

# Columbus Capital

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

**Date:** 19 February 2024

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## Introduction

In May 2023, Columbus Capital ("ColCap") developed the ColCap Green Bond Framework (the "Framework")<sup>1</sup> under which it intends to issue green bonds to finance mortgage loans for the construction, purchase or refinancing of new or existing real estate properties that are expected to deliver a positive environmental impact by improving the energy performance of buildings. Sustainalytics provided a Second-Party Opinion on the Framework in the same month.<sup>2</sup>

ColCap intends to issue Triton 2024-1 Class A1-AU-G green bond tranche in February 2024. ColCap engaged Sustainalytics to review the projects (the "Nominated Projects") that are intended to be funded through the Triton 2024-1 Class A1-AU-G green bond tranche issuance ("Class A1-AU-G green bond tranche") to provide an assessment as to whether the Nominated Projects comply with the Use of Proceeds, Project Selection and Management of Proceeds sections of the Framework.

## Evaluation Criteria

Sustainalytics evaluated the Nominated Projects as to whether:

1. They are aligned with the use of proceeds eligibility criteria in the Framework.
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 green bond tranche issuance are summarized in Appendix 2.

## Issuing Entity's Responsibility

ColCap is responsible for providing accurate information and documentation relating to the Nominated Projects, including a description of the projects. This information was provided to Sustainalytics to support its review. ColCap is also responsible for confirming to Sustainalytics that the processes for project selection and management of proceeds will remain aligned with the commitments 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 green bond tranche. The work undertaken as part of this engagement included verification of the Nominated Projects and confirmation from representatives of ColCap that the use of proceeds, processes for project selection and management of proceeds for the Class A1-AU-G green bond tranche 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 for any inaccuracies in the opinions, findings or conclusions herein 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 assessment.

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

<sup>2</sup> Sustainalytics, "Second Party-Opinion ColCap Green Bond Framework", (2023), at: [https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/colcap-green-bond-framework\\_second-party-opinion\\_updated--05052023.pdf?sfvrsn=274637e6\\_1](https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/colcap-green-bond-framework_second-party-opinion_updated--05052023.pdf?sfvrsn=274637e6_1)

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### **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 green bond tranche is not aligned with the Framework.

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<sup>3</sup> Sustainalytics limited assurance process includes reviewing the documentation relating to the details of projects and assets, including description, estimated and realized costs, and impact, as provided by the issuing entity, which is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

## 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:

- i. 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>
- ii. 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>
- iii. 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.
- iv. 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>
- v. 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, 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, at: <https://ncc.abcb.gov.au/>

<sup>6</sup> BCA, at: <https://www.abcb.gov.au/>

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

<sup>8</sup> Rooftop Solar Proxies, at: <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 green bond tranche

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

State	Number of eligible projects	Type of expenditure (Purpose)		
		Construction	Purchase	Refinance
<b>New South Wales</b>	142	35	39	68
<b>Victoria</b>	233	70	77	86
<b>Tasmania</b>	27	1	8	18

**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>	142	-	-	4	138	-
<b>Victoria</b>	233	27	-	1	160	45
<b>Tasmania</b>	27	-	-	-	14	13

## Appendix 3: Sustainalytics' Findings

<b>Eligibility Criteria</b>	<b>Procedure Performed</b>	<b>Factual Findings</b>	<b>Error or Exceptions Identified</b>
<b>Use of Proceeds Criteria</b>	Verification of the Nominated Projects to determine if they are projects aligned with the use of proceeds eligibility criteria outlined in the Framework.	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 Nominated Projects to determine if the processes for project selection and management of proceeds were consistent with the Framework.	ColCap has confirmed to Sustainalytics that the processes for project selection and management of proceeds for the Class A1-AU-G green bond tranche are consistent with the commitments described in the Framework.	None

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