

FLEXIGROUP MANAGEMENT PTY LTD GREEN SECURITISATION 2018

DNV GL ASSURANCE OPINION

Scope and objectives

FlexiGroup Management Pty Ltd ("FLEXI" or "Issuer") is considering the issuance of a Green Securitisation of the A2-G and B-G tranches for their 2018 issuance in AUD (henceforth referred to as "BOND") and has submitted the proposed bond for verification and certification against the Climate Bond Standard (CBS).

FLEXI intends to use the proceeds of the BOND to finance a nominated projects and assets falling under the following categories:

- Renewable Energy – Solar

DNV GL Business Assurance Australia Pty Ltd (henceforth referred to as "DNV GL") has been commissioned by FLEXI to provide verification of the BOND as an independent and approved verifier under the Climate Bond 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 BOND, the value of any investments in the BONDS, or the long term environmental benefits of the transaction. Our objective has been to provide an assessment that the BOND has met the criteria of the Climate Bond Standard and the associated Technical Criteria on the basis set out below.

The scope of this DNV GL opinion is limited to the Climate Bond Standard Version 2.1 and the following associated Sector Technical Criteria:

- Solar

Responsibilities of the Management of FLEXI and DNV GL

The management of FLEXI has provided the information and data used by DNV GL during the delivery of this review. Our statement represents an independent opinion and is intended to inform FLEXI management and other interested stakeholders in the BOND 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 FLEXI. DNV GL 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 GL shall not be held liable if any of the information or data provided by FLEXI's management and used as a basis for this assessment were not correct or complete.

Basis of DNV GL's opinion

DNV GL has conducted the verification against the CBS v2.1 and associated Sector Technical Criteria through the creation and execution of a verification protocol addressing each requirement of the CBS v2.1 and the associated Sector Technical Criteria. The detail of areas covered in the DNV GL 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 FLEXI 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 Bond Standard Protocol, adapted to include the relevant Sector Technical Criteria for the BOND nominated projects and assets, as described above and in Schedule 2 to this Assessment;
 - Assessment of documentary evidence provided by FLEXI on the BOND and supplemented by a high-level desktop research, documentation review and correspondence with key personnel from the issuer FLEXI. These checks refer to current assessment best practices and standards methodology;
 - Discussions with FLEXI management, 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 GL's opinion

DNV GL has performed the Pre Issuance Verification of the FLEXI Green Bond. It is DNV GL's responsibility to provide an independent verification statement on the compliance of the 2018 FLEXI Green Securitisation with the Climate Bond Standard.

DNV GL conducted the verification in accordance with the Climate Bond Standard Version 2.1 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 Bond Standard were consistently and appropriately applied and ii) the collection of evidence supporting the verification.

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

Based on the limited assurance procedures conducted, nothing has come to our attention that causes us to believe that the FLEXI Green Bond is not, in all material respects, in accordance with the Pre Issuance requirements of the Climate Bond Standard Version 2.1 and Associated Solar and Low Carbon Transport Technical Criteria.

for DNV GL Business Assurance Australia Pty Ltd

Sydney, 31 March 2018



Mark Robinson

Manager, Sustainability Services
DNV GL – Business Assurance

About DNV GL

Driven by our purpose of safeguarding life, property and the environment, DNV GL 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 Projects & Assets Category	Sub category	Projects	Current Balance January 2018 (\$m)
Renewable Energy	Solar	Rooftop Solar PV and Solar Hot Water Loans	\$117
Total			\$117

SCHEDULE 2: VERIFICATION CRITERIA

Summary criteria for assertions of compliance with the Climate Bond Standard v2.1

The criteria against which FLEXI and its nominated projects and assets have been reviewed prior to inclusion in the Bond are grouped under the requirements as detailed within the Climate Bond Standard Version 2.1 including:

Part A: General Requirements

Area	Requirement
Project Nomination	A decision-making process shall be maintained to determine the continuing eligibility of the nominated projects and assets.
Use of Proceeds	Net proceeds of the bond must be allocated to nominated projects and assets.
Non-Contamination	The net proceeds of the bond shall be credited to a sub-account, moved to a sub-portfolio or otherwise identified in an appropriate manner, and documented.
Confidentiality	Information about the nominated projects and assets shall be provided to the Verifier and to the Climate Bonds Standard Board to support the assessment of conformance with the Climate Bonds Standard. The information disclosed to the Verifier and the Climate Bonds Standard Board may be subject to confidentiality arrangements.
Reporting	There are specific requirements in respect of reporting on use of proceeds and nominated projects and assets.

Part B: Low Carbon Contribution - 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

<p>Solar Energy Generation</p>	<p>Eligible Project & Assets relating to solar energy generation shall be projects or assets that operate or are under construction to operate in one or more of the following activities:</p> <p>Onshore solar electricity generation facilities</p> <p>Wholly dedicated transmission infrastructure and other supporting infrastructure for onshore solar electricity generation facilities including inverters, transformers, energy storage systems and control systems.</p> <p>Onshore solar thermal facilities such as solar hot water systems.</p>
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Part C: Bond structures

Area	Requirement
Project Holding	The issuer of a climate bond shall continue to hold nominated projects and assets which have a value at least equal to the original principal amount of the bond at the time of issuance or the amount outstanding as the case may be.
Earmarking	The Issuer of the bond shall maintain the earmarking process to manage and account for funding to the nominated projects and assets.