



# Firstmac Limited

## POST-ISSUANCE VERIFICATION LETTER

### BUILDINGS CRITERIA OF THE CLIMATE BONDS STANDARD

**Type of engagement:** Assurance Engagement

**Period engagement was carried out:** October 2023

**Approved verifier:** Sustainalytics

**Contact address for engagement:** De Entree 35-37 – 1101 BH, P.O. Box 22703 – 1100 DE, Amsterdam, The Netherlands

**Post-Issuance Engagement Leader:** Amrita Kaur, [amrita.kaur@sustainalytics.com](mailto:amrita.kaur@sustainalytics.com)

**Post-Issuance Engagement Support:** Poonam Tarekar, [poonam.tarekar@sustainalytics.com](mailto:poonam.tarekar@sustainalytics.com)

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### Scope and Objectives

In April 2021, Firstmac Limited (“Firstmac”) issued the Class A-1a tranche (“the Tranche”) of the Firstmac Mortgage Funding Trust No. 4 Series 2021-3PP transaction (“Firstmac Green Bond”) under the Firstmac Limited Green Bond Framework to finance and refinance a loan portfolio of new and existing green mortgages for energy-efficient Australian residential buildings located in New South Wales, Victoria and Tasmania. In October 2023, Firstmac engaged Sustainalytics to review the projects financed as part of the tranche, which was settled on 25 June 2021 with proceeds from the Firstmac Green Bond (the “Nominated Loan Portfolio”) and provide an assessment as to whether the Nominated Loan Portfolio meets the Post-Issuance Requirements of the Climate Bonds Standard Version 3.0.<sup>1</sup> Sustainalytics provided a pre-issuance verification in April 2021.<sup>2</sup>

Schedule 1 provides details of the Nominated Loan Portfolio and disbursement of proceeds.

### Post-Issuance Evaluation Criteria

Post-issuance Requirements of the Climate Bonds Standard Version 3.0:

- Use of Proceeds
- Evaluation and Selection of Projects, including conformance with the relevant Sector Criteria<sup>3</sup>
- Management of Proceeds
- Reporting

### Issuing Entity’s Responsibility

Firstmac is responsible for providing accurate information and documentation relating to the details of projects, including description, total development cost of each project and disbursed amounts.

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<sup>1</sup> Climate Bonds Initiative, Climate Bonds Standard Version 3.0, at: [https://www.climatebonds.net/files/files/Climate%20Bonds\\_Standard\\_Version%203\\_0\\_December%202017.pdf](https://www.climatebonds.net/files/files/Climate%20Bonds_Standard_Version%203_0_December%202017.pdf)

<sup>2</sup> Sustainalytics, “Firstmac Limited Green Bond Framework CBI Pre-Issuance Letter (2021)”, at: [https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/published-projects/project/firstmac-limited/firstmac-limited-green-bond-framework-cbi-pre-issuance-letter-\(2021\)/firstmac-limited-green-bond-framework-cbi-pre-issuance-letter](https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/published-projects/project/firstmac-limited/firstmac-limited-green-bond-framework-cbi-pre-issuance-letter-(2021)/firstmac-limited-green-bond-framework-cbi-pre-issuance-letter)

<sup>3</sup> Climate Bonds Initiative, Buildings Criteria, at: <https://www.climatebonds.net/standard/buildings/residential/calculator>

### **Independence and Quality Control**

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of the Tranche to provide an independent opinion on its conformance with the Post-Issuance Requirements of the Climate Bonds Standard.

Sustainalytics has relied on the information and the facts presented by Firstmac with respect to the Nominated Loan Portfolio. Sustainalytics is not responsible nor shall be held liable for any inaccuracies in the opinions, findings or conclusions herein due to incorrect or incomplete data provided by Firstmac.

Sustainalytics makes all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight over this assessment.

### **Verifier's Responsibility**

Sustainalytics conducted the verification in accordance with the Climate Bonds Standard Version 3.0 and with International Standard on Assurance Engagements 3000 (ISAE 3000).

The work undertaken as part of this engagement included conversations with relevant Firstmac employees and review of relevant documentation to assess conformance of the Tranche with the Post-Issuance Requirements of the Climate Bonds Standard Version 3.0.

### **Exceptions**

No exceptions were identified. All projects meet the Post-Issuance Requirements of the Climate Bonds Standard Version 3.0 and the Low Carbon Buildings criteria.

