

FIRSTMAC LIMITED - PRE-ISSUANCE VERIFICATION OPINION



Document Title: Firstmac Limited Pre-Issuance Verification Opinion

Prepared By: DNV Business Assurance Australia Pty Ltd

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DNV VERIFICATION OPINION

Scope and Objectives

Firstmac Limited ("Firstmac" or the "Customer"), founded in mid-1990s, is a non-ADI financial institution specializing in offering loans for purchasing and refinancing residential properties, serving both owner-occupiers and investors. Firstmac's focus is to offer prime home loan funding, along with loan servicing and portfolio management services, to the Australian home loan market. As of April 30, 2024, Firstmac serves a customer base of approximately 37,500 home loan borrowers located across all states and territories in Australia, managing a loan portfolio worth approximately AUD \$15 billion.

Firstmac has developed the Climate Bond Framework dated 17th May 2024 ("Framework") with the aim to raise Climate Bonds to finance or refinance nominated projects and assets as part of its sustainable business strategies and commitment to environmental well-being, as described in the Framework. The Framework is in alignment with the bullets set out below:

- Climate Bond Standard ("CBS") Version 4.0 ("V4.0") 2023
- Buildings Sector Criteria under CBS
- Green Loan Principles 2023 ("GLP") issued by the Loan Markets Association ("LMA"), Asia-Pacific Loan Markets Association ("APLMA") and Loan Syndications & Tradition Association ("LSTA")
- Green Bond Principles 2023 ("GBP") issued by the International Capital Markets Association ("ICMA")
- Eligible Project Category under GLP and GBP: Green Buildings
- Collectively the "Principles & Standards".

As per Firstmac's Term Sheet ("Term Sheet"), Firstmac's Climate Bond is Firstmac Mortgage Funding Trust No.4 Series 2024-3PP totalling at AUD \$1200 million, cut-off date of 7 May 2024, which includes:

- A1-G Class of tranche size AUD \$306m

Firstmac has commissioned DNV Business Assurance Australia Pty Ltd ("DNV") to carry out the verification of the Climate Bonds which will be issued in accordance with the terms of the Framework. This report contains the findings from the verification and a verification statement regarding compliance with the CBS, GLP and GBP.

No assurance is provided regarding the financial performance of instruments issued via the Framework, the value of any investments, or the long-term environmental benefits of the transaction. DNV's objective has been to provide an assessment that the Framework has met the criteria established on the basis set out below.

Responsibilities of the Management of Firstmac and DNV

The management of Firstmac has provided the information and data used by DNV during the delivery of this review. Our statement represents an independent opinion and is intended to inform Firstmac's management and other interested stakeholders in the Framework as to whether the Framework is aligned with the Principles & Standards. In our work we have relied on the information and the facts presented to us by Firstmac. DNV is not responsible for any aspect of the nominated assets referred to in this opinion and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. Thus, DNV shall not

be held liable if any of the information or data provided by Firstmac's management and used as a basis for this assessment were not correct or complete.

Basis of DNV's Opinion

DNV has conducted the verification against the CBS V4.0, associated Sector Technical Criteria, GLP and GBP through the creation and execution of a verification protocol addressing each requirement of the CBS V4.0 and the relevant technical criteria. The detail of areas covered in the DNV verification is summarised in Schedule 2 below.

DNV has conducted the verification against CBS V4.0 and relevant project criteria along with GLP and GBP in parallel to the CBS V4.0 Pre-Issuance Verification.

Work Undertaken

Our work constituted a high-level review of the available information, based on the understanding that this information was provided to us by Firstmac in good faith. We have not performed an audit or other tests to check the veracity of the information provided to us. The work undertaken to form our opinion included:

- Creation and execution of a Climate Bonds Standard Protocol, adapted to include the relevant Sector Technical Criteria for the Climate Bonds' nominated projects and assets, as described above and in Schedule 2 to this Opinion;
- Assessment of documentary evidence provided by Firstmac on the Climate Bonds and supplemented by a high-level desktop research,
- Documentation of findings against each element of the criteria. Our opinion as detailed below is a summary of these findings.

Findings and DNV's Opinion

DNV has performed the Pre-Issuance Verification of the Climate Bonds. It is DNV's responsibility to provide an independent verification statement on the compliance of the Bonds with the **Climate Bonds Standard V4.0, GLP and GBP** dated 2023, referred to as the "Principles & Standards".

DNV conducted the verification in accordance with the Principles & Standards and with International Standard on Assurance Engagements *3000 Assurance Engagements other than Audits or Reviews of Historical Information*. The verification included i) checking whether the provisions of the Principles & Standards were consistently and appropriately applied and ii) the collection of evidence supporting the verification.

DNV's verification approach draws on an understanding of the risks associated with conforming with the Standards and the controls in place to mitigate these. DNV planned and performed the verification by obtaining evidence and other information and explanations that DNV considers necessary to give limited assurance that the Framework, and other associated documentation, meet the requirements of the Standards.

Based on the limited assurance procedures conducted, nothing has come to our attention that causes us to believe that the Climate Bonds are not, in all material respects, in accordance with the Pre-Issuance requirements of the CBS, the associated Buildings sector criteria and Green Buildings eligible project category under GLP and GBP.

