

# Second-Party Opinion

## ColCap Green Bond Framework

### Evaluation Summary

Sustainalytics is of the opinion that the ColCap Green Bond Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2021. This assessment is based on the following:



**USE OF PROCEEDS** The eligible category for the use of proceeds, Green Buildings, is aligned with those recognized by the Green Bond Principles 2021. Sustainalytics considers that investments in the eligible category is expected to contribute to the decarbonization of Australia's residential building stock and advance the UN Sustainable Development Goals, specifically SDG 11.



**PROJECT EVALUATION AND SELECTION** Columbus Capital's Treasury team will be responsible for project evaluation in accordance with the eligibility criteria of the Framework. The Treasury Team is overseen by the ESG Bond Committee which comprises representatives from various departments, including Originations, Legal and Compliance, Treasury and Data, and is chaired by the chief operating officer. Columbus Capital has processes in place to identify and manage ESG risks associated with the eligible projects. Sustainalytics considers the risk management systems to be adequate and the project selection process to be in line with market practice.



**MANAGEMENT OF PROCEEDS** Columbus Capital's Treasury team will be responsible for overseeing the management of proceeds. Columbus Capital will use its closed mortgage portfolios system to track and report the allocation of proceeds. At the time of issuance, net proceeds from the mortgage-backed securities will be allocated in full to finance or refinance eligible loans. Sustainalytics considers this process to be in line with market practice.



**REPORTING** Columbus Capital intends to report on the allocation and impact of proceeds on an annual basis in its green bond report on its website until full allocation. Allocation reporting will include the net proceeds of the green bonds issued under the Framework along with details on aggregate of green bond proceeds allocated against green mortgages. In addition, Columbus Capital is committed to reporting on relevant impact metrics. Sustainalytics views Columbus Capital's allocation and impact reporting as aligned with market practice.



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<b>Evaluation Date</b>	May 5, 2023
<b>Issuer Location</b>	Sydney, Australia

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### Report Sections

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## Introduction

Columbus Capital (“ColCap” or the “Company”) is a non-bank lender headquartered in Sydney, Australia. ColCap provides home loans and residential mortgages to borrowers through wholesale, retail and broker distribution channels. Established in 2006, the Company has more than 91 employees in Australia.

Columbus Capital has developed the ColCap Green Bond Framework dated May 2023 (the “Framework”), under which it intends to issue green bonds to provide mortgage loans for the purchase, refinancing or construction of new or existing residential real estate properties that are expected to deliver a positive environmental impact by improving the buildings’ energy performance in Australia.

The Framework defines eligibility criteria in one area:

1. Green Residential Buildings

Columbus Capital engaged Sustainalytics to review the ColCap Green Bond Framework and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2021 (GBP).<sup>1</sup> The Framework has been published in a separate document.<sup>2</sup>

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

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent<sup>3</sup> opinion on the alignment of the reviewed Framework with 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 Green Bond Principles 2021, as administered by ICMA;
- 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 1.13, 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 ColCap’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. ColCap representatives have confirmed (1) they understand it is the sole responsibility of ColCap to ensure that the information provided is complete, accurate or up to date; (2) that 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 Columbus Capital.

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 projects expected to be financed with bond proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner. Upon twenty-four (24) months following the evaluation date set stated herein, ColCap 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.

<sup>1</sup> The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>.

<sup>2</sup> The ColCap Green Bond Framework is available on Columbus Capital’s website at: <https://colcap.com.au/investor-centre/>

<sup>3</sup> 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.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realized 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, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that ColCap has made available to Sustainalytics for the purpose of this Second-Party Opinion.

## Sustainalytics' Opinion

### Section 1: Sustainalytics' Opinion on the ColCap Green Bond Framework

Sustainalytics is of the opinion that the ColCap Green Bond Framework is credible and impactful and aligns to the four core components of the GBP. Sustainalytics highlights the following elements of the Framework:

- Use of Proceeds:
  - The eligible category, Green Residential Buildings, is aligned with those recognized by the GBP.
  - Under the Green Residential Buildings category, ColCap may finance mortgage loans for the construction, purchase or refinancing of energy-efficient residential buildings that are expected to contribute to the transition to a low-carbon economy in Australia. ColCap has communicated to Sustainalytics that it will limit refinancing activities under the Framework to capex and, therefore, has not established a look-back period. Sustainalytics considers this to be aligned with market practice.
  - The residential buildings will be selected as per the Climate Bond Initiative's residential green building proxies, in addition to local building codes and standards in Australia, including:
    - New South Wales (NSW): houses in all areas of NSW whose construction was completed after 31 January 2007, as well as apartments approved under Building Sustainability Index (BASIX) Energy 40 requirements.<sup>4</sup>
    - Victoria: houses and apartments approved under the National Construction Code's (NCC)<sup>5</sup> Building Code of Australia (BCA) 2011<sup>6</sup> and whose construction was completed after 30 November 2012, along with achieving a 6-star rating under the Nationwide House Energy Rating Scheme (NatHERS). Sustainalytics notes that a NatHERS 6-star energy equivalence rating for Victoria further ensures thermal efficiency of the building's envelope, including its roof, walls, windows and floors. Sustainalytics views that the completion year of construction of the residential buildings may act as a safeguard for ensuring that proceeds are only allocated to buildings that are compliant with more recent local building codes and thus meet higher environmental standards and encourages ColCap to prioritize buildings that are recently constructed.<sup>7</sup>
    - Tasmania: houses and apartments approved under NCC BCA 2013 and whose construction was completed after 30 November 2014, along with achieving a 6-star rating under the NatHERS.
    - All states except Western Australia: houses and apartments with rooftop solar installed that meet the minimum energy requirements as per the Australian Residential Rooftop Solar Proxies.<sup>8</sup>
    - All states: residential buildings certified by the Green Building Council of Australia under the Green Star Homes rating systems that do not have a swimming pool and comply with either renewable energy pathway A or renewable energy pathway B.

<sup>4</sup> The BASIX certificate looks at water, energy and thermal comfort of a residential building. To acquire a BASIX 40 certification a typical single dwelling home should include an efficient hot water system and design features that make the most of natural heating, cooling, and lighting, further details available at: <https://www.basixmax.com.au/basix-requirements#:~:text=A%20minimum%20score%20of%2040%20for%20Energy%20is%20required%20by,heating%2C%20cooling%2C%20and%20lighting.>

<sup>5</sup> NCC is a performance-based code, it sets the minimum required level for the safety, health, amenity, accessibility and sustainability of buildings, further details available at: <https://ncc.abcb.gov.au/>

<sup>6</sup> BCA contains technical provisions for the design and construction of buildings and other structures which includes structural adequacy, fire resistance, access and egress, services and equipment, energy efficiency and sustainability and provisions for the health and amenity of occupants, further details available at: [https://www.sa.gov.au/topics/business-and-trade/building-industry/building-rules-regulations-and-information/the-building-code-of-australia#:~:text=The%20Building%20Code%20of%20Australia%20\(BCA\)%2C%20in%20the%20National,fire%20resistance](https://www.sa.gov.au/topics/business-and-trade/building-industry/building-rules-regulations-and-information/the-building-code-of-australia#:~:text=The%20Building%20Code%20of%20Australia%20(BCA)%2C%20in%20the%20National,fire%20resistance)

<sup>7</sup> NatHERS: <https://www.nathers.gov.au/owners-and-builders/home-energy-star-ratings>

<sup>8</sup> Rooftop Solar Proxy: <https://www.climatebonds.net/files/files/Residential%20AUS%20-%20Rooftop%20solar%20proxy%20April%202021.pdf>