### **Conclusion**

Based on the limited assurance procedures conducted and evidence obtained, nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the Tranche is not in conformance with the Post-Issuance Requirements of the Climate Bonds Standard.

## Schedule 1: Overview of the Nominated Loan Portfolio<sup>4</sup>

<b>Eligibility Criteria</b>	<b>Number of loans</b>	<b>Balance of loans (AUD million)</b>
Houses constructed after July 2005 in New South Wales	812	353.25
Houses and apartments constructed after May 2011 in Victoria	1,028	372.84
Houses constructed after May 2013 in Tasmania	39	9.27
<b>Total</b>	<b>1,879</b>	<b>735.36</b>

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<sup>4</sup> Firstmac has conveyed to Sustainalytics that the figures presented were calculated at the end of the 12-month revolving period, as at May 2022.

## Schedule 2A: Post-Issuance Requirements of the Climate Bonds Standard

Use of Proceeds	<p>5.1 The Net Proceeds of the Bond/Loan shall be allocated to the Nominated Projects &amp; Assets.</p> <p>5.2 All Nominated Projects &amp; Assets shall meet the documented objectives of the Bond/ Loan as stated under Clause 6.1.1 and shall be in conformance with the requirements of Part C of the Climate Bonds Standard.</p> <p>5.3 The Issuer shall allocate the Net Proceeds to Nominated Projects &amp; Assets within 24 months of issuance of the Bond/Loan, or the Issuer shall disclose in post-issuance reporting as per clause 8.3 the estimated timeline for allocation of net proceeds to Nominated Projects &amp; Assets. Net proceeds may be reallocated to other Nominated Projects &amp; Assets at any time while the Bond/Loans remains outstanding.</p> <p>5.4 Nominated Projects &amp; Assets shall not be nominated to other Certified Climate Bonds, Certified Climate Loans, Certified Climate Debt Instruments, green bonds, green loans or other labelled instruments (such as social bonds or SDG bonds) unless it is demonstrated by the Issuer that:</p> <p>5.4.1. distinct portions of the Nominated Projects &amp; Assets are being funded by different Certified Climate Bonds, Certified Climate Loans, Certified Climate Debt Instruments, green bonds, green loans or other labelled instruments or;</p> <p>5.4.2. the existing Certified Climate Bond, Certified Climate Loan or Certified Climate Debt Instrument is being refinanced via another Certified Climate Bond, Certified Climate Loan or Certified Climate Debt Instrument.</p> <p>5.5 Where a proportion of the Net Proceeds of the Bond/Loan are used for refinancing, the Issuer shall track the share of the Net Proceeds used for financing and refinancing and identify which Nominated Projects &amp; Assets may be refinanced. This may also include the expected look-back period for refinanced Nominated Projects &amp; Assets.</p> <p>5.6 The Net Proceeds of the Bond/Loan shall be tracked by the Issuer following a formal internal process which is documented in accordance with Clause 3.1.</p> <p>5.7 The Net Proceeds of the Bond/Loan shall be no greater than the Issuer's total investment exposure or debt obligation to the Nominated Projects &amp; Assets, or the relevant proportion of the total Market Value of the Nominated Projects &amp; Assets which are owned or financed by the Issuer.</p>
Process for Evaluation and Selection of Projects & Assets	<p>6.1 The Issuer shall document and maintain a decision-making process which it uses to determine the continuing eligibility of the Nominated Projects &amp; Assets. This includes, without limitation:</p> <p>6.1.1. A statement on the climate-related objectives of the Bond/Loan;</p> <p>6.1.2. How the climate-related objectives of the Bond/Loans are positioned within the context of the Issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability;</p> <p>6.1.3. The Issuer's rationale for issuing the Bond/Loan;</p>

