

# Columbus Capital

**Type of Engagement:** Green Bond Pre-Issuance Review

**Date:** June 2023

**Engagement Leader:**

Vijay Wilfred, [vijay.wilfred@morningstar.com](mailto:vijay.wilfred@morningstar.com);

Chinmay Sirdeshmukh, [chinmay.sirdeshmukh@morningstar.com](mailto:chinmay.sirdeshmukh@morningstar.com)

---

## Introduction

In May 2023, Columbus Capital (“ColCap” or the “Issuer”) developed the ColCap Green Bond Framework<sup>1</sup> (the “Framework”) under which it intends to issue green bonds to finance mortgage loans for the construction, purchase or refinancing of energy-efficient residential buildings. In the same month, Sustainalytics provided a Second-Party Opinion<sup>2</sup> on the Framework.

In May 2023, ColCap engaged Sustainalytics to review the projects (the “Nominated Projects”) that will be funded through the Class A1-AU-G green bond tranche of Triton 2023-2 issuance (“Class A1-AU-G tranche”) and provide an assessment as to whether the projects would comply with the Use of Proceeds, Project Selection, and Management of Proceeds sections of the Framework.

## Evaluation Criteria

Sustainalytics evaluated the underlying projects that will be funded through the Class A1-AU-G tranche for compliance based on whether:

1. The Nominated Projects are aligned with the Use of Proceeds Eligibility Criteria outlined in the ColCap Green Bond Framework; and
2. The commitments to select projects and manage proceeds are aligned with the ones described in the Framework.

The Nominated Projects funded through the Class A1-AU-G tranche are summarized in Appendix 2.

## Issuing Entity’s Responsibility

ColCap is responsible for providing accurate information and documentation relating to the details of the projects that have been funded, including a description of the eligible projects within each eligible category. This information was provided to Sustainalytics to support its review. ColCap is also responsible for confirming to Sustainalytics that processes for project selection and management of proceeds for the Class A1-AU-G tranche will remain aligned with the commitments described in the Framework.

## Independence and Quality Control

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of the Class A1-AU-G tranche. The work undertaken as part of this engagement included verification of the Nominated Projects and confirmation from relevant employees of ColCap that the use of proceeds, processes for project selection and management of proceeds for the upcoming green bond issuance will remain aligned with the commitments described in the Framework.

Sustainalytics has relied on the information and the facts presented by ColCap with respect to the Nominated Projects. Sustainalytics is not responsible, nor shall it be held liable if any of the opinions, findings, or conclusions it has set forth herein are not correct due to incorrect or incomplete data provided by ColCap.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight over the pre-issuance review.

---

<sup>1</sup> ColCap, “ColCap Green Bond Framework”, (2023), at: <https://colcap.com.au/investor-centre/>

<sup>2</sup> Sustainalytics, “ColCap Green Bond Framework”, (2023), at: [https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/published-projects/project/colcap/colcap-green-bond-framework-second-party-opinion-\(2023\)/colcap-green-bond-framework-second-party-opinion-\(2023\)](https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/published-projects/project/colcap/colcap-green-bond-framework-second-party-opinion-(2023)/colcap-green-bond-framework-second-party-opinion-(2023))

---

### **Conclusion**

Based on the limited assurance procedures conducted,<sup>3</sup> nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the Class A1-AU-G tranche is not aligned with the ColCap Green Bond Framework.

---

<sup>3</sup> Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the mortgage loans that includes loan purpose, property type, origination date and property-built year which were provided by the issuing organization, which is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects linked with the mortgage loans.

