

# BC INVEST AUSTRALIAN CREDIT FUND (CLASS A1 UNITS AND CLASS A2 UNITS GREEN RMBS)

## DNV PRE-ISSUANCE ASSURANCE OPINION

### Scope and objectives

BC Invest Australian Credit Fund ("BCI") is seeking to issue Class A1 3-month Green Units and Class A2 6-month Green Units, being Residential mortgage Backed Securities ("RMBS") (henceforth referred to as "Green Units") and has submitted the proposed Green Units for verification and certification against the Climate Bonds Standard ("CBS").

Amounts raised from the issuance of the Green Units will be used solely for the purpose of refinancing exposure to RMBS, that meet the eligibility criteria to qualify as "Eligible Assets", falling under the following categories:

- Low Carbon Buildings

DNV Business Assurance Australia Pty Ltd (henceforth referred to as "DNV") has been commissioned by BC Investment Management Pty Ltd as investment manager of BCI to provide verification of the Green Units as an independent and approved verifier under the Climate Bonds Standard. Our criteria and information covered to achieve this is described under 'Work Undertaken' below.

No assurance is provided regarding the financial performance of the Green Units, the value of any investments in the Green Units, or the long-term environmental benefits of the transaction. Our objective has been to provide an assessment that the Green Units have met the criteria of the Climate Bonds Standard and the associated Technical Criteria on the basis set out below.

The scope of this DNV opinion is limited to the Climate Bonds Standard Version 3.0 and the following associated Sector Technical Criteria:

- Low Carbon Buildings – Residential

### Responsibilities of the Management of BCI and DNV

The management of BC Investment Management Pty Ltd as investment manager of BCI 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 BC Investment Management Pty Ltd and other interested stakeholders in the Green Units as to whether the established criteria have been met, based on the information provided to us. In our work, we have relied on the information and the facts presented to us by BC Investment Management Pty Ltd. 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 BC Investment Management Pty Ltd 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 v3.0 and associated Sector Technical Criteria through the creation and execution of a verification protocol addressing each requirement of the CBS v3.0 and the associated Sector Technical Criteria. The detail of areas covered in the DNV verification is summarised in Schedule 2 below.

## 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 BC Investment Management Pty Ltd 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 Green Units nominated projects and assets, as described above and in Schedule 2 to this Assessment;
  - Assessment of documentary evidence provided by BC Investment Management Pty Ltd on the Green Units and supplemented by a high-level desktop research, documentation review and correspondence with key personnel from BC Investment Management Pty Ltd. These checks refer to current assessment best practices and standards methodology;
  - Discussions with BC Investment Management Pty Ltd, and review of relevant documentation;
  - Documentation of findings against each element of the criteria. Our opinion as detailed below is a summary of these findings.
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## Findings and DNV's opinion

DNV has performed the Pre-Issuance Verification of the BCI Green Units. It is DNV's responsibility to provide an independent verification statement on the compliance of the Green Units with the Climate Bonds Standard.

DNV conducted the verification in accordance with the Climate Bonds Standard Version 3.0 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 Climate Bonds Standard were consistently and appropriately applied and ii) the collection of evidence supporting the verification.

DNV's approach draws on an understanding of the risks associated with conforming to the Climate Bonds Standard and the controls in place to mitigate these. DNV planned and performed the assurance engagement by obtaining evidence and other information and explanations that DNV considers necessary to give limited assurance that the Green Units meet the requirements of the Climate Bonds Standard.

Based on the limited assurance procedures conducted and with understanding of BCI's corporate structure at the time of verification, nothing has come to our attention that causes us to believe that the Green Units are not, in all material respects, in accordance with the Pre-Issuance requirements of the Climate Bonds Standard Version 3.0 and associated Low Carbon Buildings – Residential Sector Criteria.

### for DNV Business Assurance Australia Pty. Ltd.

Sydney, Australia / 23 November 2021



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Mark Robinson  
Team Leader



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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

BC Investment Management Pty Ltd has provided a schedule of initial nominated projects and assets for the proposed issuance in AUD which may be summarised as follows:

Asset Type/s	Country	State	Category	Eligible Asset Pool ("Green Portfolio")
Low Carbon Buildings	Australia	VIC	Apartment	AUD 2,348,130.09
<b>TOTAL ELIGIBLE ASSET PORTFOLIO:</b>				<b>AUD 2,348,130.09<sup>2</sup></b>

<sup>1</sup> Climate Bond Eligible Assets ("Nominated Projects") are defined within the Climate Bonds Standard (v3.0) – Part A: General Requirements (4: Nominated Projects & Assets) and Part B: Eligible Projects & Assets (9: Climate Bonds Taxonomy and 10: Technical Criteria)

## SCHEDULE 2: VERIFICATION CRITERIA

### Summary criteria for assertions of compliance with the Climate Bonds Standard v3.0

The criteria against which BCI and its nominated projects and assets have been reviewed prior to inclusion in the Green Portfolio are grouped under the requirements as detailed within the Climate Bonds Standard Version 3.0 including:

#### Part A: Pre-Issuance Requirements

Area	Requirement
Use of Proceeds	Nominated Projects & Assets which are proposed to be associated with the Green Units 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 Borrower
Reporting Prior to Issuance	The Borrower shall prepare a Green Financing Framework and make it available to relevant stakeholders prior to Issuance or at the time of Issuance
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 Green Units 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 Borrower
Reporting	Reporting on use of proceeds and nominated projects and assets

**Part C: Eligible projects and physical assets**

Nominated projects and assets include financing of or investments in equipment and systems which enable the mitigation of greenhouse gasses, as detailed in Appendix B.

Area	Requirement
Low Carbon Buildings – Residential	Compliance with the selected performance criteria and/or proxies within each geographical location.

**Part D: Certification under the Climate Bonds Standard**

Area	Requirement
Pre-Issuance Certification	The Borrower of a Climate Bonds Standard Certified instrument 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 Borrower of a Climate Bonds Standard Certified instrument 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 Borrower shall provide annual reporting to the CBI and comply with non-conformance correction as required