- Sustainalytics considers this approach to identify the top 15% energy performing residential buildings in Australia to be aligned with market practice as these proxies and standards – when accompanied by certain third-party standards (BASIX, NatHERS, NCC BCA) – meet the requirements under the location-specific criteria of the Climate Bonds Standard for Australia, ensures low-carbon performance in terms of emissions intensity and helps meet the net zero carbon emissions trajectory by 2050.
- Project Evaluation and Selection:
  - ColCap’s Treasury team will be responsible for evaluating and selecting eligible projects in line with the Framework’s eligibility criteria. The Treasury Team is overseen by the ESG Bond Committee which comprises representatives from various departments, including Originations, Legal and Compliance, Treasury and Data, and is chaired by the chief operating officer.
  - The project evaluation and selection process will consider ColCap’s internal policies, as well as regional and national laws, standards and regulations pertaining to environmental and social risk management. This process will be conducted for all allocation decisions made under the Framework. Sustainalytics considers these environmental and social risk management systems to be adequate and aligned with market expectations. For additional details, see Section 2.
  - Based on the established processes for project evaluation and selection, and environmental and social risk management, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
  - ColCap’s Treasury team will be responsible for allocating and tracking proceeds to eligible projects using a closed mortgage portfolio system.
  - ColCap intends to allocate all proceeds from the bond issuance to mortgage-backed securities immediately upon issuance to finance or refinance eligible loans.
  - Based on the commitment to full allocation at issuance and the presence of a tracking system, Sustainalytics considers this process to be in line with market practice.
- Reporting:
  - ColCap intends to report on the allocation and impact of proceeds on an annual basis in its green bond report, which will be publicly available on the Company’s website.
  - Allocation reporting will include the net proceeds of the green bonds issued under the Framework along with details on the aggregate of green bond proceeds allocated against green mortgages.
  - In addition, the Company is committed to reporting on relevant impact metrics where feasible, such as the number of buildings financed in Australia with the green building certifications and the number of green mortgages financed by ColCap.
  - Based on the annual allocation and impact reporting commitments, Sustainalytics considers this process to be in line with market practice.

### **Alignment with Green Bond Principles 2021**

Sustainalytics has determined that the ColCap Green Bond Framework aligns with four core components of GBP. For detailed information, please refer to Appendix 1: Green Bond/Green Bond Programme External Review Form.

## **Section 2: Sustainability Strategy of ColCap**

### **Contribution to ColCap’s sustainability strategy**

Sustainalytics is of the opinion that as a provider of residential mortgage loans, ColCap demonstrates efforts to sustainability with a focus on financing green buildings. To achieve its sustainability objectives, ColCap has established an ESG Policy, under which it intends to incorporate ESG practices into its business operations and work towards increasing the Company’s resilience to climate change.<sup>9</sup> The Company has originated AUD 1 billion of loans related to green buildings over the last three years from 2020 to 2022.<sup>10</sup>

Sustainalytics notes that ColCap has not established a companywide sustainability strategy or targets. Nevertheless, Sustainalytics is of the opinion that the ColCap Green Bond Framework can further the Company’s efforts related to sustainability. Sustainalytics encourages the Company to set time-bound quantifiable targets and to report on the establishment and progress of these targets in a formalized sustainability report.

<sup>9</sup> ColCap’s ESG Policy document was bilaterally shared with Sustainalytics.

<sup>10</sup> Information shared by ColCap with Sustainalytics

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

Sustainalytics recognizes that the use of proceeds from the Framework will be directed towards eligible projects that are expected to have a positive environmental impact. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes, which may affect ColCap as a lender. While ColCap has limited involvement in the development of the specific projects to be financed under the Framework, it is exposed to environmental and social risks associated with the loans that it may finance. Some key environmental and social risks possibly associated with the eligible projects could include issues related to emissions, effluents, and waste management; land and biodiversity concerns associated with large-scale infrastructure projects; occupational health and safety; predatory lending; and lending decisions.

Sustainalytics is of the opinion that ColCap is able to manage or mitigate potential risks through the implementation of the following:

- The eligible projects require compliance with the local building codes and national environmental protection regulations to reduce the environmental risks associated with emissions, effluents and construction waste generation.<sup>11</sup> Additionally, the Code of Practice for construction work under the Work Health and Safety Act applies to all construction work that includes the health and safety of workers.<sup>12</sup>
- Sustainalytics recognizes that the eligible projects will align with the respective criteria of the Climate Bonds Standard Version 3.0, which includes mitigation and adaptation requirements of environmental and social risks associated with the projects being financed.<sup>13</sup> Sustainalytics also notes that Australia is categorized as a Designated Country under the Equator Principles, indicating strong environmental and social governance legislation systems and an institutional capacity to mitigate common environmental and social risks.<sup>14</sup>
- Regarding predatory lending, ColCap has adopted a credit policy, which complies with the National Consumer Credit Protection Act 2009.<sup>15,16</sup> According to the act, the Company is obligated to engage in responsible lending practices, including verifying a customer's financial state and conducting an assessment to ensure that the credit contract is suitable for the customer.

Based on these policies, standards, and assessments, Sustainalytics is of the opinion that ColCap has implemented 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

The use of proceeds category is aligned with those recognized by the GBP. Sustainalytics has focused on where the impact is specifically relevant in the local context.