## Appendix 1: ColCap's Use of Proceeds Eligibility Criteria

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)<sup>6</sup> 2011 and whose construction was completed after 30 November 2012, along with achieving a 6-star rating under the Nationwide House Energy Rating Scheme (NatHERS).<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> BASIX: <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: <https://ncc.abcb.gov.au/>

<sup>6</sup> BCA: [https://www.sa.gov.au/topics/business-and-trade/building-industry/building-rules-regulations-and-information/the-building-code-ofaustralia#:~: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-ofaustralia#:~: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>

## Appendix 2: Summary of the Nominated Projects for Class A1-AU-G tranche

**Table 1: Breakdown of Loans by type of expenditure**

State	Number of eligible projects	Type of expenditure (Purpose)		
		Construction	Purchase	Refinance
<b>New South Wales</b>	224	49	31	144
<b>Victoria</b>	343	71	116	156
<b>Tasmania</b>	8	3	3	2

**Table 2: Breakdown of Loans by type of property**

State	Number of eligible projects	Type of property				
		Apartment	Apartment Unit Flat	Fully Detached House	House	Unit
<b>New South Wales</b>	224	-	-	13	211	-
<b>Victoria</b>	343	25	1	7	270	40
<b>Tasmania</b>	8	-	-	-	2	6

## Appendix 3: Sustainalytics' Findings

Eligibility Criteria	Procedure Performed	Factual Findings	Error or Exceptions Identified
<b>Use of Proceeds Criteria</b>	Verification of the projects funded by the Class A1-AU-G tranche to determine if the projects (Appendix 2) aligned with the Use of Proceeds Eligibility Criteria outlined in ColCap Green Bond Framework (Appendix 1).	All projects reviewed (Appendix 2) complied with the Use of Proceeds eligibility criteria.	None
<b>Project Selection and Management of Proceeds Criteria</b>	Verification of the projects funded by the Class A1-AU-G tranche to determine if the commitments under processes for project selection and management of proceeds were consistent with the ColCap Green Bond Framework.	ColCap has confirmed to Sustainalytics that the processes for project selection and management of proceeds for the Class A1-AU-G tranche are consistent with the commitments described in the Framework.	None

---

## Disclaimer

**Copyright ©2023 Sustainalytics. All rights reserved.**

The information, methodologies and opinions contained or reflected herein are proprietary of Sustainalytics and/or its third-party suppliers (Third Party Data), and may be made available to third parties only in the form and format disclosed by Sustainalytics, or provided that appropriate citation and acknowledgement is ensured. They are provided for informational purposes only and (1) do not constitute an endorsement of any product or project; (2) do not constitute investment advice, financial advice or a prospectus; (3) cannot be interpreted as an offer or indication to buy or sell securities, to select a project or make any kind of business transactions; (4) do not represent an assessment of the issuer's economic performance, financial obligations nor of its creditworthiness; (5) have not and cannot be incorporated into any offering disclosure.

These are based on information made available by the issuer and therefore are not warranted as to their merchantability, completeness, accuracy, up-to-dateness or fitness for a particular purpose. The information and data are provided "as is" and reflect Sustainalytics' opinion at the date of their elaboration and publication. Sustainalytics accepts no liability for damage arising from the use of the information, data or opinions contained herein, in any manner whatsoever, except where explicitly required by law. Any reference to third party names or Third Party Data is for appropriate acknowledgement of their ownership and does not constitute a sponsorship or endorsement by such owner. A list of our third-party data providers and their respective terms of use is available on our website. For more information, visit <http://www.sustainalytics.com/legal-disclaimers>.

The issuer is fully responsible for certifying and ensuring the compliance with its commitments, for their implementation and monitoring.

## About Sustainalytics, a Morningstar Company

Sustainalytics, a Morningstar Company, is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies. For more than 30 years, the firm has been at the forefront of developing high-quality, innovative solutions to meet the evolving needs of global investors. Today, Sustainalytics works with hundreds of the world's leading asset managers and pension funds who incorporate ESG and corporate governance information and assessments into their investment processes. Sustainalytics also works with hundreds of companies and their financial intermediaries to help them consider sustainability in policies, practices and capital projects. With 17 offices globally, Sustainalytics has more than 1500 staff members, including more than 500 analysts with varied multidisciplinary expertise across more than 40 industry groups.

For more information, visit [www.sustainalytics.com](http://www.sustainalytics.com)

Or contact us [contact@sustainalytics.com](mailto:contact@sustainalytics.com)