	<p>6.1.4. A process to determine whether the Nominated Projects &amp; Assets meet the eligibility requirements specified in Part C of the Climate Bonds Standard;</p> <p>6.1.5. Other information provided by the Issuer as described in Clause 2.2</p>
Management of Proceeds	<p>7.1 The Net Proceeds of the Bond/Loan shall be credited to a sub account, moved to a sub- portfolio or otherwise identified by the Issuer in an appropriate manner, and documented.</p> <p>7.2 The Issuer of the Bond/Loan shall maintain the earmarking process to manage and account for allocation of Net Proceeds to the Nominated Projects &amp; Assets as described in Clause 3.1.3</p> <p>7.3 While the Bond/Loan remains outstanding, the balance of the tracked Net Proceeds shall be reduced by amounts allocated to Nominated Projects &amp; Assets. Pending such allocations to Nominated Projects &amp; Assets, the balance of unallocated Net Proceeds shall be:</p> <p>7.3.1. Held in temporary investment instruments that are cash, or cash equivalent instruments, within a Treasury function; or</p> <p>7.3.2. Held in temporary investment instruments that do not include greenhouse gas intensive projects which are inconsistent with the delivery of a low carbon and climate resilient economy; or</p> <p>7.3.3. Applied to temporarily reduce indebtedness of a revolving nature before being redrawn for investments or disbursements to Nominated Projects &amp; Assets.</p>
Reporting – Post-issuance	<p>8.1 The Issuer shall prepare an Update Report at least annually while the Bond/Loan remains outstanding.</p> <p>8.1.2. The Update Report shall be made available to holders of the Bond/Loan and to the Climate Bonds Standard Board.</p> <p>8.1.3. The Issuer should provide an Update Report to holders of the Bond/Loan on a timely basis in case of material developments.</p>

## Schedule 2B: Conformance to the Post-Issuance Requirements of the Climate Bonds Standard

Requirement	Factual Findings	Error or Exceptions Identified
Use of Proceeds	<p>5.1 The details of the Nominated Loan Portfolio is provided in Schedule 1.</p> <p>5.2 The Nominated Loan Portfolio meets the documented objectives of the finance and are in conformance with the requirements of Part C of the Climate Bonds Standard.</p> <p>5.3 The Net Proceeds have been allocated to Nominated Loan Portfolio within 1 month of issuance of the bond.</p> <p>5.4 Firstmac confirms that the Nominated Loan Portfolio has not been nominated to other Certified Climate Bonds, Certified Climate Loans, Certified Climate Debt Instruments, green bonds, green loans or other labelled instruments (such as social bonds or SDG bonds).</p> <p>5.5 Firstmac confirms that it has tracked the share of the Net Proceeds, 100% of which have been used for refinancing.</p> <p>5.6 Firstmac Limited Green Bond Framework documents that the Net Proceeds are tracked following a formal internal process.</p> <p>5.7 Firstmac has confirmed that the Net Proceeds raised are no greater than the total investment exposure or debt obligation to the Nominated Loan Portfolio which are owned or financed by the Issuer.</p>	None
Process for Evaluation and Selection of Projects & Assets	<p>6.1 Firstmac Limited Green Bond Framework documents a decision-making process which it uses to determine the continuing eligibility of the Nominated Loan Portfolio. This includes, without limitation:</p> <p>6.1.1 A statement on the climate-related objectives of the financing.</p> <p>6.1.2 How the climate-related objectives of the financing are positioned within the context of the Firstmac's overarching objectives, strategy, policy and/or processes relating to environmental sustainability.</p> <p>6.1.3 Firstmac's rationale for issuing the bond.</p> <p>6.1.4 A process to determine whether the Nominated Loan Portfolio meets the eligibility requirements specified in the Climate Bonds Standard.</p> <p>6.1.5 Other information provided by Firstmac as described in Clause 2.2</p>	None
Management of Proceeds	<p>7.1 Firstmac confirmed that Net Proceeds of the loan were credited to a sub account, moved to a sub-portfolio or otherwise identified by Firstmac in an appropriate manner, and documented.</p>	None

	<p>7.2 Firstmac confirmed that it maintained an earmarking process to manage and account for allocation of Net Proceeds to the Nominated Loan Portfolio.</p> <p>7.3 While the Bond remains outstanding, the balance of the tracked Net Proceeds shall be reduced by amounts allocated to Nominated Loan Portfolio. Pending allocation, the net proceeds were held in cash, or cash equivalent or other liquid instruments.</p>	
Reporting – Post-issuance	<p>8.1. Firstmac is committed to preparing an Update Report at least annually while the financing remains outstanding.</p> <p>1.1.2. The Update Report will be made available to the lenders and to the Climate Bonds Standard Board.</p> <p>1.1.3. Firstmac will provide an Update Report to the lenders on a timely basis in case of material developments</p>	None

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In case of discrepancies between the English language and translated versions, the English language version shall prevail.

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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.

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