#### Importance of green residential buildings in Australia

Buildings accounted for 37% of global energy-related CO<sub>2</sub> emissions and 30% of the global energy demand in 2021.<sup>17</sup> Additionally, the global building sector is not on track to achieve carbon neutrality by 2050.<sup>18</sup> To meet this goal, the sector needs to reduce its direct CO<sub>2</sub> emissions by 50% and indirect emissions by 60% globally by 2030 compared to 2019.<sup>19</sup> The Global Alliance for Buildings and Construction suggests that, to reduce emissions globally, countries must double their investments in energy-efficiency improvements by 2026 for all building types.<sup>20</sup> According to the International Energy Agency, all new buildings and 20% of the current

<sup>11</sup> ColCap, "ColCap Green Bond Framework", (2023), at: <https://colcap.com.au/investor-centre/>

<sup>12</sup> Construction Work, Safe Work Australia, (2012), at: <https://www.safeworkaustralia.gov.au/system/files/documents/1705/mcop-construction-work-v1.pdf>

<sup>13</sup> CBI, "Climate Bond Standard Version 3.0", (2019), at: <https://www.climatebonds.net/files/files/climate-bonds-standard-v3-20191210.pdf>

<sup>14</sup> Equator Principles, "About the Equator Principles", at: <https://equator-principles.com/about-the-equator-principles/>

<sup>15</sup> ColCap's Credit Policy document was shared with Sustainalytics confidentially.

<sup>16</sup> Government of Australia, "National Consumer Credit Protection Act 2009", at: <https://www.legislation.gov.au/Details/C2020C00215>

<sup>17</sup> United Nations Environment Programme, "2022 Global Status Report for Buildings and Construction", at: <https://www.unep.org/resources/publication/2022-global-status-report-buildings-and-construction>

<sup>18</sup> Ibid.

<sup>19</sup> United Nations Environment Programme, "Building sector emissions hit record high, but low-carbon pandemic recovery can help transform sector – UN report", (2020), at: <https://www.unep.org/news-and-stories/press-release/building-sector-emissions-hit-record-high-low-carbon-pandemic#:~:text=To%20get%20on%20track%20to,emissions%20by%2060%20per%20cent>

<sup>20</sup> Global Alliance for Buildings and Construction, "2021 Global Status Report for Buildings and Construction", (2021), at: <https://www.unep.org/resources/report/2021-global-status-report-buildings-and-construction>

building stock would need to be zero-carbon ready by 2030 to help limit global warming to 1.5°C or below, in line with the Paris Agreement.<sup>21</sup>

In Australia, buildings’ emissions are a critical issue in meeting the country’s Paris Agreement targets, including reducing its total GHG emissions by 43% by 2030 compared to 2005. In its 2021 Nationally Determined Contribution update, the Australian government has committed to achieving net zero emissions by 2050.<sup>22</sup> Residential buildings were responsible for approximately 24% of Australia’s total electricity use and 12% of total CO<sub>2</sub> emissions in 2021,<sup>23</sup> and annual building and infrastructure-related embodied carbon emissions made up to 10% of national GHG emissions.<sup>24</sup> Green buildings can achieve an estimated average reduction of up to 15% in embodied carbon compared to similar designs with no sustainability measures.<sup>25</sup> In addition, cost-effective energy-efficiency actions across the building sector can achieve a 23% reduction in emissions by 2030 and 57% by 2050.<sup>26</sup> Under the National Energy Productivity Plan, energy efficiency is key in addressing Australia’s target of reaching a 43% energy productivity improvement by 2030.<sup>27</sup> Energy-efficiency measures are also expected to help residential buildings reduce their share of indirect emissions from 22% in 2020 to 16% by 2030.<sup>28</sup> The Australian government aims to reduce GHG emissions from residential buildings by encouraging improved thermal performance of homes through the NatHERS, which covers house design, construction materials and climate zone. In 2021, more than 90% of building approvals in Australia used the NatHERS as a pathway to comply with the NCC’s energy efficiency requirements.<sup>29</sup> Additionally, improving energy efficiency in buildings can play a crucial role in reducing overall national emissions.<sup>30,31</sup>

Based on the above, Sustainalytics is of the opinion that ColCap’s financing of green residential buildings is expected to reduce energy consumption and emissions from Australia’s buildings sector.

