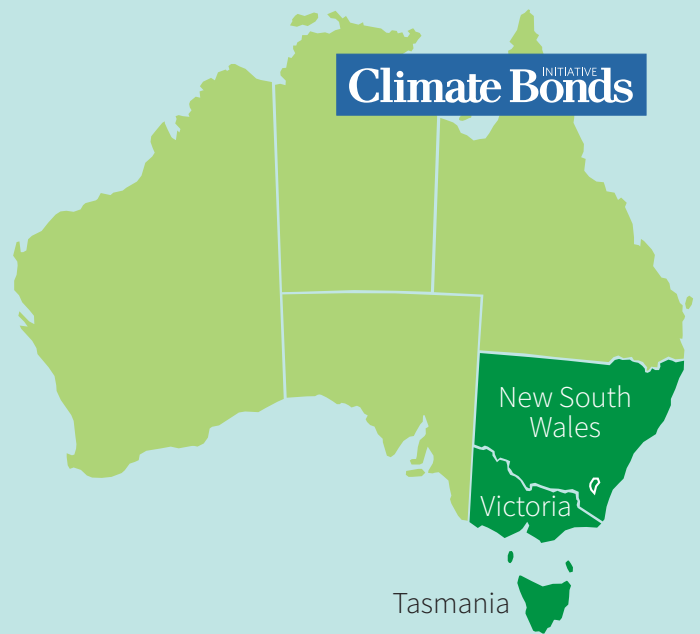


ELIGIBLE RESIDENTIAL BUILDINGS AUSTRALIAN STATES

Low Carbon Buildings Criteria under the Climate Bonds Standard



What are the Low Carbon Buildings Criteria?

They are the requirements (or Criteria) that buildings (or a portfolio of buildings)

must satisfy to be eligible for nominated use of proceeds in a Certified Climate Bond. Any bond being Certified must also meet the reporting and transparency requirements of the overarching [Climate Bonds Standard](#).

This brochure outlines the Buildings Criteria for residential buildings in Australia. For full details on the methodology and requirements, see the detailed [Criteria](#) document.

When is a residential building in Australia eligible for Certification?

It is eligible for certification if:

- It meets the net-zero carbon emissions trajectory (a.k.a. emissions hurdle rate)

- It has or will undergo an upgrade or retrofit which reduces its emissions intensity by 30-50% (depending on the tenor of the bond)

How are hurdle rates expressed?

Hurdle rates represent rapid decarbonisation trajectories aligned with the goals of the Paris Agreement to limit global warming to no more than 2 degrees above pre-industrial levels, and ideally no more than 1.5 degrees.

Local building codes have been reviewed to determine which codes are in line with these trajectories, and therefore buildings approved under those codes can automatically be deemed compliant and eligible for certification.

Maximum tenor limits have, therefore, been set on these bonds based on when the relevant building code was introduced and for how long that code will remain able to deliver the necessary energy efficiency to ensure that the dwelling is positioned as best in market. Within

the context of RMBS transactions Maximum Weighted Average Life can be substituted for Maximum Tenor.

How to demonstrate a building meets the relevant emissions hurdle rate:

See boxes below for Residential buildings in New South Wales, Victoria and Tasmania.

Residential buildings outside of these locations, are also eligible for certification if they are consistent with the requirements of an appropriate global proxy. See [here](#) for further information on appropriate proxies.

Want more information?

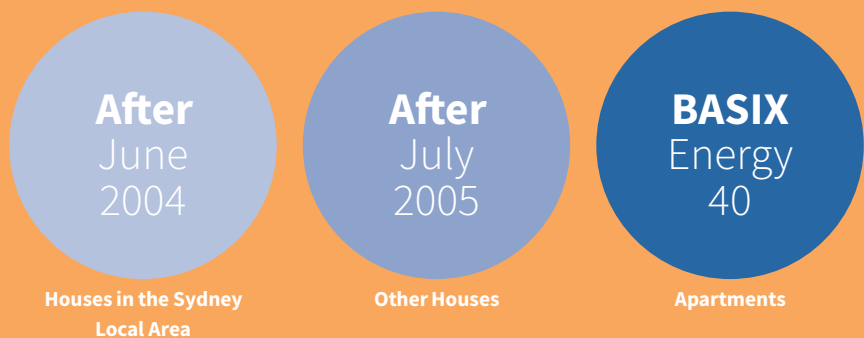
Contact standards@climatebonds.net regarding the Low Carbon Building Criteria

New South Wales Proxy

Residential buildings are eligible for certification if they meet the approved proxy

Figure 1 shows the proxy requirements for residential buildings in New South Wales. Any building is eligible if it meets the proxy requirements for the mid-point of their bond.

Figure 1. All houses and apartments



Note: For all states if the approval date is unknown it can be estimated as being 18 months prior to completion.

Victoria Proxy

Residential buildings are eligible for certification if they meet the approved proxy.

Figure 2 shows the proxy requirements for residential buildings in New South Wales. Any building is eligible if it meets the proxy requirements for the mid-point of their bond.

Figure 2. All houses and apartments



Note: For all states if the approval date is unknown it can be estimated as being 18 months prior to completion.

Tasmania Proxy

Residential buildings are eligible for certification if they meet the approved proxy.

Figure 3 shows the proxy requirements for residential buildings in Tasmania. Any building is eligible if it meets the proxy requirements for the mid-point of their bond.

Figure 3. All houses and apartments



Note: For all states if the approval date is unknown it can be estimated as being 18 months prior to completion.

Climate Bonds notes that whilst the residential proxies above have been determined to be the best currently available in the market, they have some limitations.

NatHERS only measures the thermal efficiency of the building envelope and does not assess the energy efficiency of lighting, heating and cooling plant, etc. These elements are however addressed

with the NCC BCA. Therefore NatHERS is used only when it has been delivered together with complimentary requirements of the NCC BCA.

Both BASIX and NatHERS assess design potential and do not predict operational energy consumption. There is acknowledgement that there is often a performance gap between the rating and actual performance caused by both

limitations in the methods of assessment and also limitations in compliance assurance through the construction process.

Climate bonds will review the proxies for residential in Australia on a bi-annual basis to ensure that any proxies remain the best available in the market.



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