-sectors:</p> <ul style="list-style-type: none"> <li>• Passenger cars and commercial vehicles</li> <li>• Public passenger transport by road</li> <li>• Freight transport by road</li> <li>• Passenger rail rolling stock</li> <li>• Freight rail rolling stock</li> <li>• Railway networks and lines</li> <li>• The manufacture of miscellaneous vehicles for other sectors</li> <li>• Infrastructure for low carbon transport</li> </ul>	<p>Identify sub-sector of land transportation to identify remaining criteria.</p>	<p><b>Document Response to types of funded projects/assets and confirm against identified eligible projects and/or assets:</b></p> <p>Green Bond Framework Section: "Overview"</p> <p><b>Sub-sector:</b> Passenger rail rolling stock. Land Transport Criteria sections 3.2.1 and 3.6 are applicable.</p> <p><b>Criterion met:</b> </p>	
<p>Section 3.2.1:</p> <p>All zero direct emissions transport along with key components and dedicated supporting infrastructure are automatically eligible and therefore certifiable under the Transport Criteria</p>	<p>Are direct emissions zero?</p>	<p><b>Document Response to types of funded projects/assets and confirm against identified eligible projects and/or assets:</b></p> <p>Green Bond Framework Section: "Overview", "Wholesale Electricity Portfolio Policy"</p> <p>BART internal Green Bonds Framework received July 24, 2025– 100% electrification; Measure RR Bond Implementation U.S. Department of Transportation "Public Transportation's Role in Responding to Climate (January 2010), Appendix I shows BART had the lowest carbon intensity per passenger mile in the U.S. at that time;</p>	

Low-carbon Transportation Checklist			
Conformance Requirement	Verification Inquiry and/or Test	Procedure Applied	If Response is "No" or "N/A" or "Don't Know"
		<p>Per communications with issuer, no funds were used for non-electrified transit.</p> <p><u>Note</u> For year 2025, passenger activity emissions threshold is 50g CO2e per passenger-km. For certifications 2026 and after, emissions will need to be less 0g CO2e per passenger-km.</p> <p><b>Response:</b> Yes</p>	
<p>Section 3.6: Is the mode of transport electric or other zero-direct emissions?</p> <p>All rolling stock and vehicles for zero direct emissions rail lines (eg electric, hydrogen) pass the criterion. See section 3.2.1 for further details.</p>	Address question	<p><b>Document Response to types of funded projects/assets and confirm against identified eligible projects and/or assets:</b></p> <p>Green Bond Framework Section: "Overview", "Wholesale Electricity Portfolio Policy"</p> <p>BART internal Green Bonds Framework received July 24, 2025– 100% electrification;</p> <p><b>Response:</b> Yes</p>	
<p>Section 3.6: Are the assets and activities to be financed a new interurban rail project?</p> <p>This requirement does not need to be met for bonds refinancing existing interurban rail lines, only for new ones.</p>	Address question	<p><b>Document Response to types of funded projects/assets and confirm against identified eligible projects and/or assets:</b></p> <p>Green Bond Framework Section: "Overview", "Wholesale Electricity Portfolio Policy"</p> <p>BART internal Green Bonds Framework received July 24, 2025– 100% electrification;</p>	



Low-carbon Transportation Checklist			
Conformance Requirement	Verification Inquiry and/or Test	Procedure Applied	If Response is "No" or "N/A" or "Don't Know"
		<b>Response:</b> No	

The following table is an accounting of the assets or projects to funding or refinanced, explains how each meet the sector criteria, and allocation percentage, if the asset is not certifiable under the sector criteria.

Assets to be Funded or Refinanced		
Asset	Compliance	Allocation
Acquisition of mass transit rail vehicles	Section 3.9 Automatically eligible	N/A
Construction of turnback and intermodal improvements	Section 3.9 Automatically eligible	N/A
Acquisition and extension of right-of-way	Section 3.9 Automatically eligible	N/A
Rail car rehabilitation	Section 3.9 Automatically eligible	N/A
Control and communication rehabilitation	Section 3.9 Automatically eligible	N/A
Mainline, station, shops/yard rehabilitation	Section 3.9 Automatically eligible	N/A
Work equipment replacement	Section 3.9 Automatically eligible	N/A
District vehicle and facility Rehabilitation	Section 3.9 Automatically eligible	N/A
Telecommunications equipment	Section 3.9 Automatically eligible	N/A
Rail extension to SFO	Section 3.9 Automatically eligible	N/A
Maintenance facility rehabilitation	Section 3.9 Automatically eligible	N/A
Transit Station Construction	Section 3.9 Automatically eligible	N/A
Parking Facility	Section 3.9 Not certifiable	No greater than 0.9%, which is less than the 5% flexibility pocket per CBS A.3.1. Eligibility for certification was approved by CBI on July 24, 2025
Pedestrian bridges	Section 3.9 Automatically eligible	N/A
Bus intermodal facility	Section 3.9 Automatically eligible	N/A