**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 bonds issued under the ColCap Green Bond Framework are expected to advance the following SDG and target:

Use of Proceeds Category	SDG	SDG target
Green Buildings	9. Industry, Innovation, and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities

<sup>21</sup> International Energy Agency, “Tracking Buildings 2021”, (2021), at: <https://www.iea.org/reports/renovation-of-near-20-of-existing-building-stock-to-zero-carbon-ready-by-2030-is-ambitious-but-necessary>

<sup>22</sup> Government of Australia, “International climate change commitments”, (2022), at: <https://unfccc.int/sites/default/files/NDC/2022-06/Australias%20NDC%20June%202022%20Update%20%283%29.pdf>

<sup>23</sup> Government of Australia, “Residential Buildings”, (2021), at: <https://www.energy.gov.au/government-priorities/buildings/residential-buildings>

<sup>24</sup> Clean Energy Finance Corporation, “Australian buildings and infrastructure: Opportunities for cutting embodied carbon”, (2021), at: <https://www.cefc.com.au/media/ovrkk5l3/australian-buildings-and-infrastructure-opportunities-for-cutting-embodied-carbon.pdf>

<sup>25</sup> Ibid.

<sup>26</sup> Australian Sustainable Built Environmental Council, “Low Carbon, High Performance”, (2016), at: <https://www.asbec.asn.au/wordpress/wp-content/uploads/2016/05/160509-ASBEC-Low-Carbon-High-Performance-Summary-Report.pdf>

<sup>27</sup> Government of Australia, “National Energy Productivity Plan”, (2021), at: <https://www.energy.gov.au/government-priorities/australias-energy-strategies-and-frameworks/national-energy-performance-strategy>

<sup>28</sup> Government of Australia, “Australia’s emissions projections 2020”, at: <https://www.dcceew.gov.au/sites/default/files/documents/australias-emissions-projections-2020.pdf>

<sup>29</sup> Government of Australia, “NatHERS 2021 – Year in Review”, (2021), at: <https://www.nathers.gov.au/newsletter/issue-13-december-2021>

<sup>30</sup> Government of Australia, “Improving the energy and emissions performance of buildings”, (2019), at: [https://www.energy.gov.au/sites/default/files/improving\\_the\\_energy\\_and\\_emissions\\_performance\\_of\\_buildings\\_-\\_factsheet.pdf](https://www.energy.gov.au/sites/default/files/improving_the_energy_and_emissions_performance_of_buildings_-_factsheet.pdf)

<sup>31</sup> Government of Australia, “Trajectory for Low Energy Buildings”, (2021), at: <https://www.energy.gov.au/government-priorities/buildings/trajectory-low-energy-buildings>

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## Conclusion

ColCap has developed the ColCap Green Bond Framework, under which it may issue green bonds and use the proceeds to provide mortgage loans for the purchase, refinance or construction of new or existing residential real estate properties in Australia. Sustainalytics considers that the projects funded by the green bond proceeds are expected to have a positive environmental impact.

The 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, Sustainalytics believes that the ColCap Green Bond Framework will contribute to the advancement of UN Sustainable Development Goal 9. Additionally, Sustainalytics considers that ColCap has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects.

Based on the above, Sustainalytics is confident that ColCap is well positioned to issue green bonds and that the ColCap Green Bond Framework is robust, transparent and in alignment with the four core components of the Green Bond Principles 2021.

## Appendix

### Appendix 1: Green Bond / Green Bond Programme - External Review Form

#### Section 1. Basic Information

<b>Issuer name:</b>	ColCap
<b>Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:</b>	ColCap Green Bond Framework
<b>Review provider's name:</b>	Sustainalytics
<b>Completion date of this form:</b>	May 5, 2023
<b>Publication date of review publication:</b>	
<b>Original publication date [please fill this out for updates]:</b>	

#### Section 2. Review overview

##### SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBP:

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds        | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting                                    |

##### ROLE(S) OF REVIEW PROVIDER

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 <sup>nd</sup> opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification   | <input type="checkbox"/> Rating        |
| <input type="checkbox"/> Other (please specify):                                |  |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

##### EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (if applicable)

Please refer to Evaluation Summary above.

#### Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

## 1. USE OF PROCEEDS

Overall comment on section (if applicable):

The eligible categories for the use of proceeds - Green Buildings - is aligned with those recognized by the Green Bond Principles 2021. Sustainalytics considers that investments in the eligible category is expected to contribute to the decarbonization of Australia's residential building stock and advance the UN Sustainable Development Goals, specifically SDG 11.

**Use of proceeds categories as per GBP:**

- |   |  |
|---|--|
| <input type="checkbox"/> Renewable energy   | <input type="checkbox"/> Energy efficiency   |
| <input type="checkbox"/> Pollution prevention and control   | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation  | <input type="checkbox"/> Clean transportation  |
| <input type="checkbox"/> Sustainable water and wastewater management  | <input type="checkbox"/> Climate change adaptation   |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes                            | <input checked="" type="checkbox"/> Green buildings  |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBP | <input type="checkbox"/> Other (please specify):   |

If applicable please specify the environmental taxonomy, if other than GBP:

## 2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

Columbus Capital's Treasury team will be responsible for project evaluation in accordance with the eligibility criteria of the Framework. The Treasury Team is overseen by the ESG Bond Committee which comprises representatives from various departments, including Originations, Legal and Compliance, Treasury and Data, and is chaired by the chief operating officer. Columbus Capital has processes in place to identify and manage ESG risks associated with the eligible projects. Sustainalytics considers the risk management systems to be adequate and the project selection process to be in line with market practice.

### Evaluation and selection

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's environmental sustainability objectives            | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories               |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available       | <input type="checkbox"/> Other (please specify):  |

### Information on Responsibilities and Accountability

- Evaluation / Selection criteria subject to external advice or verification
  In-house assessment
- Other (please specify):

### 3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable):

Columbus Capital 's Treasury team will be responsible for overseeing the management of proceeds. Columbus Capital will use its closed mortgage portfolios system to track and report the allocation of proceeds. At the time of issuance, net proceeds from the mortgage-backed securities will be allocated in full to finance or refinance eligible loans. Sustainalytics considers this process to be in line with market practice.

#### Tracking of proceeds:

- Green Bond proceeds segregated or tracked by the issuer in an appropriate manner
- Disclosure of intended types of temporary investment instruments for unallocated proceeds
- Other (please specify):

#### Additional disclosure:

- Allocations to future investments only
  Allocations to both existing and future investments
- Allocation to individual disbursements
  Allocation to a portfolio of disbursements
- Disclosure of portfolio balance of unallocated proceeds
  Other (please specify):

### 4. REPORTING

Overall comment on section (if applicable):

Columbus Capital intends to report on the allocation and impact of proceeds annually in its Green Bond report on its website until full allocation. Allocation reporting will include the net proceeds of the green bonds issued under the Framework along with details on aggregate of green bond proceeds allocated against green mortgages. In addition, Columbus Capital is also committed to reporting on relevant impact metrics. Sustainalytics views Columbus Capital's allocation and impact reporting as aligned with market practice.

#### Use of proceeds reporting:

- Project-by-project
  On a project portfolio basis
- Linkage to individual bond(s)
  Other (please specify):

**Information reported:**

- Allocated amounts
  Green Bond financed share of total investment
- Other (please specify):

**Frequency:**

- Annual
  Semi-annual
- Other (please specify):

**Impact reporting:**

- Project-by-project
  On a project portfolio basis
- Linkage to individual bond(s)
  Other (please specify):

**Information reported (expected or ex-post):**

- GHG Emissions / Savings
  Energy Savings
- Decrease in water use
  Other ESG indicators (please specify): number of green building certifications

**Frequency**

- Annual
  Semi-annual
- Other (please specify):

**Means of Disclosure**

- Information published in financial report
  Information published in sustainability report
- Information published in ad hoc documents
  Other (please specify): Green Bond Report
- Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

Where appropriate, please specify name and date of publication in the useful links section.

**USEFUL LINKS** (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

**SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE****Type(s) of Review provided:**

- Consultancy (incl. 2<sup>nd</sup> opinion)
  Certification
- Verification / Audit
  Rating
- Other (please specify):

**Review provider(s):**

**Date of publication:**

**ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP**

- i. **Second-Party Opinion:** An institution with environmental 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 Green 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 Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental 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 environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally 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 Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
- iii. **Certification:** An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green 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. **Green Bond Scoring/Rating:** An issuer can have its Green Bond, associated Green 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 environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

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