

## **Conclusion of contract for Australian green mortgage securitisation transaction originated by Firstmac Limited**

*~ Contributing to environmental/social causes through financing of up to AUD750 million ~*

We are pleased to announce that the Norinchukin Bank <sup>(\* 1)</sup> (Chairman: Kazuto Oku, “Norinchukin”) and the Clean Energy Finance Corporation (“CEFC”), on behalf of the Australian Government, <sup>(\* 2)</sup> have signed a commitment to provide financing to Australian green mortgages originated by non-bank lender Firstmac Limited (“Firstmac”) <sup>(\* 3)</sup> and arranged by J.P. Morgan Securities Australia Limited (“J.P. Morgan”).

This is a joint effort between the parties to arrange the first financing transaction in Australia where all the underlying mortgages are backed by environmentally friendly housing <sup>(\* 4)</sup> in order to address environmental, social and governance (“ESG”) related matters. Under the agreement/terms/deal Norinchukin Bank will commit up to A\$637.5 million and the CEFC will invest A\$108.5 million.

The issued debt instruments either conform to the pre-issuance requirements of the Climate Bonds Standard for Green Bond issuances or will comply with the Firstmac Green Bond Framework that is aligned with the International Capital Market Association’s Green Bond Principles 2018. Sustainalytics Australia Pty Ltd (“Sustainalytics”) <sup>(\* 5)</sup> has provided a report covering the pre-issuance verification and Second Party Opinion covering Firstmac’s Green Bond Framework.

### **Contact details:**

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(\* 1) The Norinchukin Bank: The Norinchukin Bank was established in 1923. It is a cooperative private financial institution with a clear mission to “contribute to the development of the nation’s economy by supporting the advancement of Japan’s agriculture, fishery and forestry industries by providing financial services for the members of the agricultural, fishery and forestry cooperative system.”

(\* 2) CEFC: The CEFC has a unique role to increase investment in Australia’s transition to lower emissions. With the backing of the Australian Government, it invests to lead the market, operating with commercial rigour to address some of Australia’s toughest emissions challenges – in agriculture, energy generation and storage, infrastructure, property, transport and waste. It is also proud to back Australia’s cleantech entrepreneurs through the Clean Energy Innovation Fund, and invest in the development of Australia’s hydrogen potential through the Advancing Hydrogen Fund. With A\$10 billion to invest on behalf of the Australian Government, it works to deliver a positive return for taxpayers across its portfolio.

[cefc.com.au](http://cefc.com.au)

(\* 3) Firstmac: Established in 1988 and is the largest non-bank financial institution in Australia. Since its inception, it has provided 130,000 mortgages and maintains a strong presence in the Australian RMBS market.

(\* 4) Environmentally friendly housing: The securitised mortgages portfolio consist of mortgages backed by housing that are deemed to be compliant with CBI low carbon buildings proxies for Australian Residential buildings and/or housing that has achieved NatHERS 7 start or higher rating.

(\* 5) Sustainalytics: An organization that conducts ESG performance evaluations, established in 1992. Opinions are given to all existing green RMBS, and it is a representative institution as an external evaluation organization for green RMBS in the Australian RMBS market.

**Norinchukin comment:**

As a member of a cooperative organization that supports the agriculture, forestry and fisheries (“AFF”) industry, Norinchukin recognizes that its business is in line with the “life” and natural circulation of the AFF industry, and through the resolution of environmental and social issues. We are promoting sustainable management, including the realization of Sustainable Development Goals (“SDGs”), so that society, including AFF, and our business activities will be sustainable.

Through this transaction, Norinchukin will financially support Firstmac's future focus on environmentally friendly housing financing efforts, and by continuously following the progress, we will contribute to the promotion of environmentally friendly housing and global climate change countermeasures by reducing greenhouse gas emissions and energy consumption. This transaction will be the first initiative in Japan to work with Firstmac and the CEFC to address the SDGs related issues that we are focusing on.

In addition, we believe that this transaction will contribute to securing stable profits through international diversified investment and will be in line with the bank's philosophy of sustainable management.

Norinchukin will continue to make investments that contribute to solving various environmental and social issues with this in mind, “Dedicated to sustaining all life, -Work together with our stakeholders to foster AFF industry and to create a prosperous future for food and lifestyles, and thereby contribute to a sustainable global environment.”

This investment demonstrates the continued support of the CEFC for cleaner, greener homes through the launch of Firstmac’s green home loan product. Firstmac is the first Australian non-bank home loan provider to take up the CEFC finance, which will deliver discounted interest rates to qualifying home buyers and homeowners. The new Firstmac green home loan will require the thermal efficiency of the home to be a minimum of 7 stars as evidenced by an accredited Nationwide House Energy Rating Scheme (NatHERS) certificate. The 7-star rating materially exceeds the minimum standards of the current National Construction Code, and homes built to this rating require less energy for heating and cooling. The property sector accounts for about 23 per cent of Australia’s greenhouse gas emissions [Source: Low Carbon high Performance – May 2016 – ASBEC], with about half of those emissions coming from residential buildings – largely as a result of heating, ventilation and air conditioning, lighting and hot water systems. The Australian Sustainable Built Environment Council (ASBEC) and ClimateWorks Australia have identified potential energy savings as high as 25 per cent through the adoption of higher clean energy standards in new residential buildings.

***Please note: The CEFC does not provide finance to individual borrowers and is not involved in individual financing decisions. Interested borrowers should contact Firstmac directly.***

**Firstmac comment:**

Non-bank lender Firstmac is leading the way in supporting efforts to mitigate the effects of Climate Change, by offering large interest-rate discounts to people building or buying energy-efficient ‘green’ homes that reduce greenhouse emissions.

This reflects a noticeable increase that Firstmac has seen in recent years, in the number of customers wanting to contribute to a better environment. These customers feel that they should be supported by

lenders providing products to achieve these aims, and that lenders should be playing their part in meeting the needs of the future and ensuring that lending provides a pathway to a more sustainable future.

Firstmac's response to this challenge has been to discount the base interest rate for all construction loans and loans for homes less than one-year-old, where the home has a NatHERS energy rating of at least 7 stars.

Managing Director Kim Cannon said "we are pleased to support efforts for a sustainable future, and deepen our existing relationship with similarly minded organisations like Norinchukin Bank and the CEFC, in issuing the first Australian 100% Green RMBS Transaction".

Firstmac has for a number of years offered discounted Green Car finance to buyers choosing low emission vehicles. The success of this program has lead Firstmac to now develop this innovative Green home loan product. "If you are environmentally conscious, then Firstmac is the logical choice for your financing needs", said Cannon.

This transaction enhances Firstmac's ESG credentials along with its charitable support of the Steve Waugh Foundation, which supports children and young adults with rare diseases and their families, and Darkness to Daylight which works to raise awareness and funds for Domestic and Family Violence (DFV) prevention.