For DNV Business Assurance Australia Pty. Ltd.

Sydney, Australia, 28th May 2024



Thomas Leonard
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About DNV

Driven by our purpose of safeguarding life, property and the environment, DNV enables organisations to advance the safety and sustainability of their business. Combining leading technical and operational expertise, risk methodology and in-depth industry knowledge, we empower our customers' decisions and actions with trust and confidence. We continuously invest in research and collaborative innovation to provide customers and society with operational and technological foresight. With our origins stretching back to 1864, our reach today is global. Operating in more than 100 countries, our 16,000 professionals are dedicated to helping customers make the world safer, smarter and greener.

SCHEDULE 1: DESCRIPTION OF NOMINATED ASSETS

Eligible Criteria	Eligible Criteria and Description	Location
Buildings under CBS Sector Criteria	<p>They are the requirements that buildings must satisfy via solar rooftop installations:</p> <ul style="list-style-type: none"> Residential properties equipped with solar installations, deemed eligible if appropriately sized according to the characteristics of the respective buildings. The size requirements are established to ensure that the rooftop solar generates a net emission benefit significant enough to align with the zero-carbon trajectory. This determination is made using factors provided by the Clean Energy Regulator, assuming a 20-year lifespan for the solar panels. The size of rooftop installations must be verified either by the allocation of an appropriate number of Small-scale Technology Certificates (STCs)¹ or by an installation certificate or equivalent documentation. 	<p>Australia</p> <p>(NSW, Northern Territory, Queensland, South Australia, Tasmania and Victoria)</p>
Green Buildings under GLP and GBP	<ul style="list-style-type: none"> As Firstmac’s nominated projects/assets meets the CBI proxy, Climate Bonds are automatically considered eligible under GLP/GBP. 	

¹ STCs are certificates issued under the Australian Government’s Small-Scale Renewable Energy Scheme, managed by the Clean Energy Regulator. For more information : [Residential AUS - Rooftop solar proxy April 21 \(climatebonds.net\)](https://www.climatebonds.net)

SCHEDULE 2: CLIMATE BONDS STANDARD VERIFICATION CRITERIA

Summary criteria for assertions of compliance with the Climate Bonds Standard V4.0

A full verification is provided in the associated Verification protocol.

The criteria against which Firstmac and its nominated projects & assets have been reviewed prior to inclusion in the Climate Bonds are grouped under the requirements as detailed within the CBS including:

Part A: Pre-Issuance Requirements

Area	Requirement
Use of Proceeds	Nominated projects & assets which are proposed to be associated with the Bonds and which have been assessed as eligible activities under the CBS related Sector Criteria
Project Selection	Establish, document and maintain a decision-making process which it uses to determine the eligibility of the Nominated Projects & Assets
Management of Proceeds	The systems, policies and processes to be used for management of the Net Proceeds shall be documented by the Issuer
Reporting Prior to Issuance	Issuer shall prepare a Green Financing Framework and make it available prior to Issuance or at the time of issuance to lenders
Reporting	Reporting on use of proceeds and nominated projects and assets

Part B: Post-Issuance Requirements

Use of Proceeds	Nominated Projects & Assets which are proposed to be associated with the Bonds and which have been assessed as likely to be Eligible Projects & Assets
Project Selection	Establish, document and maintain a decision-making process which it uses to determine the eligibility of the Nominated Projects & Assets
Management of Proceeds	The systems, policies and processes to be used for management of the Net Proceeds shall be documented by the Issuer
Reporting	Reporting on use of proceeds and nominated projects and assets

Part C: Eligible Projects and Physical Assets

Nominated projects and assets include financing or refinancing of or investments in equipment and systems which enable the mitigation of greenhouse gases, as detailed in Schedule 1.

Eligible Criteria	Eligible Criteria and Description
Buildings Sector Criteria under CBS	<p>They are the requirements that buildings must satisfy via solar rooftop installations:</p> <ul style="list-style-type: none"> Residential properties equipped with solar installations, deemed eligible if appropriately sized according to the characteristics of the respective buildings. The size requirements are established to ensure that the rooftop solar generates a net emission benefit significant enough to align with the zero-carbon trajectory. This determination is made using factors provided by the Clean Energy Regulator, assuming a 20-year lifespan for the solar panels. The size of rooftop installations must be verified either by the allocation of an appropriate number of Small-scale Technology Certificates (STCs) or by an installation certificate or equivalent documentation.
Green Buildings under GLP and GBP	<ul style="list-style-type: none"> As Firstmac’s nominated projects/assets meets the CBI proxy, Climate Bonds are automatically considered eligible under GLP/GBP.

Part D: Certification under the Climate Bonds Standard

Area	Requirement
Pre-Issuance Certification	The Issuer of a Climate Bonds Standard Certification must satisfy the Pre-Issuance Certification requirements including the completion of all forms, Pre-Issuance Verification by an approved verifier and provision of relevant information
Post-Issuance Certification	The Issuer of a Climate Bonds Standard Certification must satisfy the Post-Issuance Certification requirements including the completion of all forms, Post-Issuance Verification by an approved verifier and provision of relevant information
Maintaining Certification	The Issuer shall provide annual reporting to the CBI and comply with non-conformance correction as required